



Via E-mail [comments@fdic.gov](mailto:comments@fdic.gov)

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

Re: Comments on Interagency Proposal on the Classification of Commercial Credit Exposures

Dear Mr. Feldman:

Capital Crossing Bank appreciates the opportunity to comment on the Interagency Proposal on the Classification of Commercial Credit Exposures.

In general, the two-dimensional framework of the proposal appears to present a long sought for solution to a continuing examination issue; namely, the classification of secured credit based principally on the probability of default with little regard to the probability or severity of potential loss. The acknowledgement of collateral and the institution's dominion thereof, as a principal component of the Facility Rating, is a positive step indeed. This Proposal would engender a more comprehensive underwriting standard together with more consistent regulatory oversight, with the benefits accruing to the lending community and the public. We believe this Proposal will be good for our business and we are in support of it.

What remains unclear, however, is how the loss severity estimates, which seem to be arbitrarily chosen and narrowly defined, will be applied to the various forms of collateral taken by secured lending institutions. In that regard, the proposal acknowledges that further review of the existing classification guidance for specialized lending activities, such as commercial real estate lending, is required. Capital Crossing Bank encourages you to proceed with that review forthwith, and to incorporate your findings into the proposed framework. Consequently, we also recommend that the comment period be extended in order to accommodate this additional guidance.

With respect to implementation and training, we expect that the proposal, if adopted, will require most institutions to reevaluate their existing risk rating systems and allowance methodologies, and that some changes will be required. This would necessarily take some time to accomplish, however the costs associated with these changes are unlikely to greatly exceed the costs of managing the current process. As to training, we feel that the underlying concepts of the proposal are fundamental and that additional training requirements will be minimal.

Capital Crossing Bank is a Massachusetts state chartered bank headquartered in Boston with assets of approximately \$1 Billion.

Sincerely,

John T. Colgan, Jr.  
Senior Vice President