



September 27, 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: Comment on Basel III Capital Proposals

Ladies and Gentlemen:

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

Bank2 is a minority, Native American, owned bank. We are 100% owned by the Chickasaw Nation. Our mission and goal is to help people, especially Native Americans, build better lives. We do this by building long-term customer relationships founded upon respect, trust and integrity. We strive to be a good corporate citizen by reinvesting time, money and people in the communities that we serve. Our mission is to grow responsibly.

Bank2 places a huge emphasis on increasing home ownership within the Indian population. We are one of the nation's top lenders in the HUD 184 Mortgage Loan Program for Native Americans. We have made thousands of loans to Native Americans over the past 10 years. Valuing our minority ownership and heritage, Bank2 understands the importance of committed relationships. We take pride in providing superior customer service and high quality financial products to all of our bank customers.

The proposed Basel III capital rules will have a major impact on our bank. It will stifle our growth and reduce our lending capabilities. If Basel III is enacted it is very likely that we will no longer be able to participate in the HUD 184 program or, at a minimum, significantly curtail our involvement in the program since we have significant mortgage servicing assets. Under Basel III servicing assets are deducted from tier 1 capital. We would no longer be able to offer affordable housing loans to Native Americans. With the enactment of this rule, the dream of home ownership for most Native Americans may not be possible in the future.

If Basel III is enacted what will happen to the minority owned community banks in America? What will happen to Bank2? What will happen to the customers and employees of Bank2? If the goal is to close and merge all of the local community banks in to a few mega banks, then Basel III will probably be very effective.

I respectfully ask, that you please give careful consideration to the negative impact that the Basel III ruling will have, not only on Bank2, but on all of the nation's community banks. Thank you for your time and consideration in this matter.

Sincerely,

Fran Smith  
Executive Vice President  
Bank2