



August 22, 2012

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Exempting Community Banks Basel III
Docket No: RIN 3064-AD95
Docket No: RIN 3064-AD96

Dear Sirs:

This letter is in response to exempting community banks from the proposed implementation of Basel III in the United States and to allow community banks to continue operating under Basel I capital regulations.

I strongly believe that the Basel III was never meant to apply to our small community banks but rather to the big internationally active, highly interconnected financial firms. The community banks did not participate in the reckless behavior that contributed to the recent financial crisis then the economic downturn; therefore I believe that we, the community banks, should not be held accountable.

Basel III will force community banks to hire new compliance staff, compute complex risk weights for residential mortgages, and limit their offerings to meet the requirements of arbitrary risk-weighted buckets-which will result in disastrous and unintended consequences to the communities they serve. Furthermore, community banks operate under a relationship-based model that cannot be measured solely by imposing analytical capital standards.

Community banks are not confined to the whims of Wall Street analysts on a quarterly basis, and are in it for the long term. Short term interest rate swings should not be included in the regulatory capital calculations. Further, with the current artificially low interest rate environment that has been a blessing to the larger institutions and a curse to most of the small players, the only movement in rates will be upward, which will negatively impact all of our banks.

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We, community banks, are the primary source of credit to small business borrowers, and those businesses create the bulk of the new employment opportunities and economic activity in this country.

I believe that community banks should remain on the Basel I, which more accurately aligns their regulatory capital with the type of assets they hold and the relationship model they follow. Therefore, I am urging the banking regulators to exempt community banks from the Basel III proposal and allow them to continue to operate their banks under the Basel I framework, which has served their relationship-based banking models and this nation so well for over a generation.

Thank you for consideration of this request.

Respectfully Yours,

Incommons Bank, N.A.

Brad Butler
Executive Vice President/CFO

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