

From: fweber@statenb.com
To: [Director - FASB](#)
Subject: Comments, 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft
Date: Monday, September 20, 2010 9:07:54 AM

Franklin Weber
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September 20, 2010

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

Dear Mr. Golden:

I am writing to urge FASB not withdrawal this proposal. We oppose the proposed accounting treatment for core deposits that calls for regular present value determinations. This would most likely be a number that is meaningless to our bank management, shareholders, and regulators. We are 200MM community bank with limited staff resources to conduct the analysis that we feel is just another exercise in futility. I feel that this is a ridiculous exercise that provides no benefit to the industry as a whole. I am sure that our customers would rather us spend our time in servicing their needs, rather than spend countless hours calculating that their account balance is actually worth less than their ledger balance. I also feel that the added disclosure of this information would further confuse the populous. How are we going to explain to the customer that our deposit base is valued at less than 100% of face value? Most consumers and even business people in our community do not understand the time value of money well even to grasp the accounting of the proposal. Additionally, calculating the fair value on our loan portfolio would also be time consuming, costly, and probably highly inaccurate. We are a community bank working with small local borrowers, as such; our loans do not conform to any standard that makes fair market valuation reasonable. We structure the payment terms, collateral requirements, and interest rate according to the needs of the borrower while maintaining safe lending standards. We are not a cookie cutter lender, and as such, our loan portfolio does not lend itself to a fair market calculation based on individual market determinations. We feel that our loan portfolio is reasonably priced to market based on our loan loss reserve. We are diligent in maintaining asset quality and recognizing losses in our portfolio. As I stated earlier, any market value changes in our portfolio will only serve to confuse the community that we serve concern the safety and soundness of the bank. We feel that although this proposal would be difficult to our bank on a micro basis, the effect will be magnified on a macro basis and will further erode confidence in the American banking system. Community banks serve the needs of their community and for the most part have been innocent victims of the banking crisis of the last couple of years. This proposal will only victimize us additionally. Once these disclosures are made, the media will pick up on them and misinformation will spread that the

community banking industry is weakened. This proposal will only spread fear, mistrust, and suspicion. The proposal will further hurt the persons it is designed to protect.

Sincerely,

Franklin E. Weber
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