

Letter of Comment No: 80  
File Reference: EITF03-1A

October 27, 2004

**Mr. Lawrence Smith**  
**Director and Chairman of the Emerging Issues Task Force**  
**Financial Accounting Standards Board**  
**401 Merritt 7**  
**Norwalk, Connecticut 06856**

E-Mail [director@fasb.org](mailto:director@fasb.org)

*Re: Proposed FASB Staff Position, EITF Issue 03-1-a, Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"*

Dear Mr. Smith,

I am President of Community Bank and Trust, Waco, Texas and appreciate the opportunity to comment on the proposed Staff Position, issued on September 15, 2004 by the Financial Accounting Standards Board (FSP 03-1-a). Our bank is a 53 year old independent community bank located in Waco, the heart of Central Texas, and we have \$270,000,000 in assets, of which \$34,000,000 is in Available For Sale securities.

Thank you for delaying the effective date of your proposal to consider the views of banks and the banking industry. The purpose of my letter is to express my intense concern about the proposal and its application that would adversely affect our bank.

Although recent earnings in the banking industry have been good, I have grave reservations about the negative impact EITF 03-1-a would have on the industry and my bank. The implementation as proposed would cause volatility in: decreased earnings, decreased capital levels, risk assessment management, and the overall asset-liability management of our portfolio.

I would recommend that you take some additional time by postponing the application of EITF 03-1-a. I urge you to convene a special conference with representatives of FASB, SEC, various banking regulators, the banking industry, and others to discuss other guidance which could accomplish the aim of the proposal without the problems which have come to light.

Thank you again for the opportunity to comment and please feel free to contact me if you would like to discuss this letter or my views in more detail.

Sincerely,

**William David Lacy**  
**President**