



October 18, 2012

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

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

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

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals. I am the CEO of a \$160 million savings bank located in East Central Ohio with three offices in Coshocton County and one office in Knox County. We are a traditional community bank that cares about our customers, employees, and the community. We work hard to maintain high marks in safety and soundness, compliance, and the related regulatory requirements. At the present time we have 48 employees that are committed to helping our community grow. We provide home loans, agricultural loans, small business loans, and consumer loans to our community.

Even though we do not have a lot of securities, I am concerned how it will affect our capital when we have to mark to market the securities. We have customers that borrow close to our current legal lending limit and if our capital is reduced because of Basel III this would leave us vulnerable to losing customers to the larger regional banks, thereby reducing our income and our ability to replenish capital through retained earnings. At the present time our bank sells our fixed rate loans to Freddie Mac, which we service these loans and I am concerned about losing this servicing income.

My next concern is with the increased risk weighting on delinquent loans. Their proposal of increasing risk weighting has the double effect for most banks of decreasing capital while at the same time we are holding large amounts in our loan loss reserve. I feel that managing the loan loss reserve is a more prudent and effective way of handling the situation.



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My final concern addressing Basel III is the overall complexity with regard to interpreting and following the rules. I do not feel that we have the staff or the proper computer systems that can generate the information needed to report to Basel III. This is going to cause additional expense, reduction in capital, and limit our ability to make loans. It is my hope that you will strongly consider starting over on the accounting requirements for the community banks. Basel III can have a long term effect of putting a stake in the heart of community banking. It is my hope that you will not force our industry to go to extraordinary expense to validate the new capital levels.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert C. Hamilton".

Robert C. Hamilton
CEO

RCH:sae