



Phebe Ellis-Roach
Senior Vice President

October 4, 2012

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

Dear Ms. Johnson:

As a Mortgage Loan Officer for a Community Bank, I am writing to express my frustrations with the proposed BASE III capital rules. I am deeply concerned about the impact these rules will have on our bank, our builders, our real estate agents, and our economy.

My CEO has shared with me the capital requirements that are proposed for single family home (SFR) loans and construction of SFRs. These new proposed risk weighting requirements are going to make home loans even more difficult to obtain. It is already impossible for a first time home buyer to purchase a home today.

The idea of an "international accord" for capital standards applying to my bank here in Lubbock, Texas is baffling. I respectfully request that you exempt Community Banks under \$15 billion from these standards.

Our Bank today is already overwhelmed with regulations. The cost of compliance is disheartening to say the least. The complex reporting and data collection required by the BASEL III proposal would be the "knock out punch" for Community Banks all across the City of Lubbock, the State of Texas and the United States as they incur costs associated with these new rules.

Our little bank here in West Texas maintains an investment portfolio that we utilize in pledging for municipal deposits like our school district, our city and county depository. The proposal to have these investments "marked to market" and our gain or loss to be included in bank capital is going to create volatility as the inevitable increase in interest rates come into play. This will hinder our growth, our ability to lend, and our ability to take care of our municipal relationships.

I beg you to please exempt Community Banks from these burdensome, complex and counter productive capital rules. Thank you for your consideration.

Sincerely,

Phebe Ellis-Roach
Sr. Vice President

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