

October 10, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

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

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals¹ 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. **The application of Basel III proposals on the community banks would be extremely detrimental to their ability to provide adequate, accessible funding for the local communities and businesses . The relationship between small business, local and rural individuals, farmers and the community agribusinesses, schools and municipalities is vital to the general economy. Community bank customers rely on that established local funding and personal service. Basel III proposals would force us to spend more resources on regulatory issues at the expense of community customer service both in time and available funds. Community banks did not create the issues being addressed in the Basel III proposals and they and their customers should not be penalized by having the same regulations applied to them as are applied to the Too Big to Fail Banks. I would ask that you take these differences into consideration as you debate the value of the Basel III proposals.**

Sincerely,

Mary Jane Down
Assistant Cashier
State Bank of Herscher

¹ The proposals are titled: *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions; Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements; and Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rules; Market Risk Capital Rule.*

