
Community Bank
of Northern Virginia

January 30, 2003

MP&T Director
File Reference 1102-001
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Letter of Comment No: 72
File Reference: 1102-001
Date Received: 1-30-03

Ladies and Gentlemen:

I am pleased to write you today in response to your invitation to comment on accounting for stock-based compensation, and specifically the issue of the mandatory expensing of stock options.

First of all, it is my opinion that mandatory expensing of stock options may depress the U.S. stock prices, raise the cost of capital and reduce economic growth rates to those of the European levels. It also undermines the culture of entrepreneurship and innovation for which this country is known.

Also, by mandatory expensing of stock options, one would be treating an incorrect and misleading number as an expense in the income statement would not increase financial statement reliability, transparency, or comparability. Quite to the contrary, investors will be ill served by a rule that mandates the inclusion of misleading numbers in the financial statements.

Finally, the issuance of stock options does not result in a corporate level cost that impacts net income. To the extent options are actually issued, corporate assets are increased by the amount of cash that the employee must pay to exercise the option. The only "cost" of issuing employee stock options is borne by existing shareholders in the form of potential dilution. This should be fully and completely disclosed.

Again, I am pleased to provide my input to you, and would be happy to discuss further any of the comments made. Should you have any questions on this matter, please contact me directly at (703) 762-7370.

Sincerely,
/s/ David P. Summers
President and CEO

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