

Letter of Comment No: 210  
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:

The Bank of Glen Ullin, of Glen Ullin, North Dakota, thanks you for the opportunity to comment on the proposed Staff Position, issued on September 15, 2004 by the Financial Accounting Standards Board (FSP -3-1-a). The Bank of Glen Ullin is an independently owned family bank in a small rural community. The bank has assets of \$30,000,000 and was established in 1944.

I have been president of the bank since 1977 and have managed the investment portfolio since then and have had no losses. I believe that portions of the "held for sale bonds" that have been placed in that category are there because it was the easiest way to deal with securities under the SFAS 115 rules.

In the case of a relatively small bank, the actual practice of selling a few securities may occur several years apart. I feel that the decline in the market values that are caused by the rate increases are relative to the whole position of the national economy and should not be singled out as a disruptive factor in the determination of a corporation's financial statement as proposed under EITF 03-1.

If EITF finds that there is a way to make EITF 03-1 and SFAS 115 rules compatible, there should be an amount of time to allow financial institutions to reclassify securities into a classification that would show they have the stability to hold over periods of high interest. Therefore, I feel that the portion that is so designated should not be used as securities subject to the discount but remain a stable part of the asset liability management of the bank.

At present, our accounting system will need a complete and expensive revision to provide the changes proposed. The extra cost for hardware, software and manpower will add to consumer costs. The publicity about the new accounting system will alarm the consumers, because they won't understand any of it and they will be wary of the strength of the banking industry.

In financial circles, the sale of securities will undergo disruptive changes and create insecurity and a decreased bottom line, especially for small banks like the Bank of Glen Ullin.

Again, I appreciate the opportunity to comment on this proposal. Thank you for considering my views. I would be happy to talk with you if you desire.

Sincerely yours,

John J. Richter,  
President and Owner