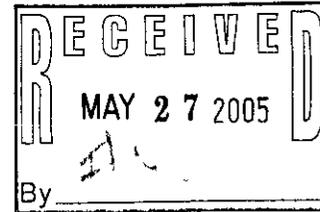




# Pineland State Bank

May 16, 2005



Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, D.C. 20429

Re: Proposed Loan Classification Changes

Mr. Feldman:

At a time when community banks of less than \$100 million are experiencing lower past dues and less net charge offs than in the three previous years, it seems ironic that a proposal to modify the classifications of our loan portfolio warrants consideration.

All Banks < \$100 ml.  
\$ in 000's

Past Dues	2001	2002	2003	2004
30 to 89 days	2,317,441	2,069,298	1,716,828	1,468,639
90 (+) days	496,060	453,261	383,784	299,278
Non accrual	994,021	1,033,938	972,128	811,029
Net Charge Offs	453,978	430,161	386,332	296,927

The above data seems to indicate that we are doing a better job of pre-loan analysis in order to eliminate weaker applicants and post-loan analysis to recognize weaker assets sooner, thereby preventing excessive losses.

- May I propose that the current classification system be left intact. These loan grades seem to work well with both state and federal regulators as well as community banks of our size. We are comfortable and familiar with the current policy of loan grading and feel that in our case it accurately reflects the quality of the bank's assets. There seems little advantage in having to educate ourselves and the regulatory community as well to the "pros and cons" of the proposed classifications.

P.O. Box 178  
Metter, GA 30439  
(912)685-2195  
FAX (912)685-4521

P.O. Box 10  
Cobbtown, GA 30420  
(912)684-2130  
FAX (912)684-4602

Why not require banks to internally evaluate their Watch List loans and make a determination of their exposure should the credit go into default? This would basically enhance the methodology without sacrificing the integrity of the current system of classifications.

Cost to educate and train would be non-existent. Confusion over new regulations would be nil yet the accuracy of reporting would be enhanced.

I trust that your agency will consider this plea when discussions on the topic continue.

Respectfully,

A handwritten signature in black ink, appearing to read "Richard S. Williams". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Richard S. Williams, CEO