



October 16, 2012

Robert E. Feldman, Executive Secretary
Att. Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th St., N.W.
Washington, DC 20429
FDIC RIN 3064-AD95
FDIC RIN 3064-AD96

RE: BASEL III

Dear Sir or Madame,

I am issuing a comment on the above BASEL III proposal. We are a 30 million dollar agricultural bank that will be celebrating our 100th year in business in 2013. The bank has made it through the banking crisis during the 1930's, deregulation of the industry in the 1980's, the Financial Meltdown of the 2000's and competition from government assisted organizations such as Farm Credit and Credit Unions. The additional straw that is being put on the camel's back by implementing BASEL III may break the camel's back. Community Banks should be exempted from the requirements by asset size. The following reasons are the basis for the exemption.

- 1) BASEL III guidelines were intended for enormous banks that hold sophisticated financial instruments in their portfolios that are a systemic risk to the financial industry.
- 2) The cost of compliance to Community Banks completely outweighs the risk to the industry.
- 3) The mark to market requirement will cause many banks to pull back from many unconventional types of financing that would dry up credit for many individuals & government entities.
- 4) Trust Preferred Securities have not been abused by Community Banks and the BASEL III guidelines will be detrimental to that option for Community Banks.
- 5) Capitalizing unrealized gains and losses only adds additional volatility to the financial industry as a whole which is detrimental to everyone.
- 6) Implementation of BASEL III will force continued industry consolidation which hinders competition and choices for consumers.
- 7) Community banks are being stretched to the point of snapping in the regulatory environment by totally senseless requirements for the amount of risk they pose to the financial system.

Thank You for your consideration.

Sincerely,


John G. Schmid, Executive Vice President