From: jimashworth@cnbil.com

To: <u>Director - FASB</u>
Subject: Comments on No. 1810-100, "Accounting the comments of the comme

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 23, 2010 11:48:10 AM

James Ashworth 450 West Side of Square Carlinville, IL 62626

September 23, 2010

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

Dear Mr. Golden:

I appreciate this opportunity to comment on FASB's Exposure Draft on Accounting for Financial Instruments. It is my opinion that the result of the proposed changes would actually distort the financial condition of our banks and consolidated holding company, so I urge FASB to not go forward with the proposal.

The current requirement to show the "comprehensive income" component created by the impact of changes in interest rates on our investment portfolios as an adjustment to capital already distorts our balance sheets, since it only applies to one portion of our assets. To apply the same rational to the liabilities would only serve to offset the investment component, resulting in very little additional insight into our financial condition, especially in relation to the burden such determinations place on our limited staff resources. And to additionally require periodic valuations of our loan portfolios would be even more of a challenge, particularly due to the very limited marketability of our individual loans. A better solution would be to move the current comprehensive income calculation to a footnote rather than have it distort our balance sheet.

Our banks' branches are primarily in rural communities, made up of core deposits which are stable, and loans that are held for the long term, repaid with contractual cash flows, and not traded on a regular basis. It would be quite costly for us to try to determine values, and the result would likely distort rather than clarify our financial condition.

Also, proposals to change the method for funding loan loss allowances based on a pro-cyclical model would be counterproductive. It is prudent for banks to be able to build reserves during prosperous periods of business cycles, in order to support the inevitable down cycles. Such flexibilty would go much further in strengthening bank capital than imposing higher capital requirements while requiring a pro-cyclical reserve methodology.

As community banks, we help provide financial strength and a source of credit for our business and consumer customers through good times and bad. The last thing we need to do as our regulators and accounting standards

address the lessons learned in this recent financial crisis is to handcuff the institutions so critically needed to provide that credit.

Again, I thank your for the opportunity to comment on this proposal.

Respectfully,

James T. Ashworth, President Carlinville National Bank Shares, Inc. Carlinville, IL including: Palmer Bank, Taylorville; Citizens State Bank of Shipman; and Cornerstone Bank and Trust, Carrollton

Sincerely,

James Ashworth 217-854-2674