

**From:** [twooten@cnbanktx.com](mailto:twooten@cnbanktx.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:** Friday, September 24, 2010 4:28:10 PM

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Thomas Wooten  
1502 Ave. M  
Hondo, TX 78861-1754

September 24, 2010

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

Dear Mr. Golden:

My name is Thomas C. Wooten, and I am the CEO of a \$160,000,000 community bank located about 40 miles West of San Antonio in Hondo, Texas.

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 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 our bank and other community banks.

The primary business of community banks (including our bank) 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 this 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 ours 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.

Community banks such as ours make and keep small business and agricultural loans for which there is no active market. It would be very difficult and expensive to mark them to market. This proposal may be feasible for very large banks with abundant resources, but it is not workable for my bank.

Accounting standards and guidance should not be pro-cyclical. Recent

market conditions have demonstrated the pro-cyclical nature of mark-to-market accounting as declining values of financial instruments necessitated write-downs and sales, causing further write-downs and sales.

I urge you not to make changes which would exacerbate this cyclical nature and create greater volatility in bank balance sheets.

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

Sincerely,

Thomas Wooten  
830-426-3066