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GREENFIELD BANKING COMPANY

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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**

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

Reference: Basel III Capital Proposal

Ms. Johnson and Mr. Feldman:

Thank you for letting me tell you a little about Greenfield, Tennessee, and Greenfield Banking Company. Greenfield is a community of some twenty-five hundred people. We have some manufacturing, but we also are a farming and small business community. We care about the people living in Greenfield and the surrounding area.

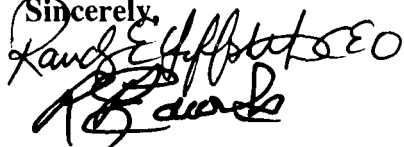
Greenfield Banking Company is a fifty million dollar plus bank that was chartered in 1935 to serve the local and surrounding area. The bank is very simple in that we take deposits, make loans, and invest in agency and in-state municipal securities. We make farm loans, home loans, usually through the Federal Home Loan Bank of Cincinnati, small business and consumer loans. We have a strong Capital with a good Camel Rating. Our Board of Directors and Employees strive to get good ratings in safety and soundness, compliance and all other regulatory matters. We have seventeen employees, so you can see what the Dodd-Frank Bill will do to the cost and manpower of our Bank.

Our concern at this point is the Basel III Capital Proposal. Some of the items that concern us the most are:

- 1. Mark to market on AFS securities: With interest rates so low we show a profit of some \$12,000.00 in our very conservative securities portfolio, but if rates go up 300 or 400 basis points it would turn our modest profit into a considerable loss to the Bank's Capital.**
- 2. The effect of our legal lending rate to a drop in capital if Basel III caused the total capital to decrease: Some of our larger borrowers would go to larger banks for their legal limit loans.**
- 3. Increased risk weighting on delinquent loans: The economy is still struggling and the unemployment rate remains around 9% in our county. These are quality people who have lost their jobs. Farming in our area has been good the last few years. When we think about what happened in the 80s and we had to hold past due farm loans and even roll some over into next year's crops; we wonder if this might happen again. We are increasing our loan loss reserve, which regulators say is more than adequate, but if Basel III is implemented it would be a double effect on banks by decreasing capital while holding large sums of profits put in the loan loss reserve account. In our opinion, loan loss reserve management would be the best way to handle this situation.**
- 4. The ability to interpret and comply with the rules: Most small banks don't have staff or computer systems that can generate the information needed to report under Basel III. It will only require additional expense on small banks and the industry as a whole.**

To continue helping our economy grow and support the community of Greenfield is so dependent upon the capital of the bank. We are pleased that Greenfield Banking Company has participated in most of the growth of Greenfield and its surrounding area over the last 77 years. We want to continue, but if Basel III is implemented small banks and their communities will suffer. We are all for a safe and sound banking system and that means strong capital.

There is no way small community banks should be regulated as large banks doing international business in Europe and other parts of the world. Just because other countries adopt an accounting system for their banks doesn't mean the United States has to be a part of that system. Our banking system is completely different, and when managed right, is the best in the world. We hope you will consider abolishing Basel III; if not, please consider small banks with assets under one billion dollars exempt from the regulation. Thanks for your consideration.

Sincerely,


**Randy Huffstetler, CEO
R. E. Rawls, CIO**