From: DM Neuman Construction Co., Gina Neuman

Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules

Subject: Regs H & Y Regulatory Capital Proposals

Comments:

OCC: Docket ID OCC-2012-0008 discussions on minimum capital
Docket ID OCC-2012-0009 discussion on risk weights

Federal Reserve: Docket No. R-1430; RIN No. 7100-AD87 discussions on minimum capital discussion on risk weights

Docket No. R-1442; RIN No. 7100-AD87
FDIC: RIN 3064-AD95 discussions on minimum capital
RIN 3064-AD96 discussion on risk weights

Dear Bank Regulators:

My husband and I own a construction company on the western slope of Colorado. It is a family business and we can proudly say that we are celebrating our 30th year in business this year. However, the last few years have been hard on our industry, and we have had to be inventive and innovative in order to stay successful during these trying times. Besides the obvious lack of housing demand that has hindered our industry for the last few years, there has been another huge obstacle for us in generating work: what many refer to as the credit crunch. While some of the regulations that resulted from the passing of Dodd Frank were indeed necessary and overdue, we believe that this new wave of regulations is swinging the pendulum too far. Our industry cannot attempt to make a recovery if we are not able to borrow money.

Successful businesses and consumers depend on bank loans for all kinds of needs. Banks' ability to provide loans to my business is hurt - badly - by Basel III. In short, proposed capital requirements will reduce lending, particularly to businesses like mine and the homeowners/clients that drive success in my industry. The Basel III capital requirements were designed for big international financial services and now are proposed to be applied to all banks in the U.S.including community banks on which my business depends.

A strong capital foundation for banks is important for a stable financial system and economy. The economy, especially when emerging from severe challenges as we are now, needs a balance of safe and sound banks and the availability of credit. We view the Basel III capital requirements as excessive and, while promoting bank safety, they reduce capital available to businesses and increase the cost of loans. My business can't stand that. The damage that will be done to our businesses and the economy is unacceptable.

A consequence of the proposals is that banking will get more concentrated with fewer, bigger competitors. We strongly disagree with this result. We need the competition. Small businesses often are best served by community banks with a small line of credit, home equity loan or cherished advice from their local bank. The reduction in credit and the increase in its cost will have a very damaging impact on my business and others as well as the local economy. I know this to be true because we have already lost viable projects (i.e. homeowners wanting to build, even given the state of the economy) due to the lack of lending capacity available today.

Community banking is critical for small business to thrive in America. The inequitable capital requirements, if implemented as proposed, further exacerbate the competitive disadvantage with unregulated lenders. Private equity funds, insurance carriers, securities brokers, and credit unions all are allowed to lend without the constraints imposed by Basel III. We know our community banks; we believe in them; we trust them.

Basel III's risk-weighting of delinquent loans creates an incentive for banks to move rapidly to foreclose rather than attempt to cooperate with struggling consumers or businesses by allowing them to remain in their home or continue to operate their business. The banks' disincentive to work with customers doesn't help the situation; it compounds it.

We also are very concerned about the proposals' risk-weighting of various residential mortgage loans and other real estate lending. The proposals will hurt the housing market from affordable housing to construction lending. This strikes us as the cure being worse than the illness. This economy will never truly recover without the resurgence of the housing market and construction industry; these regulations will continue to hamper this industry for years to come. Construction creates jobs and jobs create a strong economy. Without capital to finance new construction, the economy will continue to struggle. It's as simple as that.

The nature, scope and complexity of the Basel III capital requirements appear to be a complete over-reaction. Community banks, due to size and ownership, generally have limited access to capital markets. Therefore, they most likely will tighten credit for businesses like mine at absolutely the wrong time in this cycle. We request that you not proceed with the proposals until a major rewrite of them has occurred to address the above issues and others. Please withdraw this proposed regulation, understand its bad effect on business, and rework the proposal to provide balanced and rational capital standards.

Respectfully,

Gina Neuman, CPA
DM Neuman Construction Co.

Cc:
Ø Colorado Bankers Association
Ø U.S. Senate
§ Sen. Mark Udall - Banking Aide Adam Jones:
§ Sen. Michael Bennet (Banking Committee) - Banking Aide Brian Appel:
Ø U.S. House of Representatives
§ CD1 - Rep. Diana DeGette - Legislative Aide Tommy Walker:
§ CD2 - Rep. Jared Polis - Chief of Staff/Banking Aide:
§ CD3 - Rep. Scott Tipton - Banking Aide: Eli Leino:
§ CD4 - Rep. Cory Gardner - Banking Aide: Jennifer Loraine:
§ CD5 - Rep. Doug Lamborn - Banking Aide: Dan Ziegler:

§ CD6 - Rep. Michael Coffman - Banking Aide: Stephen Beck:
§ CD7 - Rep. Ed. Perlmutter - Banking Aide: Noah Marine: