

**From:** [suzanneanderson@pelhambank.com](mailto:suzanneanderson@pelhambank.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 28, 2010 8:48:28 AM

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Suzanne T. Anderson  
P O Box 512  
Pelham, GA 31779-0512

September 28, 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."

As President of Pelham Banking Company, a banking institution in Pelham, Georgia with \$59 million in total assets, I am writing to express my opinions on specific provisions of the exposure draft.

#### I. COMMENTS ON FAIR VALUE

I strongly oppose 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 sell any of our commercial loans, and 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.

Since there is no active market for many of our loans, estimating a market value makes no real sense. And, instead of providing better information about our bank's health or its ability to pay dividends, the proposal would mask it since marking loans to market could improperly affect the bank's true capital position.

The costs and resources that we will need to comply with this new requirement would be significant as this accounting procedure will require us to pay consultants and auditors to estimate market value. As a small, rural bank we deem this added cost to provide our customers and shareholders little or no real value.

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

#### II. COMMENTS ON LOAN IMPAIRMENT

While I support the Board's efforts to revise the methodology to estimate

loan loss provisions, I have serious concerns about how such changes can be implemented by banks like mine.

It is imperative that any final model be tested by banks my size in order to ensure that the model is solid and workable.

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 prefer that the current method be maintained.

Thank you for considering my comments.

Respectfully

President/CEO  
Pelham Banking Company