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August 14, 2012

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

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

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

Re: Basel III Capital Proposals

Ladies and Gentlemen:

We have reviewed most of the pages concerning Basel III. In the event of interest rates increasing, a 250 basis points increase in rates would affect our capital negatively by 13%. It seems unfair that securities, when held to maturity will not have any negative earnings impact, so why would securities be risk rated with the above facts.

In addition the risk rated loans in added categories that will be reported will cause more paperwork and more time spent when that time could be better spent trying to increase loans. With the 1-4 family being risk rated higher, which has a negative impact on capital and also decreases the amount of lending banks can do.

In respect to the commercial loans that would increase to 150 basis points, risk rating banks will already increase the allowance for loan and lease losses to compensate for any future losses. So if banks have to risk rate at 150% it seems like we are being double charged, therefore again decreasing capital and limiting the amount of new loans.

Sincerely,

Gary E. Yager
President
VisionBank

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