TRAVERSE CITY STATE BANK

December 29, 2008

Technical Director
Financial Accounting Standards Board
301 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

EITF99-20A

LETTER OF COMMENT NO. 48

Via email: director@fasb.org

File Re: Proposed FSP EITF 99-20-a *(Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20)*

Dear Technical Director:

Traverse City State Bank appreciates the recent focus of the Financial Accounting Standards Board (FASB) on the important issue of "other than temporary impairment" (OTTI). We are a $200 million community bank and currently hold $3.7 million of money market preferred securities that have been frozen since February of 2008. The MMP's are now unwinding due to the Lehman bankruptcy and continuing illiquidity of the auction markets. Existing impairment guidance will create an unnecessary negative financial statement impact and is also causing them to be classified as substandard assets.

We support the FASB's Proposed FASB FSP EITF 99-20-a, *Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*, which would amend EITF Issue No. 99-20 *(Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets)*. We urge you to issue the proposal in final form, to be effective for December 31, 2008 financial reporting.

We support the proposal as a first step toward improving the application of OTTI, and we appreciate the FASB's recent decision to examine additional problems relating to OTTI. We agree with the letter from the American Bankers Association to the FASB on the proposal, dated December 28, 2008, which supports the proposal and requests that additional OTTI concerns be addressed for year-end 2008 reporting. OTTI has been controversial for many years, and we believe it would be more meaningful to use a model based on credit impairment rather than on market values. Because of the significance of the problems with the application of OTTI in the current market environment, we believe changes to these practices are critical for year-end 2008 financial reporting.

Thank you for your attention to these matters and for considering our views.

Sincerely,

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SVP/CFO

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