

Letter of Comment No: 6 File Reference: EITF03-1A

October 20, 2004

Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Ct 06856-5116

Re: EITF 03-1-a

To Whom It May Concern:

One week ago the ALCO Committee of the bank met and we discussed what information was at hand regarding EITF 03-1. In addition to the impact this could have on the bottom line, we were concerned with the conflicting information we obtained from the bank that handles our portfolio accounting and from our accountants. One said every security would be under scrutiny while the other resource told us EITF 03-1 only pertained to exotics and derivatives.

For small community banks the impact of this pronouncement could be significant. It is hard enough to keep earnings on track and maintain capital levels all the while trying to comply with standards that often create confusion and fear. It is time that some agency or Board start the process of streamlining and communicating at a level that we can all understand. The time spent on issues such as this by management is tremendous. The community bank, with minimal number of officers trying to understand the issue cannot react as quickly as the regional bank with casts of thousands nor can we afford to bear the impact implied in EITF 03-1

We feel that there should be some floor, be it asset size, portfolio size or de minimus sales volume under which compliance with this pronouncement is not required. Small community banks that trade infrequently and have primarily Treasury and Agency securities on their books are shaking in their boots. Mortgage backed securities round out the remainder of the portfolio in most small community banks. We do not feel that auditors and financial statement preparers can apply the notion of minor impairment without benchmarks. Everything we have been told to date is too vague in its language and it assumes that if the accountants or auditor make the call we are not in jeopardy. As a banker my concern would be regulatory bodies challenging the assessment of the auditor or financial statement preparer. EITF 03-1 remains flawed and should be withdrawn.

Marsha J. Wheeler

Executive Vice President, Chief Financial Officer & Chief Operating Officer