From: Director - FASB
Sent: Thursday, October 28, 2004 10:09 AM
To: Joe Vernuccio
Subject: FW: EITF Issue 03-1-a

Letter of Comment No: 85
File Reference: EITF03-1A

-----Original Message-----
From: Paul Wegkamp [mailto:pwegkamp@chesbank.com]
Sent: Thursday, October 28, 2004 9:29 AM
To: Director - FASB
Cc: Jeff Szyperski
Subject: EITF Issue 03-1-a

October 26, 2004

Mr. Lawrence Smith
Director & Chairman of the Emerging
Issues Task Force
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 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:

We at Chesapeake Bank 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). Chesapeake is a community bank with assets of $350,000,000, and our main office is located on the Northern Neck of Virginia in rural Lancaster County.

Thank you for delaying the effective date of the rule and taking the time to consider the views of the banking industry. We at Chesapeake have concerns about the proposal and the impact it would have on our asset/liability management. We are of the opinion that debt securities held as "available-for-sale," AFS, should not be written down for market value changes that are solely due to interest rate increases. Additionally, we believe that requiring an "intent-to-hold" in AFS is not consistent with AFS, and that focus should be placed on "ability to hold." We are also concerned that if the rule goes into effect at year-end that it will be very difficult to incorporate the required changes in our asset/liability processes

within the necessary timeframe.

We appreciate your consideration of our perspectives. Should you wish to discuss this in more detail, please feel free to contact me at 804-435-3463.

Sincerely,

Paul L. Wegkamp, Jr.

Paul L. Wegkamp, Jr.
Controller

PLWJR:sdj

Paul L. Wegkamp, Jr., CPA
Controller
Chesapeake Bank
pwegkamp@chesbank.com