From: eric.fletcher@trupointbank.com
To: Director - FASB
Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date: Thursday, September 16, 2010 12:23:07 PM

Eric Fletcher
PO Box 4552
Johnson City, TN 37602-4552

September 16, 2010

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

Dear Mr. Golden:

Thank you for the chance to comment on the proposal "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities".

As a Vice President for TruPoint Bank in Johnson City, TN I am writing to state my view on the provisions of the proposed rules.

Fair Value: I am adamantly opposed to a rule that requires bank loans to be reported at fair value.

For most banks (including TruPoint), the sale of loans is not a core business. Most banking institutions make loans in order to derive interest income. In fact, an open market for the purchase of loans can change rapidly and without tangible reasoning; economic uncertainty, consumer confidence measures, and fear would affect the affect the market value of a loan even if the underlying collateral, underwriting, and performance of the loan is strong.

When banks take deposits and engage in lending activities, they enter into a long term relationship with a Borrower. Forcing a periodic re-valuing of loan assets would most likely negatively affect these relationships as a downgrade in a loans market value would force a bank to take measures with that customer which are neither necessary nor prudent in maintaining the relationship. In addition, it would severely restrict the Borrower's ability to refinance the credit with another lender as that lender would have to take into account the "market value" of that credit over the underlying strength of collateral or performance of the credit.

Costs to adequately maintain an accurate "market valuation" of loans would be prohibitive to inexpensive banking services and accomodative interest rates which could negatively affect economic growth cycles.

Loan Impairment:

I support the Board's efforts to revise the methodology to estimate loan loss provisions. However, I have serious concerns about how such changes can be implemented by banks like mine.

I recommend that any final model be tested by banks my size in order to ensure that the model is solid and workable.

I do not support the proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis.

Changing the way interest income is recorded to the proposed method makes the accounting more confusing and subjects otherwise firm data to the volatility that comes naturally from the provisioning process. I recommend maintaining the current method.

Thank you for considering my comments.

Sincerely,

TruPoint Bank