From:	georgespragens@fnblebanon.com
To:	Director - FASB
Subject:	File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date:	Tuesday, September 21, 2010 6:58:08 PM

George B. Spragens
136 W. Main St.
Lebanon, KY 40033-1253

September 21, 2010

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

Dear Mr. Golden:

My name is George B. Spragens and I am President and CEO of Farmers National Bank, a $100 million asset institution located in Lebanon, Kentucky. I would like to express my concerns regarding the FASB's draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

I believe requiring financial institutions to report all financial instruments at "fair value" would be overly burdensome and destructive to our industry and the country's economy. I am therefore strongly opposed to this proposal.

Our bank does not sell our commercial loans. We have a staff of three loan officers and three clerks who already are virually overwhelmed just doing proper documentation on our loan files. This will likely only increase as the new Dodd-Frank law is implemented as we will be required to keep pace with changes in consumer protection laws and regulations. We are not in a position to easily hire new staff. I can't imagine the staggering new burden our current staff would shoulder if they also had to keep track of the "market value" of every loan on our books.

If a borrower is delinquent, we administer the collection process ourselves. There is no active market for our loans and therefore no objective "market" measure of the value of our portfolio. Is the value zero? Not to us - but how on earth would we determine that value other than the remaining principal on the loan?

Marking all banks' loans to market would cause the banks' capital to fluctuate with the markets, possibly in a volatile manner - even if the entire loan portfolio is performing. Rather than providing more accurate information about an individual bank's health or ability to pay dividends, the proposal would only cloud the issue, generating unnecessary uncertainty, and therefore depressing the "market" value of the institution even further. In a worst case scenario, there would be an unstoppable downward spiral (see the year 2008 for reference) that could severely damage the capital of the entire industry.

For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

I appreciate the opportunity to express our bank's views on this subject.

Sincerely,

270-692-3177
President
Farmers National Bank