October 10, 2012

FDIC
Washington, DC

RE: Comments on Basel III FDIC RIN 3064-AD95, RIN 3064-AD96 and RIN 3064-AD97

To whom it may concern:

I have actively been a banker for 30 years. I work for a community banking organization that has been in business for over 108 years. I believe the regulatory division has lost sight as to what is important about banking.

Community banks are a simple group of community minded businesses. It is our goal to expand and improve our communities, the same communities our children go to school, get jobs and raise a family in. Community Banks / Bankers have a vested and very personal commitment to the people we do business with.

The changes to the Regulatory, too numerous to address individually, have nearly crushed community banks. Residential lending in small town USA is quickly evaporating. The regulatory requirements are single handily eliminating certain loan products that have been around for a hundred years and in doing so eliminated many potential home owners. Many of whom are minorities who may not qualify in the secondary markets but as a known and respected member of the community, for whom, the local community bank will make an exception. Not anymore, not able to because of regulation that is deemed to protect the financial system from undue risk? From systemically unimportant banks making loans accommodating to the people of their community?

And now Basel III, is it the intent of regulators to eliminate the vast majority of community banks? Will it enable the job of regulating be easier? Because it appears that is the goal. During the mid 1980's 50% of the community banks were eliminated. Are you looking for another 50%? Basel III is your answer if reduction of community banks is your goal.

Many community banks have stopped lending in certain areas / loan products. The complex and highly regulated residential housing lending has been met with dismay, unwillingness and inability to comply and therefore decline loans or send them elsewhere, where many times they don't qualify.

Basel III will, with the increase of capital to fund loan types, cause an out and out refusal / inability to fund many of the loans. This will cause undue hardships for many. Remember small community banks did not cause the financial crisis. Large, complex and intertwined behemoth of banks did. The same banks the regulators approved to acquire and grow, became the too big to fail banks and the cause of the financial collapse. This one size fits all attitude of Bank regulation is not appropriate for this day and age.

Please before any true harm is done, do the following:

1. Grant additional time to determine the true impact of the proposal and how it affects the small community banks risk-based capital ratios. Do not pass regulation without knowing the true effects it has. Don't do more damage!
2. Review and analyze the effects that the complex, new risk weights for residential mortgages will have on the industry and the economy. Please don't do more damage!
3. Please grant additional time for banks to fully grasp the effects, the new capital requirements will cause. It gives bankers time to analyze and comment to help guide the regulation. If additional capital is the goal, a complex set of regulations are not necessary. Spending additional money on compliance means less money to retain in capital. Please give us time to analyze and maybe we can both be benefitted by devising a simple solution.

If you have any questions, please call 507-583-6688.

Sincerely,

James J Fiebiger
President

JJF/tdd