

June 29, 2005

E-mail: [Comments@FDIC.gov](mailto:Comments@FDIC.gov)  
Robert E. Feldman, Executive Secretary  
Federal Deposit Insurance Corporation  
Attention: Comments  
550 17<sup>th</sup> Street NW  
Washington, D.C. 20429

E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)  
Jennifer J. Johnson, Secretary  
Board of Governors  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue  
Washington, D. C. 20551

RE: Interagency Proposal on the Classification of Commercial Credit Exposures

Dear Mr. Feldman and Ms. Johnson:

I want to take this opportunity to submit the following comments on the above-captioned proposal that dramatically alters the uniform classification system of commercial credits that has been in place for approximately 70 years. I have a particular interest in the proposal from the standpoint of its potential impact on small community banks, since approximately 50 percent of the banks in Louisiana currently under the supervision of this Office have assets of less than \$100 mil.

My comments are prompted, in part, by my concerns with the additional regulatory burden that the new system may pose to small community banks. While the proposed new system appears to be more objective, the collection and subsequent analysis of the additional information/data will be difficult, costly, and very time consuming. Like Vice Chairman Reich, I continue to be very concerned with the ever increasing regulatory burden and impact on small community banks. In my opinion, this has a direct correlation with the large number of small community bank mergers over the past decade. Arguably, with the rural nature of much of Louisiana, the loss of a small community bank can be devastating to a town and its local economy.

If your agencies determine the proposal has merit, I suggest that a cost/benefit analysis be performed prior to adoption and implementation in order to gage the financial impact on small community banks. I appreciate the time and attention of your respective staffs regarding this important matter. I would also be willing to meet with you or your staff members to discuss my concerns in greater detail at your earliest convenience.

Sincerely,

John Ducrest, CPA  
Commissioner  
Louisiana Office of Financial Institutions

c: Mr. Neil Milner, President & CEO, CSBS  
Mr. Peter Gwaltney, CEO, LBA