



COMMERCIAL STATE BANK

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October 15, 2012

Robert E. Feldman, Ex Secretary
Att: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

RE: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for providing a comment period on the Basel III proposals that were recently approved by the various banking agencies.

I am strongly opposed to these proposals. Specifically, the unrealized gain and loss for sale securities, assignment of risk weights to residential mortgages, capital rules on holding capital against assets with credit enhancing representations and warranties, classifications on junior liens, high volatility commercial real estate, and collecting and reporting of new information on risk weighted assets.

All these items will continue to burden small banks like our \$80 million bank. Small banks cannot afford to continue to carry the expense of employing additional staff for these types of reporting responsibilities. These types of regulatory burdens will add to the cost of products to consumers, cause additional confusing disclosures, and increase the consolidation of the banking industry.

It is time for common sense to prevail and not turn the sound business of banking up side down. Please listen to the industry and reconsider these proposals.

Sincerely,



Doug Johnson
President