



FARMERS STATE BANK

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Mr. Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

RE: Standardized Approach NPR (RIN 3064-AD96)

Dear Mr. Feldman:

Farmers State Bank is a \$47 million community state bank based in Lumpkin, Georgia. We service an area of Georgia that is rural and poor. We would like to take this opportunity to comment on the Standardized Approach NPR proposal currently being considered for implementation. Given the economic conditions of the regions and the country as a whole, we do not think it is the best time to consider fundamentally changing the way that bank assets and liabilities are risk weighted. The affect on capital will be significant. We think that the impact on banks as well as small institutions should be measured and studied before such a regulation is enacted.

Specific comments as to the affect on small institution are as follows: This proposed regulation is way too complex for small institutions. The costs of implementation through software changes and call report program will be a burden. Risk weighting of nontraditional loans is extreme. It degrades loans by commonality and type. Balloon notes are ostracized by new extreme risk weights. This will seriously limit the types of loans banks will offer and will jeopardize profit potential. It appears under this regulation that small banks are being punished for serving their communities.

Thank you for allowing our comments.

Sincerely,



Gary F. Blackburn
President