

September 24, 2012

To: The Federal Reserve  
Federal Deposit Insurance Corporation  
Office of the Comptroller of the Currency

Thank you for allowing comments on the proposed rules to implement Basel III Regulatory Capital Reform.

I have been the President of Commercial Bank since January 1984 and have been in the banking profession over forty-five years. Our bank is located in Parsons, Kansas with branch operations in four additional nearby communities. On June 30, 2012, our bank had total assets of \$231,967,000 and an equity ratio of 13.04%, core capital (leverage ratio) 11.91% and total risk-based capital ratio of 27.43%. The pretax net operating income has averaged 1.636% of average assets the last five years.

Our bank tries to maintain a diversified loan portfolio with loans divided among small business, agriculture, residential, and consumer. We offer direct and secondary mortgage loans to our residential customers, but require our customers to share in the purchase by having a down payment of 20% or more. Many if not all of the banks that have failed or are still troubled violated this simple rule and funded loans with little or no down payment and /or only required their borrowers to pay interest only. Simple rules could have prevented most of our housing problems that caused substantial harm to our economy and ruined the lives of many Americans.

The complicated and hard to understand Basel III Capital Proposal is not the answer, but rather need a capital standard that is simple to understand and enforceable. Take all the "funny business" out of capital such as Trust Preferred Securities, Subordinated Debentures, Goodwill and other intangibles. Additional complicated Regulations add additional expense that will require us to pass on to our customers through higher fees or interest rates. It will also take valuable time that could be spent in our communities and helping customers.

The end result, we need to get back to basic banking! Get the largest banks out of nonbanking functions that are related to trading and broker-dealer activities, etc. Only allow Regulated entities to serve the public with real estate and other consumer loans. Require the government sponsored entities such as the USDA, Farm Credit, etc. to follow the same guidelines and not be on a tax exempt basis.

For many years we have heard politicians, etc. talk about reducing regulations, but the only thing that seems to happen is that we get more regulations that makes it more difficult to run our banks and adds to nonproductively for everyone involved.

Again, thank you for allowing my comments concerning Basel III.

Sincerely,

Philip R. Eaton  
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