Fauquier Bankshares, Inc.

LETTER OF COMMENT NO. 125

December 29, 2008

Technical Director
Financial Accounting Standards Board
301 Merritt 7
P O Box 5116
Norwalk, CT 06856-5116

Via email: director@fasb.org

File Reference: Proposed FSP EITF 99-20-a (*Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*)

Dear Technical Director:

Our bank appreciates the recent focus of the Financial Accounting Standards Board (FASB) on the important issue of "other than temporary impairment" (OTTI).

Fauquier Bankshares, Inc., and its principal subsidiary, The Fauquier Bank, is an eight branch, $500 million community bank located about 50 miles west of Washington, DC. Our investment portfolio, though relatively small at $40 million, would be impacted by any decision regarding EITF 99-20-a (*Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*)

We support the FASB's Proposed FASB FSP EITF 99-20-a, *Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*, which would amend EITF Issue No. 99-20 *(Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets)*. We urge you to issue the proposal in final form, to be effective for December 31, 2008 financial reporting.

We support the proposal as a first step toward improving the application of OTTI, and we appreciate the FASB's recent decision to examine additional problems relating to OTTI. We agree with the letter from the American Bankers Association to the FASB on the proposal, dated December 28, 2008, which supports the proposal and requests that additional OTTI concerns be addressed for year-end 2008 reporting. OTTI has been controversial for many years, and we believe it would be more meaningful to use a model based on credit impairment rather than on market values. Because of the significance of the problems with the application of OTTI in the current market environment, we believe changes to these practices are critical for year-end 2008 financial reporting.

It should be noted that as part of the service provided to community banks, sellers of certain types of securities provide estimated cash flows to the buyers of the securities upon request. During the audit process, some auditors have required that a third party provide the cash flows (as the community banks may not have the resources to estimate the cash flows internally). This is becoming extremely costly for community banks, which needs to be considered as we move forward with improvements to both the

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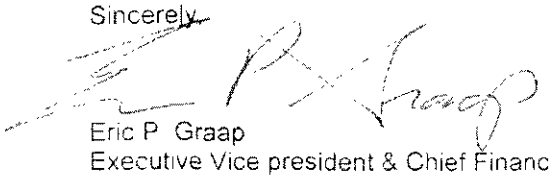
accounting for and auditing of financial instruments. However, based on input received to date from ABA members, it is our understanding that many community banks are already being required by their auditors to perform these cash flows. On a related matter, it is also our understanding that some accounting firms have their own models for estimating these cash flows. In some circumstances, the firms are requiring that the firms' estimated fair values be used by their clients, but do not provide clients with the assumptions used nor the actual cash flows. We believe this practice goes against the intent of the Sarbanes-Oxley Act, by requiring companies to use cash flows without the appropriate documentation or understanding of the estimates. This is clearly an auditing issue, but one that we believe is appropriate to raise in the context of OTTI accounting.

Thank you for your attention to these matters and for considering our views

Sincerely,



Eric P. Graap
Executive Vice president & Chief Financial Officer