ORION

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September 28, 2012

Robert E. Feldman, Executive Secretary
Attn: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Basel III RIN 3064-AD95, RIN 3064-AD96

Dear Mr. Feldman:

I am writing to express my opposition to the BASEL III proposed capital standards. BankORION has a very low risk structure in its balance sheet as evidenced by a loan/deposit ratio of less than 55%. This is largely the result of strong deposit growth, weak loan demand, and the recent acquisition of a deposit rich branch. As a result, the bank's TIER I leverage ratio is only 7.08% even though the risk weighted capital ratios are very strong.

In short, Basel III will be significantly punitive to our bank, will force us to pull back on lending activities and frankly gives us another reason to consider a sale of the bank.

Following are a number of points which together constitute my opinion of the proposal as it relates to BankORION:

1.) It jeopardizes the viability of the community banking model.
2.) Our bank does not conduct international business and thus Basel III should not apply.
3.) It does not provide exemption for community banks with simple balance sheets and traditional lending activities.
4.) As a community bank we cannot access the capital markets.
5.) We will be being forced to hold additional capital and could restrict dividends.
6.) It discourages holding investment securities.
7.) It adds to the already heavy regulatory burden for community banks.
8.) Raising risk weights on residential loans will impair home financing.
9.) Raising risk weights for balloon mortgages penalizes community banks. Virtually all of our residential portfolio are balloon loans and we have had almost no foreclosures in the past five years.
10.) Higher risk weights for nonperforming loans duplicates the purpose of the allowance for loan losses.
11.) All of the allowance for loan losses should be included in Tier 1 capital since it represents the first line of defense against capital-absorbing losses.

12.) Basel III effectively marks assets to market but unfairly does not mark liabilities to market.

Please reconsider Basel III. At a very minimum, it requires more time for study. The regulators are just now releasing the calculators to help analyze the impact of Basel III, so obviously both the field staff and bankers are still in an uneducated state.

Sincerely,

James R. Dingman

James R. Dingman
President and CEO

Cc: David Schroeder, CBAI