



October 19, 2012

Jennifer J Johnson, Secretary
Board of Governors of the Federal Reserve
20th Street and Constitution Ave, NW
Washington, D.C. 20551

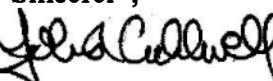
RE: Basel III Capital Proposals

Dear Ms. Johnson:

Thank you for the opportunity to comment on the Basel III proposals that were recently issued for public comment by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. I have been in community banking for over twenty seven years and I currently serve as President & CEO of The Farmers Bank of Appomattox, Virginia. We are a small community bank with an asset size of \$200 million that has been dedicated to serving our customers for over 94 years. It is my opinion that if the Basel III proposals are enacted for community bankers, it will greatly hinder our ability to meet the credit needs of our customers and affect our future as a bank.

The proposed risk weight framework for Basel III is very complicated and would be an onerous regulatory burden for our Bank. Increasing the risk weights for interest only loans and second liens will penalize banks like us and greatly hurt us in our efforts to help out the housing recovery. It would also deprive customers of many financing options for residential property. This may cause smaller banks to exit the residential loan market all together.

Community Banks should be allowed to stay with the current Basel I risk weight framework. Our Bank would need to make significant software upgrades to track mortgage values and this would add additional operating costs that will hurt us in this current economic environment. Even a well capitalized bank like Farmers Bank would be affected adversely due to changes in mortgage risk weights and possible adoption of new capital conservation buffers that would deplete our current capital position. Please seek to exempt the small community banks from Basel III.

Sincerely ,


John R. Caldwell
President & CEO