July 16, 2012

Robert E. Feldman, Executive Secretary
ATTENTION: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

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

RE: FDIC RIN 3064-AD96
12 CFR Part 351 RIN 3064-AD85
FDIC RIN 3064-AD70
12CFR Part 325 RIN 3064-AD85
FDIC RIN 3064-AD97
12 CFR Parts 324 and 325 RIN 3064-AD97

12 CFR Part 248, Docket No. 2011-1432
RIN 7100-AD82
12 CFR Parts 208 and 225 Regulations H and Y;
Docket No. R-1401 and RIN No. 7100-AD61
12 CFR Part 217, Regulation Q, Docket No. R-1442
RIN 7100 AD-87

Dear Executive Secretary Feldman & Secretary Johnson,

We are writing in response to the FDIC Regulatory Capital Rules NPR's referenced above as they pertain to community banks and holding companies.

We are opposed to the Regulatory Capital NPR's as presented for small community banks & holding companies as the numbers will show this to be very detrimental to all small community banks as well as the communities & families they serve. Given the fact that this letter will be made public without change, we have chosen to omit the specific numbers in this letter.

We have reason to believe these NPR's will place most all community banks under a PCA as soon as the NPR's are effective especially in this low rate environment. This situation will only worsen as rates rise in next few years making it even more detrimental to the banks, the communities, and the families these institutions serve. Not only will these NPR's detrimentally affect Capital, but these will also significantly affect Liquidity, Interest Rate Risk, and Sensitivity in a significantly detrimental way as well.

The 4 parts that we are primarily opposed to and that will be the most detrimental to community banks are:

1. the inclusion of the Unrealized Gain or Losses of Securities that are already labeled as Available for Sale at 100% risk weighting even though the securities may be risk weighted at 0%, 20% or 50%;
2. the inclusion of 1 – 4 family loans based on the LTV and other lending criteria on an increasing risk scale;
3. the risk weighting of the past dues and non accruals at 150% or 200% of the booked value; and
4. raising the minimum capital levels.

Any one of the first 3 items listed above will put the community banks and holding companies in a very detrimental capital position even if the bank has followed all the rules and made very conservative investments even with securities that are 100% full faith and credit of the US Government and very conservative good loans given the current status of our economy, the status of our economy over the past few years, and the rising interest rates that invariably face us in the next few years.

These Capital NPR's double penalize the past dues and non accruals that have possibly already been written down to fair market values by risk weighting them at 150% or 200%. Involving the LTV & the lending criteria listed in Risk Weighting Loans is not currently supported by most loan computer systems so every loan computer system will require an update and then every 1 – 4 family loan file will require review and documentation as well as computer maintenance on each individual loan to put this system in place. In addition, the inclusion of 1 – 4 family loans based on the LTV, will limit credit availability to those who need it the most and who have the hardest time obtaining credit further hampering community banks, communities, and families.

We want to, respectfully, reiterate that we are opposed to these Capital NPR's and, therefore, respectfully request Community Bank and Holding Companies be exempt from these Capital NPR's and further request that attention be given to all NPR's before the NPR's are adopted for any financial institutions as these will be detrimental to the entire banking system.

Respectfully,

Name

PBK Bank Loan Off'ur
Title