

From: [Amanda Martin](#)
To: [Regs.Comments](#)
Cc: [Mac Langford](#)
Subject: Basel III OCC Docket ID OCC-2012-0008, 0009, and 0010
Date: Wednesday, October 17, 2012 5:32:26 PM

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, D.C. 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,

Our bank's balance sheet is today fortunately situated where we believe we would experience little of the extreme risk foreseen by many of our fellow community banking peers as related to Basel III. Our bank has a very limited home mortgage product volume and a fixed income portfolio percentage of total assets of only 23%. The risk rating on residential mortgages and the Accumulated Other Comprehensive Income (AOCI) which will be realized through unrealized gains and losses within the fixed income portfolio following through to Common Equity Tier One capital will bring extreme volatility to capital levels at community banks with certain balance sheet structures.

Community banks have limited access to capital markets which will put them at an unfair competitive disadvantage to the international "Too Big to Fail" banking institutions which Basel III proposes to help control. Most community banks can only raise capital from local investors which is laborious and slow.

We believe that the implementation of Basel III does not take into consideration the micro economic versus the macro economic considerations and the business model differences between community banks and the fee driven mega banks.

Community banks' balance sheets vary according to local economic activities. We, community bankers, have learned to be viable resources of capital to our customers while managing risk associated with internationally driven interest rates.

Knowing that our balance sheet can and will change according to local conditions and activities we believe the AOCI component on its own justifies its exclusion as a component of regulatory capital.

Basel III will be detrimental to community banks and we pray that you would reconsider its implementation and enforcement on community banks. Our bank has already been forced to limit some products due to compliance risk associate with new compliance regulations. Our bank serves

many small rural communities with limited access to capital. Basel III and the continued increase in regulatory burden will be damaging to these communities. The mega banks have no desire to serve and help sustain these communities.

We believe regulatory control of the large international institutions should be increased, but the lack of foresight used on Basel III and its effects on community banks requires that Basel III not be implemented in its current form.

American Heritage Bank appreciates the opportunity to comment on this proposal.

Sincerely,

Mac Langford
President
American Heritage Bank
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