

5/14/2010:

Wow, the market is going crazy. MUR up \$6 points in a few days. Traders sell over \$58 but hold a core position, and get back in under \$54 again.
FTE add more any time under \$19.00 only.

CHMG, a bank that was in our letters many years ago pays a 4.8% cash dividend and is over 175 years old. This \$1 billion franchise in upstate NY is trading at 85% of book value when most of its peers are at almost 1.75 times book or more. They also have \$1.6 billion in trust assets and insiders own a ton. The stock trades a few thousand, on most days but use limits and be patient when buying or selling. There are 23 locations, cash dividends for over 100 uninterrupted years, wow. They have also added a few branches from M & T bank and they did a small deal last year. All this will add to earnings of over \$3.00 a share in 2011. With GAS development in the Marcellus Shale coming, many people in their region will become rich one day soon. Growth is hard to find in their region, so with their stock price so out of line with their peers, a deal has to come one day friendly or not.

Downside is 10% upside is 100%+ in a deal. They could easily get \$45 in a deal even if it happened today. Management is getting up their in age and with a current efficiency ratio of 82.55%, earnings like I said, could double next year. Their efficiency ratio has always been very very high, lots of fat to cut here. Non-performing loans starting to drop. Buy all day long under \$23, even though you can get plenty it seems around \$21. This stock will be \$30+ sooner than later on fundamentals period. Best risk reward ratio out there that lets you sleep and collect a nice income. Net charge offs have always been around 0.25% which is all that ever matters and reserves are strong at 1.50%. Make this one of your top 5 holding or 15%+ of all monies now.

Keep adding RCBC under \$46, again worth double+, more risky than CHMG but more reward faster most likely.

CMOH, great quarter and bad loans way down add up to \$14.00 now ! So Cheap still!

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