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September 22, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference: No. 1810-100 *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Dear Members of the Financial Accounting Standards Board:

On behalf of the Powell State Bank, its owners, depositors, loan customers, and in the name of common sense, I am writing today to express our extreme concern with and opposition to FASB's proposed changes to the way community banks such as this one mark our financial instruments; namely, the expansion of fair value accounting to all financial instruments.

Like the vast majority of community banks, the Powell State Bank holds the loans we originate for long-term investment purposes—not for trading purposes. We are not in the business of buying and selling loans. One hundred percent of the loans we make are held on our balance sheet for the life of the loan at par, which is entirely appropriate. Accounting rules which would require us to begin accounting for long-term investments at fair value are manifestly ill advised and will not benefit the bank, its owners, its customers, or the FDIC.

There is no "market" for the vast majority of the loans we make and hold, therefore marking these assets to an arbitrary "market" or "fair value" would require the use of estimates. Besides the significantly increased cost of such accounting gymnastics, the use of estimates will of necessity decrease the accuracy of financial reporting within the industry. The fluctuations in capital which would result from the arbitrary pencil whipping of the value of our loans before each is ultimately collected or written off – at par, are unnecessary and counter-productive. Just as it is appropriate for "held-to maturity" securities to be carried at amortized cost, it remains appropriate for loans which will be held to maturity to be accounted for at par.

Thank you in advance for your time and careful consideration of the above. It is our request that FASB would withdraw this proposal, or at a minimum exempt community banks.

Respectfully,



Paul A. Sloan
Chairman & President