



October 10, 2012

Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal EDSS  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, DC 20429

In re: Basel III Capital Proposals

Dear Mr. Feldman:

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.

As the President and CEO of a national bank of \$131 million in assets we find that the additional costs of further regulation will make it increasingly difficult to maintain our independence. We will do everything we can to maintain a respectable net interest margin and control our non-interest expense.

The biggest problem for community banks our size is the required capital to issue a dividend. We are a noncomplex bank with basically a residential mortgage market. Our commercial loan portfolio is very conservative and accounts for less than 20% of our \$79 million portfolio. Our credit quality is excellent. Notwithstanding all of this, we will have trouble paying a partial dividend let alone a full normal dividend after the buffer rate is implemented starting in 2016. This is the death knell to a community bank.

Please consider this over regulation on community banks which did not reaste the financial crisis.

Very truly yours,

A handwritten signature in black ink, reading 'Frank S. Morrison', is positioned above the typed name.

Frank S. Morrison  
President & CEO

FSM:sem

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