The FARMERS BANK of Liberty

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Mark G. Field
President & Chairman

October 3, 2012

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal
Reserve System
20th St. & Constitution Ave., NW
Washington, DC 20551

Office of the Comptroller of the Currency
250 E. Street, SW
Mail Stop 2-3
Washington, DC 20219

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th St., NW
Washington, DC 20429

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently issued for public comment.

Question: What does The Farmers Bank of Liberty have in common with Bank of America?
Answer: Not a hell of a lot.

We independent community bankers have always known that there should be a two-tiered regulatory system in place; one system for the too-big-to-fail crowd, and a separate one for us too-small-to-save community banks. This whole concept of implementing Basel III against community banks brings this to light like no issue has ever done before. For more than a century, our small, locally-owned bank has used it's capital and a **reasonable** amount of leverage to take care of local residents' financial needs. Our capital is easy to figure, and there's no smoke-and-mirrors surrounding it. Now, you want to change that. And NOT for the better.

For instance: for over a century now our bank, like most other community banks, has used balloon mortgage loans as an interest-rate risk management tool, equally sharing the risks and rewards of rate movements with our local borrowers. In my 27 years here in Liberty, we have never NOT renewed or extended a balloon maturity or otherwise left a customer hanging with their home loan. We simply work with them to either keep them on the same amortization schedule by adjusting the payments, or we help them to pay the mortgage off ahead of schedule when rates are lower than they were before by leaving the payment the same. We look at our job as helping the customer get what they need and then getting them out of debt as soon as they possibly can. If I was stupid enough to refuse to renew their loan, then there are two or three DOZEN other banks in our County that would love to pick up a good loan customer. Competition is FIERCE for good loan customers. Community banks never STOPPED making loans through this latest economic debacle, but that's another issue...

Your proposed changes to the risk-weighting for the vast majority of my in-house mortgage loans would DOUBLE the risk-weighting factor for the average 80% LTV balloon loan. I'm no math major, but if you count something against my capital at DOUBLE the previous weight, that tells me that we are only going to be able to do HALF of the home loans that we could currently be making. So if a customer doesn't fit the mold perfectly for a secondary-market loan, they may just be out in the cold if banks have to cut their direct loans in half. How does THAT help consumers, the economy, small towns, or ANYONE, for that matter?!? And this is just ONE example of how this rule is bad policy for community banks... Then to "add insult to injury", for all of my BEST, most secured home loans with a loan-to-value ratio of LESS than 60%, you are nearly TRIPLING the capital required to carry those. May God help us...

Community banks just want to be left alone to take care of our communities, with the proper regulatory overview and the enforcement of EXISTING rules.

For the sake of small towns across this country, PLEASE do not enforce rules against simple community banks that were designed for the largest, international, most complex financial conglomerations.

BofA may need Basel III. The Farmers Bank of Liberty does not.

Sincerely yours,

/s/

Mark G. Field
President & Chairman
The Farmers Bank of Liberty