

From: SCVBank, Michael Hause

Subject: Reg D, Q, & DD

Comments:

As the president of a small community bank in a semi-rural area, I am very concerned that Reg. Q will have a detrimental affect on community banks. Through the financial crisis, the big banks have become larger as have the regional banks and many of the larger community banks. These institutions have been able to continue to diversify their product lines, and have expansive budgets to launch large scale promotional campaigns.

I see this happening after Reg. Q becomes a reality. The small community bank's core deposits will become a target for the big banks, offering sophisticated marketing programs what will promise big returns, but after bringing in millions in deposits, I'm sure the banks will lower the rates in a pre-meditated manner. Our small bank still operates on the concept of the spread between our loan yields and cost of funds. Big banks already consider loans as "loss leaders", instead relying on ancillary services, like securitization, for their profitability. This disparity in the business models will only widen, in my opinion, after the implementation of Reg. Q.

I truly believe Reg. O will give the big banks one more advantage over the community banks, whose survivability is already in question.

Thanks you for your time and consideration.

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