



September 28, 2012

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

Mr. Feldman:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. Community banks understand the need for strong, well capitalized banks and it has always been one of our guiding principles.

As a commercial banking customer with North State Bank, I am concerned about the possible negative impact of these proposals on my business. Specifically,

- Community banks did not engage in the reckless behavior that contributed to the recent financial crisis and subsequent economic downturn but have suffered significant financial hardships because of it.
- Imposing complex and excessive capital standards will threaten the nation's economic recovery and limit lending, investment, and credit availability. There will be less credit available and it will be more expensive for consumers and businesses.
- Basel III will require our bank to dedicate more of our limited human resources to understanding and implementing complex risk weights for various loan products and modeling for future lending for the purpose of managing to arbitrary capital requirements.
- Including accumulated other comprehensive income (AOCI) as regulatory capital will dramatically increase regulatory capital volatility and require community banks to hold capital substantially in excess of regulatory requirements. Community bank, do not have access to the capital markets, and subjecting them to capital measurement systems that cause capital ratios to fluctuate dramatically based upon the Fed's interest rate policy is an extreme disservice to them.
- The new rules will significantly alter the capital treatment of mortgage-servicing assets, deferred tax assets, and trust-preferred securities, requiring community banks to make major changes to their capital structure at a time when it is virtually impossible for them to do so.

My Bank understands the need for strong capital levels and is committed to remaining above well-capitalized levels. But these proposals are raising capital requirements while eliminating some key

capital components and this will not serve our local economies or my business which is dependant upon credit availability, well.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read 'David Williams', with the initials 'DP' written to the right of the signature.

David Williams, Vice President

Focus Design Builders, LLC

