

# F&M BANK

101 East Main Street, Manchester, Iowa 52057

*"The Right Choice"*

September 26, 2012

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

Re: Basel III Docket No. 1442

We are a \$330 million community bank based in Manchester, IA, a town with a population of 5,000.

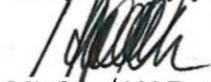
While we have been hampered by the flood of regulations coming out of Dodd-Frank, we are quite troubled by the potential effects the Basel III proposals could have on our Bank and its ability to serve our clients. We would have to spend an undue amount of time sorting our asset categories into different buckets to comply.

We are quite concerned about the time and costs which could be involved with the recording-keeping and analysis required by the proposal.

While the current scenario would increase our capital ratios, unrealized losses could have a very detrimental effect in a rising interest rate environment.

I do hope this proposal will be tabled and community banks are allowed to serve our clients rather than bureaucratic red tape which is total inapplicable to our type of financial institution.

Respectfully yours,



Michael W Dunn  
President

