

September 27, 2010

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

Via email: [director@fasb.org](mailto:director@fasb.org)

File Reference: No. 1810-100 *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Re: Classification and Measurement of Financial Assets and Liabilities

Dear Mr. Golden:

My name is Keith Chambers, a certified public account, and I appreciate the opportunity to comment on the Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities (ED). My views have been undoubtedly shaped over the past thirty plus years from having served as a Chief Financial Officer, director and shareholder of two different community banks. While the two community banks I have had the privilege of serving were not publicly traded, I have directly owned for the past 20+ years stock in three different publicly traded banking organizations.

The ED referenced above represents major changes to bank financial reporting. There are many proposed changes in this document that would bring unnecessary cost, complexity and volatility to the banking industry I have worked in for most of my career. I will limit my response to only one of the more significant changes proposed, that of requiring loan portfolios to be recorded at 'Fair Market Value.' The vast majority of banks do not originate loans with the intent of selling the loan contract either as a whole loan sale or in any securitized package offering. The only 'exception' to this is conforming 1-4 family home loans which many banks do originate and sell into the secondary market and for which current accounting and reporting guidance is very adequate. To require banks to obtain 'estimated' fair market values for the vastly different 'non-conforming' loan contracts in their loan portfolio would be fraught with such greatly differing assumptions, estimates, etc. as to make comparisons between banks

meaningless. In addition, it would completely ignore the substance of the basic loan transaction...i.e the loan remains an asset of the bank until it is repaid. Repayment is not contingent on a sale into a secondary market that does not exist for such loans. The only beneficiaries of such new accounting and reporting requirements would be the consultants, public accounting firms, and law firms that would have to be hired at great expense to deal with these new requirements. Investors would not be well served nor would the communities we serve.

I strongly recommend that you withdraw the ED and 'start over.' It does not serve anyone well.

Sincerely

Keith Chambers, SEVP & CFO  
Austin Bank Texas National Association