

October 17, 2012

Robert E. Feldman  
Executive Secretary  
Attn: Comments/Legal ESS  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, D.C. 20429  
Delivered via email: [comments@FDIC.gov](mailto:comments@FDIC.gov)

Office of the Comptroller of the Currency  
250 E Street SW  
Mail Stop 2-3  
Washington, D.C. 20219  
Delivered via email: [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov)

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street & Constitution Avenue NW  
Washington, D.C. 20551  
Delivered via email: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Re: Basel III Capital Proposals

Ladies and Gentlemen,

Thank you for the opportunity to provide comments on the Basel III proposals that were recently approved by the Federal Deposit Insurance Corporation, the Federal Reserve Board and the Office of the Comptroller of the Currency.

Community National Bank is a \$270 million nationally-chartered bank established in 1997. We currently have eight branch locations in four communities within Iowa and Minnesota. Basic account services include consumer, commercial and wealth management. While the bank is not publically traded, we have over 450 shareholders. Our nearly 100 employees serve their communities and are committed to helping them grow. Thus you can understand the reasoning for my letter. The potential impact of Basel III is concerning and we feel will ultimately affect our customers and our community.

As you well know, community banks play an important role in our economy, and more importantly in our local communities. We are strong supporters of small businesses and their growth, which in turn has a positive effect on our national economy. Several factors in the Basel III proposal may cause smaller banks like us to slow or drop loan activities. Now is not the time to impede economic development and small business growth.

While our bank's current position does not put it in a situation where it would be immediately impacted by the need to raise more capital, we will be impacted by the proposed capital rules that are extremely complex. Basel III comes at a time when all community banks are dealing with the increased level of compliance and expenses from the Dodd-Frank Act. We have been dramatically affected by the unintended consequences of these changes which were intended for much larger, complex banks. Now we face the Basel III proposal, which will have another significant impact on small community banks like us in adding another level of compliance and expense to unintended recipients.

It is my hope that this is not another step to reduce the number of small community banks in this country. Regulators claim this is not the case, but the amount of regulations and changes seem to indicate otherwise. We welcome you to visit a small community bank, sit down with the employees and witness the volume and level of compliance requirements we deal with on all levels.

We understand the importance of capital. All national regulators have the ability to monitor and enforce capital levels and the system has worked for many years. As a small, local bank it would make sense to have a regulator that is familiar with banks discussing and evaluating the appropriate level rather than some global formula designed for big banks. We strongly urge you to

consider the impact on community banks under the proposed rules. Community National Bank and all community banks are here to serve our local communities and strengthen our local economies.

Thank you for your consideration.

Respectfully,

Stacey J. Bentley  
Market President  
Community National Bank