

From: Kim Swain <Kim.Swain@bankofmckenney.com> on 06/24/2005 03:36:04 PM

Subject: Classification of Commercial Credit Exposures

> PROPOSED NEW COMMERCIAL CREDIT RATING SYSTEM

>

TO WHOM IT MAY CONCERN:

As an employee of a Community Bank and its Loan Operations Department, I support and assist our management and the systems for tracking, monitoring and reporting credit ratings on all of our loans, not just the commercial credits.

Replacing the current commercial loan classification system categories with a new two-dimensional rating system will increase my work alone by approximately 25%, not to mention the expense of system changes, upgrades, etc. in order to comply and other employee functions that will be impacted. Since our current systems and procedures comply with FASB114 and FASB5, I fail to see where additional ratings or classifications will add any value and am unsure as to the deficiencies this proposal intends to accomplish, correct and for whom.

Over the last few years, banks and particularly community banks, have been hit extremely hard at the bottom line complying with new laws, rules, and regulations, not to mention the extreme number of hours that are necessary for our employees to commit in order to be in compliance.

> Please think carefully before implementing any "new" requirements.
> Community banks do not routinely have the systematic nor employee
> resources available to comply with new requirements, thus implementing at
> a hefty manual cost. Our bottom lines are being chipped away little by
> little by more requirements with little or no value returned to the bank
> and the communities in which they serve.

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> Sincerely,

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Kimberly K. Swain
Assistant Vice President