

**From:** Ron Sanders [mailto:rsanders@magnoliabank.com]  
**Sent:** Friday, August 03, 2012 10:11 AM  
**To:** Comments  
**Subject:** Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97"

During 2007 Magnolia Bank redeemed its largest shareholder through a trust preferred securities issue in the amount of \$4,000,000. This security has a 30 year maturity. The cost to service the interest on this security is currently less than two percent. This redemption and use of the trust preferred security program was a long term decision and commitment by our remaining shareholders. Small community banks do not have access to the capital markets like large publicly traded "too big to fail" institutions. This was the most viable option available to us at the time. We are a well capitalized community bank with \$125,000,000 in assets and over \$16,000,000 in capital and reserves that has served its customers in Kentucky since 1919. The Basel III proposal to eliminate trust preferred securities as capital to small community banks would be a devastating blow to our long term business plan. To change the rules in the middle of the game is not ethical and correct on the part of the Federal government. If these new capital requirements need to be implemented then they should not affect commitments that are already in place. Ron Sanders, President & CEO, Magnolia Bank, P. O. Box 188, Hodgenville, KY 42748.

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