1810-100 Comment Letter No. 1977

From: dbarnes@bank-of-frankewing.com

To: <u>Director - FASB</u>

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 6:42:56 PM

David Barnes 1007 Dogwood Drive Fayetteville, TN 37334-2282

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. I am writing to urge FASB to not go forward with the proposal. The Bank of Frankewing is a small, rural, community bank (\$200,000,000 in assets). We typically hold our loans to maturity. Certificates of deposit are rarely redemed before maturity. Placing a true market value on our loans, which would not be readily marketable, would be devastating to our balance sheet. In addition, disclosing the market value of the Bank's assets would have little value to the Bank's shareholders, many of whom have inherited their stock from prior generations. Our stock has been held by some families in the community since the Bank was chartered in 1920. The valuing of the assets would be costly as well. Each new regulation and accounting change like this simply cost our customers and shareholders. The cost for asset valuation and monitoring will have to be passed on to our borrowers, which will just add to the advantage of the Wall Street banks over community banks. Please consider all of the ramifications of mark to market on community banks and weigh the value against the cost of such a requirement. The cost will be more than just the cost of compliance alone.

David W. Barnes

Sincerely,

David W. Barnes 9313631796