October 16, 2012

OCC
250 E St. SW
Washington, DC 20551

Re: "Basel III OCC Docket ID OCC-2012-0008, 0009, and 0010"

Federal Reserve
20th Street and Constitution Avenue N.W.
Washington, DC 20551

Re: "Basel III Docket No. 1442"

FDIC
550 17th Street NW
Washington, DC 20429

Re: "Basel III FDIC RIN 3064-AD95, RIN 3064-AD96 and RIN 3064-D97"

Dear Sirs:

Community Bank of Snyder, Snyder, Texas has $132,000,000 in assets and at this time has approximately $35,800,000 in AFS securities. How should our bank deal with this proposal, especially when interest rates rise again? Will we have to create an additional capital buffer as a cushion during value fluctuations? **If so, we are taking resources from customer needs and bank growth.** Should we limit our investments in longer duration assets? How will this affect local governments and the housing markets? This proposal could cause a number of banks to sell all or part of their AFS portfolios. Have federal regulators considered what impact this will have on the markets for those securities? We are concerned about how this proposal might impact our asset liability function and our liquidity and contingency funding plans.

We are a community bank and, as such, should not be thrown into the "mark-to-market" frenzy that has consumed other segments of the financial services industry.

The most likely result of this proposal **will be an increase in employee time to monitor our AFS portfolio.** This may also require us to **purchase software to stay in compliance**. **Both would lead to less time and service for our customers.**

Our bank has approximately $10,300,000 in mortgage assets. Our 32 employees provide mortgages in statewide communities.

The most likely result of this proposal is that it will cause us to raise capital. Our earnings will also be impaired. Our regulatory burden will increase. **Most importantly, it will limit the availability of mortgages in the communities where we offer loans**.

It also appears that the proposal will play into the hands of the large, multistate lenders to the detriment of community banks.

Rural borrowers in Texas, due to recent federal laws, are already confronting a market in which banks are making fewer mortgage loans. This proposal will only make it worse.

Our Bank is very active in financing construction projects in our market. We currently have $735,000 in construction projects on our books. By increasing the risk weighting to 150%, our bank's capital will have to be bolstered, the cost of our loans will increase, and the local construction industry will suffer job losses.

In light of bank losses and failures in states like Georgia, California and Florida, we think we can interpret the motivation for this proposal. By allowing the rapid growth of institutions in those states, some of the blame must be put on lax supervision. The sound management and the sound regulation of Texas banks have not led to failures. Please don't make us pay for the sins of others.

We are already laboring in an environment involving increased regulatory scrutiny in compliance exams and the new burdens being placed on us by the Dodd-Frank Act. **Our compliance costs alone have increased 30% in the last 10 years.**

It appears that as proposed, Basel III will require us to change our internal reporting systems and provide additional employee training. More than likely we will have to hire additional employees. The complexity of the data requests probably means that we will also have to install new software systems and/or look for third parties to provide them. **None of these requirements will allow us to help our customers in our community. The compliance costs will pull money out of capital and earnings rather than help our borrowers.**

The increasing cost of compliance for community banks is leading to more consolidation in our industry. Basel III, as proposed, will only accelerate this trend.

Federal regulators may not be troubled by a country that has only a handful of banks. From our perspective, community banks still serve a vital function in our economy. It would be a shame if these new international capital requirements help lead to their demise.

Thank you,

Joe Jackson,
President/CEO