

June 7, 2005



Mr. Robert E. Feldman, Executive Secretary  
Attention: Comments, Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, DC 20429

RE Proposed Changes to Loan Classifications

Dear Mr. Feldman:

I am writing you to express my concerns and objections to the proposed changes in the Loan Classification System. My concerns center around the following thoughts

- 1) The proposed system appears to be more complex and to create additional regulatory burden on financial institutions, particularly smaller institutions. At a time when it appears the various regulatory agencies are making concerted efforts to reduce unnecessary regulation and paperwork, this proposal appears to be a step in the wrong direction.
- 2) Various regulators and bankers have developed common vocabulary and understanding of terminology that has been used successfully for several decades. Given the current health of the banking system, I question whether there is a problem big enough to justify a completely new rating system with the confusion and burden that arises as a result of such a change.
- 3) I am of the opinion that if there is an issue that warrants such a change, that it more than likely exists at only the larger institutions and there should be a threshold with this new system, perhaps \$1 billion in assets or higher.

I think all members of the banking industry do appreciate the recent focus on reducing regulatory burdens. As stated earlier, I think this proposal is contrary to that trend. For that reason, I would urge the FDIC to carefully consider this Interagency Proposal on the Classification of Commercial Credit Exposure.

Sincerely,

A handwritten signature in cursive script that reads "Alan H. Walters".

Alan H. Walters  
President and CEO

AHW.gcs