

**From:** [taiken@hometownbanc.com](mailto:taiken@hometownbanc.com)  
**To:** [Director - FASB](#)  
**Subject:** Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft  
**Date:** Wednesday, September 22, 2010 2:55:24 AM

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Tim Aiken  
PO Box 145  
Middlebourne, WV 26149-0145

September 21, 2010

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

Dear Mr. Golden:

Thank you for the opportunity to comment on FASB's Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities. I am President & CEO of Union Bank, a traditional, \$180 million community bank located in rural northwestern West Virginia. We operate in 8 communities, the largest of which is 2,000 in population, and the smallest is about 200. I am writing to urge FASB to not go forward with the proposal.

The accounting that would result from this proposal would greatly misrepresent the financial condition of Union Bank and other community banks. The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. Community banks fund their operations by taking deposits and holding loans for the long term. Most financial instruments Union Bank holds are not readily marketable.

We oppose the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation. This would not provide accurate information and the calculations would be expensive and time consuming, particularly for smaller banks like Union Bank, that have limited staff resources to conduct the analysis. We also oppose requiring fair value calculations for loans that are held for the long-term to collect cash flows. Fair value measurements will not provide a better understanding of the values of illiquid small business and rural real estate loans held by Union Bank.

Establishing fair values for the types of loans and deposits held by many community banks like Union Bank would be costly and result in data of questionable reliability. Expanded reporting of comprehensive income is unnecessary, confusing and of little use to most financial statement users. Additionally, as a Subchapter S bank, our stock is not actively traded, so additional fair value accounting requirements will provide little to no benefit to our shareholders. Actually, I believe that the annual appraisal of Union Bank's stock value, conducted by a third-party industry expert, provides much more meaningful information to our shareholders, than would any additional fair value accounting requirements.

These proposed accounting changes would increase the volatility of Union Bank's balance sheet, likely forcing us to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability.

Again, we thank you for the opportunity to comment on this proposal.

Sincerely,

Tim Aiken  
304-758-2191