

From: [Wade Edmundson](mailto:Wade.Edmundson@FDIC.gov)
To: regs.comments@FDIC.gov; regs.comments@federalreserve.gov; [Regs.Comments](mailto:Regs.Comments@onenet.net); rmt1@onenet.net
Cc: kathy_lopp@inhofe.senate.gov; tulsa@coburn.senate.gov; elizabeth.bartheld@mail.house.gov;
stacy.glasscock@mail.house.gov; ben.robinson@mail.house.gov; randy.swanson@mail.house.gov;
sean.murphy@mail.house.gov
Subject: Basel III Letter
Date: Thursday, October 18, 2012 10:25:42 AM

Dear Agency Director:

Summit Bank is a \$245 million community bank with a location in Tulsa and a location in Oklahoma City, Oklahoma. Our capital, earnings, asset quality and liquidity are all strong. We feel we have a healthy relationship with our regulators which we value. The reason I am writing to you today is to express my grave concern about the regulations proposed under Basel III and the impact of some of those provisions on our small bank.

We have a conservative board of directors and one of our overarching standards is to maintain capital in excess of the regulatory standards now set for well capitalized banks. However, under Basel III standards we would have little latitude and we can envision that this will adversely impact our ability to continue our growth and help grow the economy.

If these proposals become regulation, we will likely take measures immediately thereafter to restrict our residential mortgage origination activities in anticipation of the 2015 implementation. It is not unusual for our institution to carry in its portfolio home loans that have a normal 15 or 20 year amortization, but are fixed for a five year balloon maturity. We obviously need to manage our interest rate risk. Given that the new capital standards would cause us to maintain higher levels of capital, we will be forced to curtail that activity.

We would need to manually track data which would require the addition of another person to our current staff of 43 personnel.

Banks our size did not create the massive problems during the great recession and there are sufficient regulations and capital standards to properly control risk. If Basel III is to be implemented there should be a size threshold. Whether that is \$100 billion or \$10 billion can be determined but it should definitely not apply to small community banks.

We believe it is urgent that either these rules be significantly modified or that small community banks be exempted from the rules.

If you would like to discuss with me further please contact me at any time. Thank you for your consideration.

Sincerely,

Wade Edmundson

Wade Edmundson

Chief Executive Officer

Summit Bank

Direct: 918.477.3606

Fax 918.477-3645

Cell: 918.625.0258

MLO # 457995

Tulsa- 5314 S. Yale Ave Ste 100 74135 Oklahoma City- 1001 N. W. 63rd St. Ste 110 73116

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