



October 26, 2004

Letter of Comment No: 126

File Reference: EITF03-1A

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

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:

Stutsman County State Bank appreciates the opportunity to comment on the proposed Staff Position, issued on September 15, 2004 by the Financial Accounting Standards Board (FSP 03-1-a). Stutsman County State Bank is a community bank, located in east central North Dakota, with assets of \$125 million.

It is our understanding that the FASB delayed the effective date of this rule to allow for more constituent input. Thank you for delaying the effective date and taking more time to consider the views of the industry.

It's our view that debt securities held in AFS should not be written down for changes in market values that are due solely to increases in interest rates. Further, even if the proposal remains as is, "intent to hold" should be excluded for declines in value that are solely due to increases in interest rates. The notion of "intent to hold" conflicts with SFAS 115 "available for sale". The focus should be on "ability to hold".

Our operations staff uses the investment portfolio for risk, balance sheet, liquidity and strategy management. Adoption of the FSP will cause disruption in the marketplace and will significantly impair our ability to prudently manage the bank, due to the restrictions and the threat of "tainting". "Minor" and 5% do not work with portfolio management.

It's our opinion that these issues were dealt with in SFAS 115. We should be able to sell "available for sale" securities. Again, declines in value that are solely due to increases in interest rates should be excluded from EITF 03-1. This issue is hindering the liquidity in the financial markets. Practices of purchasing or selling assets are being suspended for lack of consistent interpretations given from accounting firms. It is important for the FASB to work with the industry to get this right.

Again, we appreciate the opportunity to comment on this proposal. Thank you for considering our views. If you would like to discuss this letter in more detail, please contact Ms. Jan Odin, SVP of our bank, or me.

Sincerely,

Harvey Huber
President/CEO

P.O. Box 2056 • Jamestown, ND 58402-2056
Phone 701-253-5600 • FAX 701-253-5757 • Toll Free 800-708-8348
www.stutsmanbank.com

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