

From: Samantha Edsel [mailto:SEdsel@grandviewbank.com]
Sent: Wednesday, October 17, 2012 1:23 PM
To: Comments
Subject: Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

RE: Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

Grandview Bank has \$110 million in assets with approximately \$14 million in mortgage assets. Our bank provides mortgages in our local communities. The most likely result of this proposal is that it will cause us to raise capital. Our earnings will also be impaired. Our regulatory burden will increase. **Most importantly, it will limit the availability of mortgages in the communities where we offer loans.**

It also appears that the proposal will play into the hands of the large, multistate lenders to the detriment of community banks. **Rural borrowers in Texas, due to recent federal laws, are already confronting a market in which banks are making fewer mortgage loans. This proposal will only make it worse.**

We are already laboring in an environment involving increased regulatory scrutiny in compliance exams and the new burdens being placed on us by the Dodd-Frank Act. **Our compliance costs alone have increased 100% in the last 10 years.**

It appears that as proposed, Basel III will require us to change our internal reporting systems and provide additional employee training. More than likely we will have to hire additional employees. The complexity of the data requests probably means that we will also have to install new software systems and/or look for third parties to provide them. **None of these requirements will allow us to help our customers in our community. The compliance costs will pull money out of capital and earnings rather than help our borrowers.**

The increasing cost of compliance for community banks is leading to more consolidation within our industry. Basel III, as proposed, will only accelerate this trend. Federal regulators may not be troubled by a country that has only a handful of banks. **From our perspective, community banks still serve a vital function in our economy. It would be a shame if these new international capital requirements help lead to their demise.**

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