From: <u>bsharp@bankfm.com</u>
To: <u>Director - FASB</u>

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 1:28:05 PM

W.M. Sharp 505 Broadway Hannibal, MO 63401-4301

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 opportunity to comment on the exposure draft "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As, EVP and Chief Operating Officer of F&M Bank and Trust Company in Hannibal, MO with \$180 million in total assets, I want to express my opinions in opposition to the proposals.

The proposal to require fair market value reporting of all financial assets and liabilities is not practical and would provide no useful purpose for most community banks. It is gross overkill by the accounting profession adn provides the investor with no useful information.

Our bank does not sell commercial or consumer loans. Fair value accounting would only confuse a reader of our financial statements. How do you value a \$10,000 loan to someone in rural america? There is no realistic true market for such assets, thus, establishing a current market value for such an asset would be more guess than something of value to anyone.

And valuing a small bank's loan portfolio on a pool basis would be just as unrealistic and meaningless.

Mark to market accounting will result in bank's capital showing huge swings. And as we saw with unrealistic valuations of mortgage securities in late 2008 the "market" value truly did not represent the asset's worth.

Mark to market may create capital shortages at times and at other times mask real problems.

And the added costs for valuing all financial assets and liabilities will most likely be huge. Especially relative to the meaningless value of the information. Costs for consultants and accountants will jump. And the smaller community banks are already getting squeezed every time you look

up. FDIC assessment, new regulations, and now silly mark to market proposals.

For these and other reasons our bank respectfully asks that you drop the fair value seciton of your proposals.

Loan loss reserve accounting has been a subject of varying treatment for years. I have been in banking for 37 years and no two examiners or accountants treat the issue the same.

Despite GAAP accounting rules, we still have examiners that go back to methods used 25 years ago.

I don't fully understand proposal about interest income after impairment, etc. It sure appears that changes, as I understand them, will certainly be more confusing and lead to varying treatment, etc. Again more volatility to the financial statements.

I have very limited knowledge of hedging. Our bank has tried to stay away from using hedge instruments due to our lack of knowledge.

I do know enough to know that there is no perfect hedge. Asset and liabilities move in up and down at the same time, but may tend to move a slightly different paces, etc.

Please keep any changes to a minimum and make them easily understandable. If you can't explain them to a layman, then how will it help an investor or reader of the financial statements.

Thank you for opportunity to submit comments.

Sincerely,

573-221-6424 EVP F&M Bank and Trust Company

This message has been verified by CapwizXC as authentic and sent by this individual. Authentication ID: [j8077WCR]