## Tensas State Bank

P.O. Box 368

Newellton, Louisiana 71357

W. E. Hawkins, Jr. President & CEO Phone (318) 467-5401 Fax (318) 467-2370

September 30, 2010

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

RE: File Reference: No. 1810-100 "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"

Dear Mr. Golden:

As President and Chief Executive Officer of Tensas State Bank, a banking institution in Newellton, Louisiana with \$116,000,000 in total assets, I am writing to express my opinions on specific provisions of the exposure draft. Our bank's stock is not publicly traded nor actively marketed. The proposed changes are just one more onerous burden.

## **COMMENTS ON FAIR VALUE**

I am strongly opposed to the portion of the proposal that requires all financial instruments including loans to be reported at fair value (market value) on the balance sheet.

Our bank does not self any loans. Basing our balance sheet on fair values leads readers of our financial statements to assume that we will self the loans, which is not the case.

There is no active market for many of our loans, and estimating a market value makes no real sense.

Marking all loans to market would cause our bank's capital to sway with fluctuations in the markets even if the entire loan portfolio is performing. Instead of providing better information about our bank's health or its ability to pay dividends, the proposal would mask it.

The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and auditors to estimate market value.

For the reasons stated above our bank respectfully requests that the fair value section of the exposure draft be dropped.

## **COMMENTS ON 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 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,

W. E. Hawkins, Jr. President & CEO