From: bbutler@incommonsbank.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: Wednesday, September 22, 2010 5:28:12 PM

Brad Butler
301 E Commerce
Mexia, TX 76667-2821

September 22, 2010

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

Dear Mr. Golden:

September 22, 2010
Russell Golden
Technical Director
Financial Accounting Standards Board

RE: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft

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.

Incommons Bank is a $99 million community bank located in Mexia, Texas. Our primary market area is rural. Establishing fair values for core deposits and the types of loans held by community banks would be costly and time consuming, particularly for smaller banks like ours that have limited staff resources to conduct the analysis.

We oppose the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation. We also oppose requiring fair value calculations for loans that are held for the long-term to collect cash flows. Community banks fund their operations by taking deposits and holding loans for the long term. The financial instruments our bank holds are not readily marketable. The accounting that would result from these proposals would misrepresent the financial condition of our bank and other community banks. This expanded reporting is unnecessary and confusing to most financial statement users.

These accounting changes will increase the volatility of bank balance sheets, forcing community banks to face higher capital requirements and decrease lending at a time when regulators are already calling for more capital and our economy is in great need of credit availability. Please consider the impact these changes would have on community banks and the

markets we serve.

Again, we thank you for the opportunity to comment on this proposal.

Sincerely,

Brad Butler
EVP/COO/CFO
Incommons Bank, Mexia, TX

Sincerely,

Brad Butler