

October 17, 2012

DRUMMOND
COMMUNITY BANK

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, S.W.
Mail Stop 2-3
Washington, D.C. 20219

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
340 17th Street, N.W.
Washington, D.C. 20429

Re: Basel III Capital Proposals

Dear Ladies and Gentlemen:

I am a Vice President at a small community bank in Florida. I manage our branch located on the island of Cedar Key, population 800, that serves the island community and its surrounding rural mainland area. Our customer base is quite diverse, made up of more affluent retirees, blue collar commercial watermen and women who earn their living clamming, oystering, fishing or providing support services to that industry, or proprietors and support staff in the tourism industry consisting of restaurants, lodging, tour guides and rentals, etc. My business is in keeping with a traditional understanding of banking, more like George Bailey, the main character in the movie It's A Wonderful Life, than that of Gordon Gekko in Wallstreet.

Our bank is an extremely sound bank, rated five star in Florida, even in these difficult economic times. Our success is due not to the regulations imposed by the U.S. Government or the Federal Reserve, but because we already do the checks and balances, risk analysis and reserve maintenance necessary for our particular bank to thrive in both the good and the hard times. We take a balanced approach that can absorb the unexpected. We do this because it is sound business judgment, and it is what makes us better and stronger than our competitors. My point is that Community Banks are different than the larger uber-banks that base their business judgment

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on statistics, generalities and intense market analysis. We are immersed in our communities and have relationships with the people we are doing business with. We take risks and make loans based upon personal knowledge of the parties, their reputation for truthfulness, their known work ethic, and the needs and workings of our respective economic areas. We have our hands on the pulse of our unique communities and the citizens who do business with us, and this is what makes us successful, not the following of bank regulations designed for the mega banks with national and international operations.

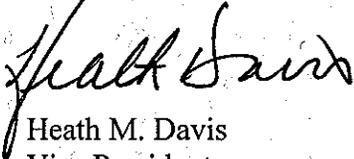
In fact, those regulations take us away from the business we are designed to do, and prevent us from making decisions that would otherwise be sound and help our communities get back on their feet again (thus, in turn, strengthening the entire national economy). Our focus switches from knowing our communities and making smart decisions, to making decisions that fit into a statistical analysis, and comply with regulations that have no real relevance to our business.

Complying with these regulations penalizes smaller banks because they are not structured to absorb frequent and extensive shifts in their operating procedures, software systems, training, and capital structure, even those implemented over a three year period. The planning and forecasting of a small business is calculated well into the future.

I ask that you take into consideration the plight of the smaller community banks, and either exempt them from having to comply with these burdensome regulations, or provide custom regulations on those smaller community banks that better meet their unique business infrastructures and community environments.

I greatly appreciate your time and consideration of my concerns.

Sincerely,



Heath M. Davis
Vice President
Drummond Community Bank