From: jpeak@ucbwest.com
To: Director - FASB
Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date: Tuesday, September 21, 2010 11:02:57 AM

Jim Peak
500 N. Morgan
Morganfield, KY 42437-1242

September 21, 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."

I am Vice-President of United Community Bank of West Kentucky , a high-performing, $150 million bank located in Morganfield Ky and I am writing to express my opinions on specific provisions of the exposure draft.

I have a unique perspective as I previously worked in the Treasury area for a large regional bank. We wrestled with this idea for months and never felt as if we truly had a correct value.

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

If there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower rather than sell the loan. What if one loan customer has multiple relationships and the other doesn't? How do you possibly put a value on that?

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

There are too many moving parts to the "value" of a "relationship" and mark-to-market does little to provide clarity to shareholders or potential investors.

For community banks, its about "relationships", not "financial instruments". There is a big difference. I would challenge the FASB to get out of your idealistic "think-tank" mode and get an understanding of real world dynamics of community banking!

As an Ag bank, it could be argued that our bank's value fluctuates every day with price movements in grains and livestock. IF corn is $4.50 /bushel one quarter and $4.65 tne next quarter, do we adjust our capital? If Brazil has no rain predicted in their farming region for the next week or so, should we change our market value? Under Mark-to-Market accounting, we probably should. Can you send us a model for that?

That is what you fail to understand and you are only adding ambiguity to the system. Merely "saying" that the loans are marked-to-market" doesn't make it so! Investors can intelligently make their own decisions as to the value of our loans based on the cost values. This provides a consistent methodology and at least gives investors :common ground" to make their investment decisions. I believe investors intuitively understand that an Ag bank has some inherent concentration risk that a more diversified community bank may not have. How do you quantify concentration risk?

Our investors have expressed NO interest in receiving this information. ZERO, ZIP. NADA!!We believe our investors would not view these costs of providing this information, which must come out of bank earnings, as being either reasonable or worthwhile nor provide any clarity as to value.

Thank you for considering my comments.

Sincerely,

United Community Bank of West Ky.