From: jeff.davis@southcentralbank.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: Friday, September 24, 2010 1:53:21 PM

Jeff Davis 501 S. L. Rogers Wells Boulevard Glasgow, KY 42141-1047

September 24, 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.

We are a five bank holding company that operates in rural communities through out Western Kentucky. Our consolidated asset size is approximately \$875 million dollars. 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 banks.

The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. Community banks fund their operations by taking deposits and holding loans for the long term. Most financial instruments this bank holds are not readily marketable. We oppose requiring institutions to record demand deposits at fair value.

Fair value measurements will not provide a better understanding of the values of illiquid agricultural loans held by small banks in rural areas such as our banks. 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, we thank your for the opportunity to comment on this proposal.

Sincerely,

Jeff Davis (270) 629-1017