1810-100 Comment Letter No. 1980

From: <u>droberts@cbbristow.com</u>

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

Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for

Derivative Instruments and Hedging Activities"

Date: Monday, September 20, 2010 8:07:56 PM

David Roberts P.O. Box 1020 Bristow, OK 74010-1020

September 20, 2010

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

Dear Mr. Golden:

I'm writing to you to comment on the exposure draft, "Accounting for Financial Instruments."

As President of Community Bank, a seventy million dollar institution in Bristow, Oklahoma, I am writing to convey my concerns 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. This creates a unreasonable constant flux in our balance sheet.

All loans in our bank, including commercial loans, are originated and kept in-house until paid in full. We only have a few loans, because of lending limits, that are participated outside of our bank. To base our balance sheet on fair values infers that we plan to sell our loans. This is not and never has been the way our bank and majority of other banks, especially community banks, function and operate.

We are not a large bank and in reality will probably never be a large bank compared to the rest of the banking world. We do serve the needs of our community and to force our bank to adhere to your new rules would severly harm our institution.

There is no active market for most of our loans. Estimating a market value is a reasonable method for community banks.

The costs and resources that my bank will need to comply with this new requirement would be onerous. This will require us to pay consultants and auditors to estimate market value.

I respectfully requests that the fair value section of the exposure draft be dropped.

II. COMMENTS ON LOAN IMPAIRMENT

I believe any methodology for loan loss provision be tested by banks my size prior to to implementation to ensure the model is a viable and workable model for our bank.

I believe it is important that any new processes are agreed upon and well understood by all parties involved, including regulators, auditors, and bankers prior to finalizing the rules.

I do not support your proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis. This makes no logical sense to me.

I believe that ,if your desire is to drive more community banks out of the banking business and provide a greater void for consumers in many already underserved areas, then this is a good vehicle to accomplish that.

I appreciate the opportunity to express my comments to you and hope you will give them serious consideration.

Sincerely,

918-367-3343 President & CEO Community Bank