From: sjones@stonegatebank.com
To: Director - FASB
Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft
Date: Monday, September 20, 2010 10:03:09 AM

Sharon Jones
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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:

Thank you for the opportunity to comment on FASB's Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.

The purpose of this letter is to express my deep concerns regarding the proposed accounting changes with this fair value proposal. I am the Chief Financial Officer of a $600 million community bank in Florida and believe that this proposal would greatly misrepresent the financial condition of not only my bank but other community banks across the county.

Community banks fund their operations by taking deposits and holding loans for the long term. Most financial instruments this bank holds are not readily marketable - there is no active market to really sell these loans - making the valuation very difficult. Who will really drive the assumptions used in the valuations; will they be applied consistently across all banks?

As a bank that has acquired loans and deposits through small FDIC assisted transactions (no lossing sharing arrangements), I can attest to the additional burden that this type of accounting would put on the resouces of a community bank, not only in terms of limited staff resouces but also in terms of the expense of having the assets remeasured.

Additionally, I believe that the expanded reporting of comprehensive income is unnecessary, confusing and of little use to most users of community banks financial statements.

As a consequence of these proposed accounting changes, I believe that the volatility of banks balance sheets will increase, forcing them to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability.

Again, I thank your for the opportunity to comment on this proposal and trust that you will give consideration to the concerns of this letter and others you may receive.

Sincerely,

Sharon Jones