



Letter of Comment No: 39  
File Reference: EITF03-1  
Date Received: 9/30/2004

September 29, 2004

Mr. Lawrence W. Smith  
Chairman  
Emerging Issues Task Force  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, Connecticut 06856-5166

File Reference No. EITF Issue 03-1-b

Re: Proposed FASB Staff Position EITF 03-1-b "Delaying the Effective Date of Paragraph 16 of EITF Issue 03-1 "The Meaning of Other-Than-Temporary Impairment""

Dear Mr. Smith:

America's Community Bankers ("ACB")<sup>1</sup> appreciates the opportunity to comment on the Proposed FASB Staff Position ("FSP") EITF Issue 03-1-b. The proposed FSP would delay the effective date of EITF Issue 03-1 for debt securities impaired solely because of interest rate and/or sector spreads until the final issuance of FSP EITF 03-1-a, "Implementation Guidance for the Application of Paragraph 16 of EITF issue 03-1."

ACB supports the proposed delay in the effective date of EITF Issue 03-1 for debt securities that are impaired because of interest rate and/or sector spread increases.

In our letter dated August 24, 2004, ACB urged FASB and the EITF to delay the effective date of EITF 03-1 due to a significant amount of input received from community banks and industry analysts on the apparent misapplication by certain accounting firms. ACB appreciates the FASB and EITF taking additional time to gather further input from market participants to help ensure that EITF 03-1 will be properly applied. We believe this additional time is necessary to allow for a re-evaluation of how the proper application will impact current practice and provide better assurance that the appropriate financial statement results are achieved.

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<sup>1</sup> America's Community Bankers is the member-driven national trade association representing community banks that pursue progressive, entrepreneurial and service-oriented strategies to benefit their customers and communities. To learn more about ACB, visit [www.AmericasCommunityBankers.com](http://www.AmericasCommunityBankers.com).

In addition to supporting the proposed delay in the effective date of paragraph 16 as it applies to interest rate impairments for debt securities, ACB urges FASB and the EITF to consider delaying additional components of EITF 03-1 and the application to equity securities. Many of our members are concerned that the implementation issues associated with paragraph 16 and the assessment of whether an impairment is "other-than-temporary" could present some problems for equity securities also subject to components of EITF 03-1, which are not delayed by FSP 03-1-b.

We look forward to reviewing FSP 03-1-a, which provides the implementation guidance on paragraph 16 of EITF 03-1 on interest rate impairments. ACB intends to provide additional input on the implementation guidance to the FASB and EITF before the October 16, 2004 deadline.

Thank you for the opportunity to comment on this important matter. Please contact the undersigned at 202-857-3158 or via e-mail at [dhild@acbankers.org](mailto:dhild@acbankers.org) if you have any questions about this letter.

Sincerely,



Dennis M. Hild  
Vice President – Accounting and Financial Management Policy