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October 28, 2013

Russell G. Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update: Financial Instruments - Credit Losses

Dear Mr. Golden:

I would appreciate your consideration of the concerns being echoed throughout the "small bank" community regarding the above referenced proposal.

As I am sure you are aware, community banks are facing enormous challenges due to the financial crisis in which we played no part. To make matters worse, ever increasing regulatory requirements are adding to the frustration and financial burden for these small banks.

Another untested theory (CECL) appears to generate a further financial hardship on those banks which are already stressed by inappropriate mandates for the small arena. Although the significant regulatory scrutiny on community banks has not been well received by management of many banks, the new complex requirements which have been proposed are far more restrictive and detrimental as they relate to the community banking industry.

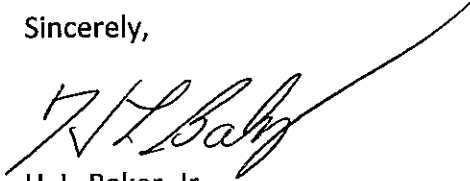
A suitable model and standard practice for a general reserve (which has worked well for small banks over many years) includes a methodology considering the risk profile of a bank's particular portfolio, its historical losses, economic conditions and risk management practices. A specific reserve is then allocated to an asset that becomes impaired, classified or weakened, with monitoring procedures in place for adequacy.

A real world approach to the measurement of credit losses for community banks, one that is derived from practicality, good judgment and common sense, cannot be emphasized enough. Such a system is already in practice by essentially all of the smaller banks in the country. Unfortunately, the proposal now under consideration exhibits an ever widening gap between the regulators and the reality that we, as community bankers, are facing on a daily basis.

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This crucial issue must address the needs of all banks, large and small. I trust this will be the case.

Sincerely,



H. L. Baker, Jr.
President and Chairman of the Board

HLB:njf

cc: The Honorable Charles Cooper, Commissioner
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