

From: twhaling@westunionbank.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: Thursday, September 30, 2010 10:18:24 AM

Thomas Whaling
P.O. Box 305
West Union, WV 26456-0305

September 30, 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 writing to urge FASB to not go forward with the proposal.

Our bank, West Union Bank, in West Union, WV has approximately \$108 million in total assets. We are not publicly traded. This proposal would have no benefit to our ninety-five shareholders, but would be an increase in totally unproductive time for our staff. This time could be better used serving the needs of our customers.

The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis.

We serve a predominately rural area and keep our loans and deposits on our books until maturity. Being required to mark these deposits and loans to market value would be an exercise in futility that would have no benefit to anyone.

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 this bank create and hold small business loans for which there is no active market; it would be very difficult and costly to mark them to market.

Establishing fair values for the types of loans held by many community banks like our bank would be costly and result in data of questionable

reliability.

Conservative community bankers (and bank regulators) see the need for more flexibility in setting the allowance for loan and lease losses. We are all well aware that economic cycles occur and it is very difficult to absorbing losses and raising capital during times of economic difficulties, such as the current environment.

The proposed accounting changes will exacerbate cyclicity in financial results due to the greater reliance on fair value measurements, valuations that will be less accurate than current accounting requirements.

These accounting changes will increase the volatility of bank balance sheets, forcing them 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 your for the opportunity to comment on this proposal.

Sincerely,

Thomas Whaling
304-873-2361