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

Dear Mr. Golden;

Thanks 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 CEO of Citizens National Bank, headquartered in Athens, Tennessee with \$556 million in total assets, I am writing to express my doubts and concerns on a specific provision of the exposure draft.

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

Our bank does not sell our commercial loans, nor do we anticipate the need to do so. If we base our balance sheet on "fair values" it might lead readers of our financial statements to assume that we intend to sell our loans, which we do not. We are not a publically traded bank and do not intend to become one. Our shareholders are very comfortable with our current reporting methods.

If one of our borrowers has difficulty repaying a loan, we strive to work through the collection process with them instead of selling the loan. And, there is no active market for most of our loans, so estimating a market value makes absolutely no sense. Think about it. In fact, little of this proposal makes any sense to me or most of my peers.

Marking all loans to market would cause our bank's capital to swing with fluctuations in the markets, even if our 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 a much greater cost to our shareholders than any benefit they would derive. This will require us to pay consultants and auditors to estimate market value, which is, at best, a nebulous endeavor.

Our investors have expressed no interest in receiving this information. We believe our investors would not view these costs, which must come out of bank earnings, as being either reasonable or worthwhile.

For the reasons stated above, we respectfully request that the fair value section of the exposure draft be dropped. I would suggest that FASB, if it continues down this doubtful path, at least consider handling the loan portfolio valuation in a manner similar to the way we have handled our investment portfolio with "held to maturity" and "available for sale" classifications.

Please, let me say one more thing. From my prospective, there is no group or organization in the U.S. with more potential to harm to our banking industry than FASB. And, frankly, I see very little upside to your decisions. Again, think about it.

Thanks for considering my comments.

Sincerely,

Paul G. Willson

Chairman & CEO

Certified Financial Services Counselor