**From:** Will Lucas <wlucas@shelbysavingsbank.com>
**Sent:** Thursday, September 20, 2012 1:04 PM
**To:** Comments
**Subject:** Basel III

Re: Basel III

Dear FDIC,

Shelby Savings Bank has $270 million in assets and at this time has approximately $42 million in "Available For Sale" securities. How should our bank deal with this proposal, especially when interest rates rise again?

Will we have to create an additional capital buffer as a cushion during value fluctuations? **If so, we are taking resources from customer needs and bank growth.**

Should we limit our investments in longer duration assets? How will this affect local governments and the housing markets? This proposal could cause a number of banks to sell all or part of their AFS portfolios. Have federal regulators considered what impact this will have on the markets for those securities? We are concerned about how this proposal might impact our asset liability function and our liquidity and contingency funding plans.

We are a community bank and, as such, should not be thrown into the "mark-to-market" frenzy that has consumed other segments of the financial services industry.
The most likely result of this proposal **will be an increase in employee time to monitor our AFS portfolio.** This may also require us to **purchase software to stay in compliance**. **Both would lead to less time and service for our customers.**

Thank you for your time and consideration.

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Shelby Savings