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October 19, 2012

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
[Regs.comments@federalreserve.gov](mailto:Regs.comments@federalreserve.gov)

Robert E. Feldman  
Executive Secretary, FDIC  
[comments@FDIC.gov](mailto:comments@FDIC.gov)

Office of the Comptroller of the Currency  
[Regs.comment@occ.treas.gov](mailto:Regs.comment@occ.treas.gov)

Re: Basel III Capital Requirements

Dear Madam and Sirs:

The proposed standards are potent medicine which will have dramatic effect.

Imposing these standards on this \$225 million mutual thrift will change our lives and could affect our health. We think we shall hire at least two additional people so we can "risk weight" home mortgages. Other employees will spend valuable time recruiting, interviewing, hiring, training, and supervising the new employees. The twenty other employees already working on the loan side of this qualified thrift lender will be preoccupied with deciphering and mastering these stringent standards. Compliance will be a major worry... every day for a long time.

Community banks are good soldiers and good citizens; we will do as you say. But, ask field regulators, not just community bankers, these questions:

1. Will the standards originally designed for large, international banks make community banks safer? No.
2. Could making community banks incur the costs of complying with standards designed for international banks deprive them of critical resources needed to make them truly safer? Yes.
3. Could making community banks comply with these standards make community banks less safe? Yes.



The Homeowners Bank.

MEMBER  
FDIC

4. Could making thousands of community banks focus upon the wrong threat to their safety and soundness make the entire system less safe? Yes.
5. Could these standards hurt fragile real estate markets since they ignore PMI and penalize high loan-to-value ratio home loans? Yes.
6. Since community banks are the lifeblood of the nation's communities, could the well-being of the communities, themselves, be weakened? Yes.

National policy artificially suppressing interest rates for over four years has stressed community banks needing margin. These standards will also force us to consider restricting any investment in longer-term assets. Compliance will be costly and will make all community banks less profitable. We are a highly capitalized mutual; compliance with these standards won't help our customers, our regulators, or any investor.

These proposed standards are strong medicine originally designed for large, international banks. Forcing this strong medicine on community banks is not just unwise; forcing this strong medicine on every community bank will cause great harm.

Very truly yours,



Dennis E. McIntosh, President

cc: The Honorable Roy Blunt  
The United States Senate  
260 Russell Senate Office Building  
Washington, DC 20510-2503

The Honorable Claire McCaskill  
The United States Senate  
506 Hart Senate Office Building  
Washington, DC 20510-2505

The Honorable JoAnn Emerson  
The United States House of Representatives  
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