Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Description:

Comment ID: 156788

From: Siwek Construction, Bryce Moe

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Subject: R-1813 Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking

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Comments:

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Over the last 25 years, Siwek Construction has established itself as a reliable provider of commercial construction services in the Flint area. As the company's President, I am consistently mindful of the trust vested in us by clients and partners alike, as they rely on our ability to execute construction projects to the highest standards and within stipulated timelines. That's why I am extremely concerned about the current proposal to increase capital requirements for banks. This potential change poses a threat not only to our organization but also to others in our industry by obstructing our collective capability to carry out essential tasks and effectively execute our duties.

Elevated capital requirements on banks have the potential to negatively affect the construction industry in various ways. This impact will likely manifest in reduced lending from banks–the primary source of financing for construction projects–as they adjust their activities to meet the new requirements. Consequently, this decrease in lending may result in a scarcity of funds for construction endeavors, leaving companies like mine unable to start and complete projects. Additionally, the rise in capital requirements may lead to increased borrowing costs, as banks pass on the added expenses to borrowers through higher interest rates. This escalation in project costs has the potential to decrease demand for new construction, thereby impeding the overall growth of the industry.

Furthermore, these rule changes may make banks less inclined to invest in long-term construction projects in an attempt to minimize risks. This shift in investment behavior can result in a decrease in funding for major infrastructure and development projects, stifling innovation and impeding progress in critical sectors such as transportation, energy, and urban development. Moreover, it could lead to missed opportunities for job creation and hinder the construction industry's ability to contribute meaningfully to economic revitalization and community enhancement. The cumulative effect may extend beyond immediate financial constraints, impacting the overall resilience and adaptability of local and national infrastructures in the face of evolving societal needs and challenges.

It is imperative for the Federal Reserve to prioritize the long-term health of the construction industry and, by extension, our communities. I call upon the Board to reject the proposed capital requirements increase, as it threatens not only the financial viability of construction projects but also jeopardizes the crucial role the industry plays in fostering economic development.

Sincerely,

Bryce

Bryce Moe
President

Siwek Construction | 5020 Pilgrim Rd | Flint, MI 48507
Phone: 810.736.7843 | Fax: 810.736.7757|
email: bmoe@siwekcc .com | web: www. siwekcc .com