



October 18, 2012

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

Re: Basel III Capital Proposals

Dear Mr. Feldman:

I am writing to express my concern over Basel III and how it will affect community banks such as Bank of Charles Town. I do not oppose tightening the rules pertaining to risk taking by “systemically important” financial institutions as they shoulder some responsibility for many of the problems during the 2008 financial crisis and today. However, community banks that did not participate in this reckless behavior are now being punished for missteps of these largest financial institutions through Basel III. Many regulatory rules have good intentions, but the unintentional consequences of the guidelines are often overlooked by policy makers.

Bank of Charles Town will incur more overhead with Basel III as we will need to purchase systems and hire individuals to produce the additional information necessary to align our assets with the newly defined risk weighting criteria. Second, given the targets for future capital levels plus the buffer, our ability to pay a respectable dividend to mostly local shareholders will be limited. Third, our ability to attract and compete for capital with a reduced ROE compared to other industries will be difficult. Finally, customer product choices could be diminished substantially. A good example of this might be a second mortgage “home improvement” loan which requires a higher risk weighting than in the past. This directly impacts lending and in turn, economic growth in our community.

I believe that Basel III in its current form would be detrimental to community banks. Please consider my comments and those of community bankers across the country when forming an opinion on Basel III.

Thank you,

A handwritten signature in blue ink that reads "Joshua Householder". The signature is written in a cursive style.

Joshua Householder
Vice President