



June 13, 2005

Robert E Feldman, Executive Secretary
Attention: Comments, Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Interagency Proposal on the Classification of Commercial
Credit Exposures

Dear Mr. Feldman:

I have reviewed the Interagency Proposal on the Classification of Commercial Credit Exposures. While I agree the present system of loan classification could be improved, I do not support adoption of the proposed changes at this time.

It is unlikely the proposed system could or would be correctly implemented by smaller institutions without considerable regulator oversight and support. This is not adequately addressed in the proposal. Further, I would not be in a favor of institution size as a threshold for implementation of a new system. This would result in a double standard.

The present system of loan classification is not flawed enough to justify scrapping it altogether, and I believe the proposed system offers insufficient direct improvement in risk management to justify the huge cost (training, implementation, maintenance) and distraction of such a conversion. The nomenclature presently in use has evolved over a considerable time period and has served both bankers and regulators relatively well. The proposed approach will in my opinion only add opportunity for error and pose a potential barrier to good and effective communication with regulators.

Sincerely,

Gordon J. Silaski
Chief Lending Officer
Twin City Bank

Cc: Robert H. "Bunny" Adcock
Bank Commissioner
Arkansas State Bank Department