

Logan County Bank

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Scranton, AR 72863
Tel. No. 479/938-2511

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Subiaco, Arkansas 72865
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Sept. 26, 2012

FDIC

Dear Staff:

Your are about to regulate small community banks out of business with many of your new laws and especially Basel III FDIC RIN 3064-AD95, RIN 3064-AD96 and RIN 3064-D97.

Small community banks simply to not have the money, staff, or expertise to implement many of your new rules like Basel III. We are in a very small rural community where the bank and school are the two biggest employers. The risk rating of balloon notes being doubled or more is not realistic. Sixty percent of our loan portfolio is in balloon loans to manage interest rate risk. Your risk rating system on these loans will be very detrimental to our small community bank. We do not have the expertise to even analysis lot of the other requirements of the Basel III. We can't be profitable if we have to keep hiring to comply with new rules & laws. The Consumer Financial Protection Bureau was designed to help consumers. Actually some of the laws are really going to hurt the consumers. If our bank quits making balloon loans on home loans, many of these loans would not conform to secondary market standards. A lot of consumers in rural areas will not be able to own a home if we quit making balloon home loans. We must manage interest rate risk by having them balloon or we'll be like the Savings and Loans Companies in the early 80's and go out of business with long term fixed rate loans. One of the life lines of the community will be gone if you force community banks in selling to larger banks. I thought the biggest issue facing FDIC and government was the Too Big Too Fail Issue! Banks will just get bigger if you continue your current efforts on regulations. You need to stand up and fight for the over kill that is coming. If you don't you'll know that you played an important role in destroying rural America. We're going to need a lot of less FDIC employees when we get down to just a few large banks. We'll all be in the unemployment line with you.

Sincerely yours,

Gary Fritsche
President