From: <u>jkaney@coastnationalbank.com</u>

To: <u>Director - FASB</u>

Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for

Derivative Instruments and Hedging Activities" Exposure Draft

Date: Tuesday, September 28, 2010 6:33:18 PM

James Kaney 500 Marsh Street San Luis Obispo, CA 93401-3955

September 28, 2010

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

Dear Mr. Golden:

I am writing to urge FASB to NOT go forward with the proposal.

We oppose the proposed accounting treatment for core deposits and loans which calls for them to be regularly remeasured using a present value calculation. This would not provide accurate information, confuses the user of accounting information and invites further opportunities for errors and manipulations. The historical perspective becomes totally skewed.

Core deposits should be at stated actual amounts, not managed. Other variables, customer relationships, demographics, rates and duration have far more intrinsic value in determining the actual value of these assets. Also, with loans we should have learned from the current economic malaise, that the underwriting of loans is far more important than the financial manipulation of values based on present value calculations. The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks.

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

Banker Name: James M. Kaney, EVP, Director of Finance

C.P.A., MBA

Bank: Coast National Bank 500 Marsh Street San Luis Obispo, CA 93401 Total Assets: \$150 million

Sincerely,

James M. Kaney, CPA

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