

From: Neil Lowe [mailto:nlowe@boedison.com]
Sent: Monday, October 15, 2012 11:59 AM
To: Comments
Subject: Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

October 15, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

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

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals^[1] that were recently issued for public comment by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. **I am the President of a Community Bank in South Georgia that is located in a very poor rural area that was founded in 1904. We are the only bank within a 10 mile radius of our only location, and actually serve a 5 County area. The “financial crisis” was not a crisis for us at all, because we never got away from what we understood and did not chase assets that were unsafe and overvalued.**

The Basel III proposals will increase our Risk Weighted Assets by 57%. These are people’s homes and small business loans that are the best assets we can have for collateral. Our investment portfolio is made up of mainly GSE’s and Georgia Municipals. When rates go up in the future, this portfolio will have a loss in it, but the loss will only be on paper. If we need liquidity we don’t have to sell the bonds in the portfolio, but will be able to use them for collateral to borrow money as needed.

Our capital has always been strong. This will erode on paper what we have worked hard to maintain. We did not chase earnings or rely on others to make a loan or investment for us in the past and don’t plan on doing so in the future. Punishing us for making home loans^[1], even with the new and more constraining regulations, will only hurt our community. Do you want us to make all unsecured loans? These won’t affect our capital. Punishing us for investing in securities backed by home loans or local municipals will take away from home buyers and dry up funding for local municipalities.

^[1] The proposals are titled: *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions; Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements; and Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rules; Market Risk Capital Rule.*

To maintain a strong Banking system, we need to be more prudent in the decisions we make every day, and not depend on a capital formula to protect us from failure. If our decisions are sound, and not based on inflated opinions, then capital will not have to be used to bail us out. On the other hand, if our capital is restricted, our ability to make local small business loans and local home loans to borrowers that can't get the loans from anywhere else. We make home loans under \$50,000 every day. The BIG Banks won't even take an application for a \$50,000 home loan. The BIG Banks don't keep the loans, we do. They sell the loans and pass on the risk. When we make a loan, we take all of the risk, because we don't sell any loans. The small business borrower who needs a \$10,000 line of credit for operating cannot go to a BIG Bank. The retired person on Social Security of only \$700 per month, and needs \$200 comes to us now for a loan. Without us they would have to go to a finance company and pay 25% or more. Taking the Community Banks out of the Banking system will be the death of our now diversified Financial playing field.

Please remove Basel III standards for all Banks under \$10 Billion in Assets.

Neil Lowe

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