Dear Sirs

Thank you for the opportunity to comment on the proposed BASEL III, and thank you for extending the comment period beyond the original September 7th.

I listened to a phone conference call hosted by the FDIC's Kansas City Regional Director on July 26th and was amazed at the complex analysis and calculation that will have to be done to implement and become compliant with the proposal.

We feel the 2013 implementation date is too close, banks are still recovering from the financial crisis, recession, and a depressed real estate market, in conjunction with other existing or proposed regulations, BASEL III puts the viability of smaller community banks in jeopardy.

The timeline for implementation is too aggressive for community banks to meet

The timeline assumes there will be no further decline in interest rates or further adverse economic conditions during the phase-in.

Limited opportunities to build capital will prevent community banks from rapidly meeting and maintaining conservation buffers.

This proposal is not tiered and does not provide any exemptions for smaller banks with simpler balance sheets and do more traditional lending.

In addition to implementing a new minimum capital requirement, the proposal completely revises the current risk weights we use in the calculation of our regulatory capital, particularly for mortgages.

The risk weighting of mortgages is the largest issue at hand for our bank.

The complexity of the mortgage risk weights based on loan to value ratios will create a regulatory burden for smaller community banks. Raising risk weights on residential loans will impair home financing, and possibly limit borrower access to financing. Raising risk weights for balloon mortgages penalizes smaller community banks, such as ours, attempting to mitigate interest rate risk.

Higher risk weights have other issues that could slow economic recovery, such as higher LTV, and second mortgage lending.

Higher risk rates for non performing loans only duplicates the function of the loan loss reserve allowance.

Expanding on the subject of the loan loss reserve.

We feel the ALLL inclusion should not be capped at 1.25% of assets. We feel some if not all the ALLL should be included in tier 1 capital as it represents the first line of defense against capital absorbing-loss.

Our small bank would have to seek outside guidance in analysis of our portfolios, and making the Calculation to determine the new capital ratio, and it's adequacy. Our bank has been in business since 1883, we understand the importance of adequate capital. The issue we have a problem with is why you have to make the adequacy calculation so complicated and expensive.

Again, thank you for the opportunity to comment.

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