

October 22, 2012

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, DC 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

Dear Regulators:

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

**The Miners National Bank of Eveleth is a small community bank located in northeastern Minnesota,** We are a \$ 50 million dollar bank engaged in the business of writing 3 year balloon mortgages, the mainstay of our loan portfolio. Our customers are given the choice of applying for our in-house 3 year balloon mortgage product or a secondary mortgage option. In many cases, the only way we can help them with their needs is with our in-house 3 year balloon mortgage, as they, or the collateral, do not always qualify for secondary mortgage options. I mention this early in my letter as components of Basel III require us to put this bucket of loans in Category 2 loans which doubles the risk weighted percentages used in calculating capital requirements. Now I know there are many other factors used in the calculations, but I am extremely concerned with the eventual impact on our main mortgage loan product and the eventual elimination of this offering to our customers.

What is very disturbing is the “one size fits all” mentality, as lawmakers move forward with Basel III. Miners National Bank of Eveleth has not caused the problems we are facing today in this entire real estate mess our country is in, but will be required to conform to the same standards as financial institutions which did cause the problems.

Community banks such as ours are challenged today with so many burdensome regulations while attempting to remain profitable in a very difficult economy. Fortunately, Miners National Bank of Eveleth has remained strong during this time due to very conservative policy. Our earnings are very low, but we do not have major credit problems and have not had a foreclosure, or booked a single new OREO during these past trying years. I have been with this bank for over 40 years, succeeding my father, and his father before him, and I have never been more concerned about proposed regulations more than I am about this one.

In closing, I could have elected to cut and paste the talking points supplied by our banking associations to get my point across, but thought it best to use my own words to describe what I think is extremely radical legislation for small community banks such as our. For me, I think this could be the beginning of end of community banking.

Please feel free to contact me should you wish to discuss this further.

Sincerely yours,

Girard J. Hoel  
President