

BANK OF VERNON, SAMUEL A. JOHNSON

Proposal and Comment Information

Title: Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies (Reg O and Y), R-1896

Comment ID: FR-2026-0028-01-C32

Submitter Information

Organization Name: Bank of Vernon

Organization Type: Company

Name: Samuel A. Johnson

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Bank of Vernon

October 5, 2026

Via Electronic Submission
Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Docket No. R-1896; RIN 7100-AH27
Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies

Dear Ms. Misback:

On behalf of Bank of Vernon, FDIC Certificate No. 51, I am writing to express our strong support for the proposed changes to Regulation O that would increase the dollar amounts that may be extended to executive officers, directors, and principal shareholders. We believe the proposed increases appropriately modernize thresholds that have not kept pace with inflation, the cost of doing business, and the financing needs of individuals and small businesses, while preserving the important safeguards against preferential insider lending contained in Regulation O.

This issue is particularly important for rural community banks, where the pool of qualified individuals willing and able to serve as directors is limited. Many of the most qualified potential directors are established small business owners, farmers, professionals, and entrepreneurs who understand the local economy and bring valuable experience and judgment to the board. Those same individuals often have legitimate and substantial credit needs associated with operating and growing their businesses. Serving on a community bank board should not place an otherwise qualified borrower at a disadvantage or require a local business owner to choose between board service and reasonable access to capital. When insider lending restrictions create burdens beyond those applicable to a similarly situated non-insider borrower, they can make board service less attractive and make it more difficult for rural banks to recruit and retain qualified directors. Modernizing the thresholds would provide needed flexibility while continuing to require appropriate underwriting, approvals, and credit terms that do not favor insiders.

For these reasons, Bank of Vernon strongly supports the proposed changes to Regulation O. We believe the proposal preserves appropriate protections against preferential insider lending while providing community banks greater flexibility to meet the legitimate credit needs of directors and other insiders. Just as importantly, it recognizes the practical challenges rural banks face in attracting and retaining qualified directors whose business experience and community involvement are essential to strong bank governance.

Thank you for the opportunity to comment on this important proposal.

Sincerely,



Samuel A. Johnson
Chairman, Co-CEO, & CFO
Bank of Vernon

P.O. Box 309, Vernon, Alabama 35592