

From: [Harris, Tashia](#)
To: [Director - FASB](#)
Subject: FILE # 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities
Date: Thursday, September 16, 2010 5:02:15 PM

Mr. Russell Golden, Technical Director

RE: No. 1810-100, “Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.”

Dear. Mr. Golden:

Thank you for the opportunity to comment on the exposure draft, “Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.”

As President/CEO of Community Bancshares, a multi-bank holding company of five banks with approximately 2.3 billion of total assets, I am writing to express my opinions on specific provisions of the exposure draft.

I. COMMENTS ON FAIR VALUE

Our company is strongly opposed to the portion of the proposal that requires all financial instruments – including loans – to be reported at fair value (market value) on the balance sheet.

Since our banks do not sell their commercial loans, we would be misleading readers of our financial statements. Even when we have problems with a loan, we work through the problems with the borrower rather than sell the loan.

Further, there is no active market for many of our loans; thus estimating a market value makes no sense.

Our investors have no interest in receiving this information and would

probably be upset about the added costs in complying with this proposal.

For these and other reasons, we respectfully request that the fair value section of the exposure draft be dropped.


II. COMMENTS ON LOAN IMPAIRMENT

Interest income should continue to be calculated and earned based on contractual terms – not on an after-impaired basis. This would subject data (income) to being much more volatile. We strongly recommend maintaining the current method.

Thank you for allowing me to share our thoughts.

Sincerely,

Freddie J. Bagley
President & CEO

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