

1810-100



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September 22, 2010

Russell Golden, Technical Director Financial Accounting Standards Board PO Box 5116 Norwalk, CT 06856-5116

RE: File #1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

I would like to thank you for the chance to voice my concerns on the exposure draft "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" proposal. I am writing to communicate my concerns and opposition to the proposal that requires financial instruments to be marked-to-market.

I am President/CEO, as well as, a shareholder, of a newly established financial institution in Warrenton, VA. We currently have \$86MM in assets and offer multiple services. This proposal requires banks to record loans on the balance sheet at their market value, which could put into question the most critical factor of a bank's financial position – capital. This could cause the bank's capital to sway with the fluctuation in the market, even if the loan portfolio is performing. It could also be misleading when financial information is reported to the shareholders. I do understand; however, the rationale for providing banks with the ability to provide a more vigorous loan loss reserve, but I believe the focus on mark-to-market is not relevant for loans that are not being sold. Even if there were an active market, fair value is not the appropriate measurement for these loans since it does not represent the cash the bank will receive.

Another issue of concern is how mark to market loans reflect on a bank's business plan. Anyone's desire to hold equity securities generally declines as volatility increases. I do not view this as a true volatility and it could place the bank in a dilemma about the true reported financial positions under the proposal. Some investors could likely put pressure on banks to reduce the volatility which could potentially cause a shift towards investment banking in lieu of traditional banking, limiting the products offered that are sheltered from market volatility.

In addition, a serious concern would be the cost and resources that would need to be dedicated to producing and auditing the data. Banks do not use fair values in managing their cash flows, and this would require banks to hire more staff to assist with estimating the values and to pay

significantly higher fees to auditing firms. Shareholders are better served by dividends than they would be by this mark-to-market proposal.

I appreciate you taking the time to review opinions from the financial industry sector; however, in my opinion as a bank president and shareholder, it complicates financial reporting instead of improving it.

Thank you again and if you would like to contact me for further discussion, please feel free to do so.

Sincerely,

Michael A. Ewing President/CEO

MAE/bb