

September 27, 2010

Charla L. Kurtz
4825 Waxhaw Farms Road
Waxhaw, NC 28173

Mr. Russell Golden
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 Mr. Golden:

Although I can understand what the FASB is trying to do with its accounting for financial instruments proposal, I don't see how the objectives will be accomplished without creating more complexity, greater cost, and decreased comparability between banks.

First, not all financial instruments should be measured at fair value, particularly loans receivable and deposits. Along with the questionable value of the information to investors, there is the fact that banks will not arrive at comparable results. Some banks will be more conservative in choosing the market rates for discounting cash flows than other banks. Some banks will use cheaper, less accurate methods of obtaining fair values. This will result in large variances between banks. Even with investment securities that are currently reported at fair value, there are differences in bond prices between bond accounting companies. This is despite the fact that there's a ready market for most investment securities.

There is the cost. Not every bank currently uses expensive software or consulting services. Bank employees will have to spend extra time on the financial statements and the Bank's auditors will have to spend extra time reviewing them. This will drive up the cost of the audit and the quarterly review.

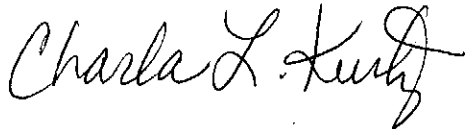
There will be more decisions to be made and more complexity in the reporting. There are numerous types of loans with various characteristics and abnormal cash flows that will be difficult to assess. Deposits must be broken down between core and non-core deposits. Whether or not a deposit is a core deposit is a judgment call and adds complexity. There is also that word – "significant". Someone will need to determine whether or not there's a significant difference between the transaction price and the fair value. This will result

in more complexity and decreased comparability because my “significant” is different from yours, even when talking about the exact same asset.

Arriving at the fair values already takes longer than simply arriving at the amortized cost. Having to report all fair values on the face of the financial statements will delay the whole process – starting at the closing of the general ledger at month end and continuing all the way to the final filing.

I hope you will consider these issues before making a final decision on the Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities proposal.

Sincerely,

A handwritten signature in cursive script that reads "Charla L. Kurtz". The signature is written in black ink and is positioned above the printed name.

Charla L. Kurtz