

From: jfrancis@cbwc.com
To: [Director - FASB](#)
Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date: Friday, September 24, 2010 8:47:22 AM

James Francis
132 South Harris St
Sandersville, GA 31082-1702

September 23, 2010

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

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As Chief Financial Officer of Citizens Bank of Washington County, a banking institution in Sandersville, Ga with \$240,000,000 in total assets, I am writing to express my opinions on specific provisions of the exposure draft.

I. COMMENTS ON FAIR VALUE

I am strongly opposed to the portion of the proposal that requires all financial instruments - including loans - to be reported at fair value (market value) on the balance sheet.

One of the reasons that I oppose the mark to market proposal is that our bank does not sell our loans. Basing our balance sheet on fair values leads readers of our financial statements to assume that we will sell the loans, which is not the case. Even if there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower rather than sell the loan.

Another major reason for my opposition is that there is no active market for many of our loans, and estimating a market value makes no real sense. Also, even if we could easily obtain a market price, since the loan is just one part of the financial relationship that we have with the customer (multiple loans, investment, etc.), there is no financial incentive to sell.

Marking all loans to market would cause our bank's capital to sway with fluctuations in the markets - even if the entire loan portfolio is performing. Instead of providing better information about our bank's health or its ability to pay dividends, the proposal would mask it and would allow less transparency in our financial statements for our shareholders.

The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and auditors to estimate market value. In addition, our shareholders have expressed no interest in knowing the market values of our current loans. We believe our shareholders would not view these costs, which must come out of bank earnings, as being either reasonable or worthwhile, especially with the current state of both the national and our local economical environment.

For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

Thank you for considering my comments.

Sincerely,

Chief Financial Officer/Vice President
Citizens Bank of Washington County