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**From:** Lon Rylander <lrylander@fsbashby.com>  
**Sent:** Monday, October 15, 2012 9:50 AM  
**To:** Comments  
**Subject:** Basel III FIDC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

To Whom It May Concern:

In general, when I first read about the Basel III regulatory capital standards, I blew it off as having no effect on a West Central Minnesota \$30,000,000.00 dollars bank. However, the more I read the more concerned I became. Revising the current risk weight standards that small community banks use would be devastating, especially in the mortgage portion of the revision. Penalizing high LTV on mortgages could reduce further lending, therefore holding back on an economic recovery.

Typically, First State Bank of Ashby, has been a buy and hold policy strategy on its investment portfolio. Given the possibility that rates at some time in the future will rise, community banks could see significant reductions in capital. I can see our bank being forced into a trading and hedging type of strategy with its investment portfolio. The changing of held to maturity mentality could adversely affect the market value of these securities.

This is a regulation that does not fit for First State Bank of Ashby, with its simple noncomplex balance sheet. Please consider the ramifications of this legislation on the community bank. I see the Community Bank as being a leader in our nations economic recovery, this regulation would hinder that recovery.

Thank you for your time and consideration of my thoughts.

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