

The Bank of Charlotte County

P.O. Box 336, Phenix, Virginia 23959 • 434-542-5111

Member FDIC

September 16, 2010

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

RE: File Reference #1810-100

Dear Mr. Golden:

We are a small rural community bank of \$118 million dollars in assets located in Charlotte County, Virginia. Charlotte County has a population of approximately 12 thousand citizens and we are so rural there is not a single stop light in the entire county. Our bank is an independent community bank established in 1912. . . . some 98 years ago!

Let's talk about "fair value accounting" and how it affects us.

Fair value – our loans are made to our local customers and are not sold in the secondary market. Marking our loans to "market" would cause fluctuations in our bank's capital positions and would be meaningless to our customers and regulators. How do we explain these fluctuations to our shareholders? Not one shareholder has ever expressed interest in marking all our loans to "fair value". . . . which would change daily! We request respectfully that the fair value section of the exposure draft be dropped.

Loan impairment – first, we do not support the proposal for recording interest income. We believe interest income should be calculated based upon the loan agreement and not on any "after-impairment" basis. We might support the board's effort to somehow revise the methodology to estimate our loan loss provision, however, we are a small rural bank. . . . how do we accomplish this change. Our accounting for the way interest income is recorded is difficult already and changing it makes it all the more confusing. Please let's keep the current method.

BRANCHES: BROOKNEAL • CHARLOTTE COURT HOUSE • KEYSVILLE

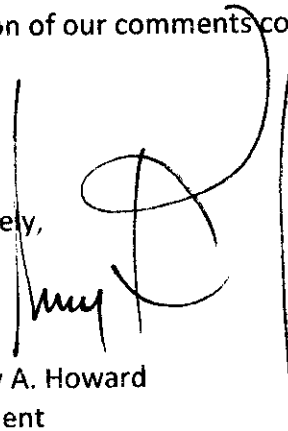


Hedge accounting – the term “reasonably effective” should be better defined and applicable to the size financial institutions being addressed. The term “highly effective” would be very difficult and expensive for our size bank to accomplish. We believe the “shortcut” and the “critical terms match” should be maintained. This would help a small community bank, like us, to reduce the cost of compliance with any hedge accounting rules.

We very much appreciate your consideration of our comments concerning the issue of fair value accounting.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bobby A. Howard', is written over a large, stylized, handwritten 'B' that spans across the signature line and extends upwards. The signature is positioned to the right of the word 'Sincerely,'.

Bobby A. Howard
President