The Home Loan Savings Bank

October 17, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
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, D.C. 20219

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively the "banking agencies").

First, I would like to emphasize that I am completely in favor of increasing the capital requirements for banks in our country to ensure that our industry can weather the storms that will come our way in the future. I think that is a common goal for all of us. However, I do have concerns about the proposals which have been approved by the agencies and placed out for comment.

Our bank, The Home Loan Savings Bank, has been serving the financial needs of our customers for over 130 years. Our relationship to the community has remained as strong as it was from our beginning, and it continues to grow today. We are a full service bank, including lending, savings, and checking account options, IRA's, CD's, health savings, and money market accounts. We also offer a wide array of investment services through The Home Loan Financial Services.

Next, we like most other community banks in our country want to make sure we are able to continue serving our communities in the way we always have in the past. A strong economy is dependent on job growth and job growth is dependent on availability of capital to fund the small businesses of our communities that produce most of the jobs. We want to ensure that the new rules do not reduce the ability of our community banks to provide this capital.

In addition, the community banks did not cause the economic crisis, but we are paying for it as if we did. Community banks do not have the same access to capital that the large banks do, and this proposal will cause many community banks to become under capitalized. The impact of this proposal will no doubt cause a significant reduction in the number of community banks in our country and will have a dramatic impact on the communities and the citizens living in those communities around the country.

Finally, the inability to generate appropriate returns on capital is making raising capital at most community banks difficult if not impossible. Now is not the time to increase capital requirements and regulatory burden on community banks by imposing the requirements of Basel III on community banks- banks that did not cause the financial shocks that resulted in the "Great Recession".

When you have values chopped in half over night, you are going to lose some banks. Basel III was meant for large complex banking structures, not smaller community banks. The proposed restrictions are too punitive and the timing could not be worse. Right now we need banks to lend, not restrict lending. Generally, community banks are far more familiar with their customers and the risks associated with lending to local customers.

In conclusion, the implementation of Basel III as proposed would significantly and negatively alter the way community banks serve their customers and communities and is unacceptable as we strive to improve and grow the American economy. Thank you for your time and consideration.

Respectfully Submitted,

Darby A. Cognion

Darby A. Cognion
Lender, The Home Loan Savings Bank

From:	Rick Hudson <rhudson@homeloansavingsbank.com>
Sent:	Monday, October 15, 2012 4:16 PM
To:	Comments
Subject:	Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

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.

I am the compliance officer at a $160 million dollar community bank that has been in existence for 130 years. While I do not claim to understand all the complexities of finances at the bank, it does seem to me that there are many sources that are questioning the wisdom of the Basel III standards as they would apply to community banks.

My understanding is that the Basel III standards were not originally designed to apply to community banks, which are much smaller than the mega-banks. Community banks, as a whole, were not involved in the type of transactions that led to the recent financial crisis, but they are being forced to bear the increased costs of additional regulations. These costs end up doing one of two things: either they are passed on to customers; or they reduce the profitability of the banks, which ultimately leads to fewer community banks being viable. The first option reduces the money that consumers have to keep the economy going (recovering), and the second option leads to bank failures which impacts competition. Neither option seems like a good choice.

Community banks do not raise capital the same way as the mega-banks. Community banks stay in existence by treating their customer well. After all, we see our customers at the grocery store, the basketball game, and PTO meetings. If we cannot look them squarely in the face, we do not survive. Subjecting community banks to the same standards as the mega-banks is simply unfair.

Community banks should be allowed to remain under the Basel I standards, which more accurately reflect the business model they follow. Therefore, I urge the banking regulators to exempt community banks from the Basel III proposed standards.

Thank you again for the opportunity to comment on the proposal.

Sincerely,

Richard L. Hudson
Compliance Officer
The Home Loan Savings Bank
413 Main St.
Coshocton, OH 43812

Rick Hudson
Compliance Officer

Office: (740) 622-0444 x128
Fax: (740) 622-5389

The Home Loan Savings Bank

October 19, 2012

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, N.W
Washington, D.C. 20429
Delivered via email: comments@FDIC.gov

Office of the Comptroller of the Currency
250 E. Street, S.W.
Mail Stop 2-3
Washington, D.C. 20219
Delivered via email: regs.comments@occ.tres.gov

Jennifer Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551
Delivered via email: regs.comments@federalreserve.gov

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals. I am a branch manager at a $160 million savings bank located in East Central Ohio, with three offices in Coshocton County and one office in Knox County. As a traditional community bank, we care about our customers, employees, and the community. We currently have 49 employees that are committed to helping our customers and helping our community succeed and prosper. Currently we offer home mortgage loans, home equity loans, agricultural loans, small business loans, and consumer loans to our community as well as many various deposit products.

Being a branch manager, I will be most impacted by the proposals concerning the changes proposed regarding lending and the accounting for loans. This includes the increased risk weighting of delinquent loans. The 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. We feel that proper management of our loan loss reserve is a more prudent and effective way of handling the situation.

Community banks along with many other markets will have a more difficult time obtaining mortgage loans through the proposed rules regarding the residential loans. One of the tools used to manage interest rate risk are the mortgage rates held on our books, which are generally adjustable rate loans. Due to the interest rate risk we cannot "afford" to hold 30 year loans in the interest rate environment we are currently in. Requiring higher risk rating of adjustable rate loans will require more capital, increases the cost of the credit, and will serve to reduce the availability of credit.

The Home Loan Savings Bank is also actively involved in home equity lending. The availability of credit and increase in the cost of credit will be restricted with the risk rates of up to 200 percent.

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,

Betty Ramsour
Branch Manager

The Home Loan Savings Bank

October 17, 2012

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Board of Governors of the Federal
Reserve System
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Robert E. Feldman
Executive Secretary
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550 17th Street, N.W.
Washington, D.C. 20429

RE: Basel III Capital Proposals

Dear Ladies and Gentlemen:

I would like to thank you for the opportunity to provide comment on the Basel III proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

I have been employed at The Home Loan Savings Bank for over twelve years while serving our customers with their deposit and lending needs. The Home Loan Savings Bank is a community bank and has been in business for over 130 years meeting the needs of our community and surrounding counties that include Coshocton, Knox, Muskingum, Tuscarawas and Holmes. We are a full service bank that includes lending, savings, checking, health savings accounts and money market accounts. We also offer investments through Home Loan Financial Services. We strive to excel in all areas that our bank offers to help our customers obtain the goals they have set for themselves and exceed in their expectations of how a community bank should provide for their needs.

I feel with the increased capital requirement that is proposed that our bank will struggle to grow and provide the necessary capital to fuel our small businesses in our community. Also with the Basel III proposal it will assuredly raise costs and fees that will negatively impact our community and our customers who are currently facing unemployment, underemployment and the rising cost of living.

I am concerned especially in the mortgage area where I work referring to the substantial increase in the risk weighted asset amount for residential mortgages. This would demand my department to go through very old loan files to determine the underwriting criteria and determine the risk weight which would be very burdensome to achieve. Also, I am concerned about the credit enhancing representations that would result in substantial additional capital charges for a significant volume of sold mortgages. Please retain the 120 day safe harbor in the current rule. Another concern would be the deduction of mortgage servicing assets that exceed 10% of an institution's common equity tier 1. We take pride in the ability to service our fixed rate loan customers that we currently sell to Freddie Mac and this new rule could impact our decision on continuing to service our customers so I am requesting that you please consider there be no deduction from capital for mortgage servicing rights.

Again, I thank you for this opportunity to express my concerns and I appreciate your consideration in the different issues at hand.

Sincerely,

Laura L. Miller
Vice President
The Home Loan Savings Bank

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

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Re: Basel III Capital Proposals

Ladies and Gentlemen:

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

The Home Loan Savings Bank is a $165 million asset community bank located in East Central Ohio with locations in Coshocton, OH, West Lafayette, OH and Mt. Vernon, OH. Our lines of business include but are not limited to; CD's, IRA's, mortgages, home equity loans, and seasonal lines of credit. Being one of the only few local community banks in the area, I feel that our customer's success ties strongly with ours. It is critical that we are able to serve our communities the same way we have in the past, and will continue to serve them in the future.

Looking forward as to how the Basel III proposals will affect our bank, the following items are the requirements I have the most concern about.

Gains and losses on for sale securities must flow through regulatory capital

Under this requirement, our bank could be forced to reduce the size of our balance sheet as the economy improves, because interest rates will begin to rise. This would in turn, reduce the availability of credit to our small business and consumer customers.

This would also cause unrealized gains (and losses) on available for sale securities to be included in regulatory capital, creating the potential for capital volatility and a significant reduction in regulatory capital in a rising rate environment. While nothing would have changed in the bank's equity, our regulatory capital ratios could change significantly.

Increased risk weights on mortgage loans

Our underwriting has been strong compared to the non-bank mortgage lenders that attributed mainly to the recent housing crisis. Because of their wrong doing, community banks would now be penalized for the wrong doings of others. These new capital proposals relative to the risk weighting of residential mortgages are higher in a majority of cases compared to other loan types.

Not only will this affect lending, but it will also affect the administration/operations side of our bank. I could see us being forced to hire more staff for one reason, maintaining and assigning risk weightings on loans. This would be a continual thing, and would not be done only when the loan hits the books.

Risk weighting for home equity loans/second lien

In general, I have significant concerns about the risk weighting formulas for HELOCs as wells as noncurrent and nonperforming loans, which are already receiving protection from losses in the form of ALLL reserves. Given that these loans are priced higher due to the added risk, this segment of our business has been significantly profitable. The proposed change in the risk weighting of these loans would impact our profit substantially and we might even consider doing away with this line of business altogether.

Increasing risk weights on delinquent loans

This proposal would require us to set capital aside twice on those loans that have a past due status. This would have double the effect on our bank by decreasing capital and at the same time, having large amounts in our loan loss reserve. While I feel that there is definite need to manage problem loans, I believe that this would be accomplished best by managing this in our already established loan loss reserve.

This would force us to be more prudent in moving those problem loans off the balance sheet, which would in turn affect the process by which we utilize to remediate issues with the borrower.

In closing, one of my largest concerns is the overall complexity that will be required to read and interpret the rules. In other words, we'll need to know the rules in order to follow them. Herein lies the problem; a majority of small banks don't have the time or resources dedicated to determine the granularity to report under Basel III. If Basel III does not affect capital of our bank over time, it will definitely require more expense on our bank.

It is my hope that we as a bank will continue to grow as our community grows, but some of the unintended consequences that come out of Basel III would hinder us significantly.

Sincerely,

Tyler Roahrig
IT Administrator