Community State BANK
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"WHERE YOUR BUSINESS IS APPRECIATED"

Albert City • Marathon • Spencer • Webb

October 25, 2008

LETTER OF COMMENT NO. 1

Director of Major Projects and Technical Activity
Finance Accounting Standard Board
401 Merritt 7
Norwalk, CT 06856-5116

Re: FASB-140

Dear Chairman:

We were just sitting with the FDIC examination team and discussing the ramifications of the current proposed changes to FASB 140. Our understanding of FASB 140 would be detrimental to our LIFO sale/participation of revolving lines of credit that exceed our legal lending limit to other local lenders. We understand that pro-rata participations would be the only type allowed without reflecting the total as a liability on the bank's books with legal lending limit limitations. Pro-rata participations would be detrimental and are unfair to community bank operations. This long-term, well established practice allows community banks to lend funds beyond their legal lending limit while maintaining the majority of the relationship and loan on our own books. This practice should be retained.

We fear that, over the long haul if promulgated, this rule will cause additional community bank lending to be forced to flee to large banks that can take these relatively small loans onto their books at the loss of loan relationships to community banks.

In the short term with the credit markets tight, unemployment rising, and unsettled nature of the economy, we do not want to depress local community bank small business lending further causing additional stress on our economy.

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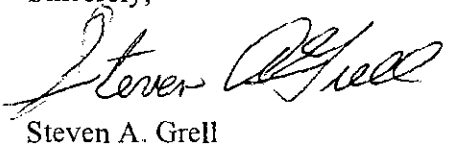
This rule should be rewritten to allow true sale/participations to continue while changing the rules for Special Purpose Entities (SPE) that were the primary cause of the current problems and disruptions occurring in the credit market today. True loan participations between community banks were not the cause of these problems and have worked well for decades. Please insure that any rule changes continue to allow community banks to serve small business customers with LIFO overline participations as we have in the past.

Thank you.

Sincerely,



Steven A. Grell
Chairman

SG:db