September 25, 2012

Mr. John Harrison, Superintendent of Banks
Alabama State Banking Department
401 Adams Ave. Suite 680
Montgomery, AL 36130-1201

The Honorable Ben S. Bernanke, Chairman
Board of Governors of the Federal Reserve System
regs.comments@federalreserve.gov
Docket R-1442

The Honorable Martin J. Gruenberg, Acting Chairman
Federal Deposit Insurance Corporation
comments@FDIC.gov
RIN 3064-AD95

Dear Sirs;

I am writing this letter to you to express the grave concern that the Board of Directors of Southern States Bank and I have regarding the proposed adoption of Basel III by banking regulators. The proposal will have a tremendous impact on the size of capital reserves that the world's banks have must available for loan and investment losses.

The new Basel III package will require banks to increase their minimum Tier 1 capital requirements from 4.0% to 7.0% by 2019. Although international central bank officials view this as a method to make financial institutions stronger in the face of future financial crises, its implementation will lead to certain reduction of lending by banks which will in turn adversely impact economic growth and ultimately job creation. There are additional facets of Basel III which will significantly increase liquidity requirements on banks which will have a negative impact to the earnings capability of banks also.

The standards set forth in Basel III were developed for countries without community banking, and these proposed rules would be most punitive to the economic viability of community banking in the U.S. Automatically applying greater risks weights to mortgages with balloon payments would be tremendously detrimental to community banks given their reliance on these products for interest rate risk management. Also the current appraisal standards are very inconsistent and make reliance on residential real estate appraisals to determine risk-weighting a huge mistake for community banking.

The impact of these new rules generally causes community banks to become a less desirable investment at a time when many community banks need extra capital. The adoption of Basel III could curtail certain lending activities, particularly in the 1-4 family residential area, which will decrease competition for those loans. Finally the implementation of Basel III will cause banks to increase pricing on loans to offset the increased cost brought about by the combination of Basel III, CFPB implementation, and the tremendous costs Dodd-Frank compliance will cost community banking.

I urge you all to consider the impact on banks in not only Alabama, but the all of the United States. The proposed regulations will cause our community banks to be hamstrung by unnecessary regulations and compliance requirements that end up helping no one, but retarding economic growth in communities all across this great country.

Sincerely,

Stephen W. Whatley
President & CEO
Southern States Bank
Anniston, Alabama

Cc: The Honorable Spencer Bachus
1900 International Park Drive, Suite 107
Birmingham, AL 35243

Cc: The Honorable Senator Shelby
1118 Greensboro Avenue, Room 240
Tuscaloosa, AL 35401

Cc: The Honorable Senator Sessions
7550 Halcyon Summit Drive, Suite 150
Montgomery, AL 36117

Cc: The Honorable Congressman Rogers
U. S. House of Representatives
1129 Noble Street, Suite 104
Anniston, AL 36201