

From: Equity Bank, Bruce Benyshek
Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules
Subject: Regs H & Y Regulatory Capital Proposals

Comments:

September 25, 2012

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

Re: Basel III Capital Proposals

Dear Ms. Johnson:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

I work for a \$600 million bank based in Western Missouri, that will soon merge with a similar-sized bank in Western Missouri. As a result we will be a \$1.2 billion bank with many of our branches and assets based in rural areas of Kansas and Missouri.

I am adamantly opposed to the proposed regulatory capital rules under Basel III. The proposed treatment of the home mortgage loans in calculating the risk-based assets will be harmful in three ways. First, banks will have to totally revamp their information gathering systems to obtain this information. That is true for many of the asset classes but I am most concerned about the home mortgages. This will be expensive due to the requirement of more employees and/or new data gathering systems. Second, because a lot of the mortgages will require much more capital under the proposed rules we will have to materially increase interest rates for them to work economically for us. As a result, a lot fewer consumers will be able to afford the higher rates, we will make a lot fewer loans and thus generate a lot less income. Third, just when the housing industry is beginning to get back on its feet after several years of tough-going I believe the proposed Basel III capital rules, particularly those associated with home mortgages, will knock it right back down, severely hurting all banks and the entire U.S. economy. Your own institution has worked for several years with its QE programs to help lift up the housing industry and entire economy. Please do not do something that will quickly destroy this vital work.

As the FDIC Vice-Chairman and former President of the Federal Reserve Bank of Kansas City, Tom Hoenig, recently said, "I believe the Committee should agree to delay implementation and revisit the proposal. Absent that, the United States should not implement Basel III, but reject the Basel approach to capital and go back to the basics." I couldn't have said it better.

Thank you for the opportunity to comment.

Bruce Benyshek
Equity Bank