The Home Loan Savings Bank

October 17, 2012

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

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

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

Re: Basel III Capital Proposals

Ladies and Gentlemen:

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 (collectively the "banking agencies").

First, I would like to emphasize that I am completely in favor of increasing the capital requirements for banks in our country to ensure that our industry can weather the storms that will come our way in the future. I think that is a common goal for all of us. However, I do have concerns about the proposals which have been approved by the agencies and placed out for comment.

Our bank, The Home Loan Savings Bank, has been serving the financial needs of our customers for over 130 years. Our relationship to the community has remained as strong as it was from our beginning, and it continues to grow today. We are a full service bank, including lending, savings, and checking account options, IRA's, CD's, health savings, and money market accounts. We also offer a wide array of investment services through The Home Loan Financial Services.

Next, we like most other community banks in our country want to make sure we are able to continue serving our communities in the way we always have in the past. A strong economy is dependent on job growth and job growth is dependent on availability of capital to fund the small businesses of our communities that produce most of the jobs. We want to ensure that the new rules do not reduce the ability of our community banks to provide this capital.

In addition, the community banks did not cause the economic crisis, but we are paying for it as if we did. Community banks do not have the same access to capital that the large banks do, and this proposal will cause many community banks to become under capitalized. The impact of this proposal will no doubt cause a significant reduction in the number of community banks in our country and will have a dramatic impact on the communities and the citizens living in those communities around the country.

Finally, the inability to generate appropriate returns on capital is making raising capital at most community banks difficult if not impossible. Now is not the time to increase capital requirements and regulatory burden on community banks by imposing the requirements of Basel III on community banks- banks that did not cause the financial shocks that resulted in the "Great Recession".

When you have values chopped in half over night, you are going to lose some banks. Basel III was meant for large complex banking structures, not smaller community banks. The proposed restrictions are too punitive and the timing could not be worse. Right now we need banks to lend, not restrict lending. Generally, community banks are far more familiar with their customers and the risks associated with lending to local customers.

In conclusion, the implementation of Basel III as proposed would significantly and negatively alter the way community banks serve their customers and communities and is unacceptable as we strive to improve and grow the American economy. Thank you for your time and consideration.

Respectfully Submitted,

Darby A. Cognion

Darby A. Cognion
Lender, The Home Loan Savings Bank