From: dmote@sbandt.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:** Thursday, September 23, 2010 11:18:15 AM

Deanna Mote P.O. Box 2080 Clarkesville, GA 30523-0035

September 23, 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 accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks.

We oppose the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation. This would not provide accurate information and the calculations would be expensive and time consuming, particularly for smaller banks like ours that have limited staff resources to conduct the analysis.

We also oppose requiring fair value calculations for loans that are held for the long-term to collect cash flows. The tremendous impact this would have on the balance sheet and income statement for an instituion like ours would be horrific. Currently, our "unrealized gains or losses on available for sale securities" only affects our balance sheet as an entry to capital. Just this entry hitting our income statement on a monthly basis would be catastrophic. We do not trade securities on a regular basis nor do we sell loans. This accounting change would do nothing but hurt our institution and I am sure many other institutions like us.

Because of current economic conditions we must keep a very close handle on our fair market values. We get appaisals often to insure our values are accurate. Values of Other Real Estate are written down if necessary. Values on loans are taken into consideration in impairment calculations and differences specifically reserved for in our Allowance for Loan and Lease Losses. Therefore, we feel that this additional requirement is unnecessary and without benefit to either the government or the bank.

These accounting changes will increase the volatility of bank balance sheets, 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, thank you for the opportunity to comment on this proposal.

Sincerely,

Deanna A. Mote, CFO, Southern Bank & Trust 706-754-0001