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CHAIRMAN'S
CORRESPONDENCE UNIT

October 8, 2008

The Honorable Christopher Cox
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Cox:

Now that the Emergency Economic Stabilization Act of 2008 has become law, the Community Bankers Association of Illinois (CBAI) strongly urges the Securities and Exchange Commission to immediately suspend the use of Statement Number 157 of the Financial Accounting Standards Board (FASB) as Congress and the President have encouraged. We believe that the temporary moratorium should be set as of September 30, 2008 and ending December 31, 2010.

Although the SEC and the FASB have provided or plan to provide further guidance on the implementation of SFAS 157 and related fair value requirements, we do not believe it is enough and urge a halt to fair value accounting, which we believe has been a significant contributing factor to the current financial crisis. The benefits of the assistance provisions of the legislation will not be fully realized unless and until SFAS 157 is fully examined and the issues surrounding its implementation resolved. We urge the SEC to recognize the pricing challenges of the current environment and the good faith efforts of institutions to provide accurate valuations given the difficulties in the market and when trying to determine whether or not impairments are "other-than-temporary."

Although CBAI is pleased to see that the SEC has started the study on mark-to-market accounting standards required by the Act, we strongly believe that the SEC should immediately provide relief from the onerous and unworkable requirements of fair value accounting and SFAS 157.

CBAI is a not-for-profit trade association comprised of 475 member financial institutions. Our members include both state-chartered and federally-chartered commercial banks, savings banks and savings and loan associations. CBAI member banks can be found in Chicago, in the smallest towns in Illinois, and everywhere in between including manufacturing, agricultural and educational centers throughout our state. CBAI's membership makes us the third largest state-organized trade association representing the interests of financial institutions in the United States.

Thank you for your prompt attention to this critical issue. Please contact me at (800) 736-2224 if I can be of assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Kraig Lounsberry".

Kraig Lounsberry
Senior Vice President Governmental Relations
Community Bankers Association of Illinois