

From: jfair@americanplanning.com
To: [Director - FASB](#)
Subject: Comments on exposure draft 1810-100, Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities
Date: Monday, September 20, 2010 9:48:27 AM

T. Jefferson Fair
7941 Picardy Avenue
Baton Rouge, LA 70809-3536

September 20, 2010

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

Dear Mr. Golden:

As a financial consultant who works with 40 small community banks -- the lifeblood of America's banking system -- I am writing to urge the FASB to not go forward with exposure draft 1810-100. If a decision to proceed with these changes is made, I urge the FASB to provide an exemption for non-public banks of under \$2 billion in total assets.

The accounting burden that would result from this proposal has the potential to significantly misrepresent the financial condition of community banks while providing no material benefit to the shareholders, customers or regulators of these institutions.

The primary business of community banks is to hold financial instruments for the purpose of collecting contractual cash flows. There is little or no market for the majority of these assets, and any attempt to mark them to a fictional "market value" would distort the capital accounts of the institution.

My clients and I strongly oppose the proposed accounting treatment for core deposits that calls for regular measurement using present value calculations. This process would not provide accurate information, and the calculations would be expensive and time consuming, particularly for smaller banks that have limited staff resources to conduct the analysis.

These proposed accounting changes will exacerbate cyclicity in financial results due to greater reliance on fair value measurements -- valuations that will be less accurate than current accounting requirements.

These accounting changes will increase the volatility of bank balance sheets, forcing them to carry higher capital levels and reduce lending activities at a time when our economy needs more, not less, credit availability.

Again, I urge the FASB to not go forward with exposure draft 1810-100 or to at least provide an exemption for non-public banks of under \$2 billion in total assets. The burdens of this proposal far outweigh its benefits.

Sincerely,

T. Jefferson Fair
President
American Planning Corporation
Baton Rouge, Louisiana
225.765.7100

Sincerely,

T. Jefferson Fair
2257657100