From: cathy.colwell@att.net
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 30, 2010 10:58:17 AM

Cathy Colwell
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September 30, 2010

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

Dear Mr. Golden:

I am writing to urge FASB to not go forward with the proposal. I am an Advisory Director for Sage Capital Bank in Gonzales, Texas. Our primary market is rural. The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks. 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 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. Establishing fair values for the types of loans held by many community banks like our bank would be costly and result in data of questionable reliability. The expanded reporting of comprehensive income is unnecessary, confusing and of little use to most financial statement users.

I thank you for allowing me to make comments regarding this proposal.

Sincerely,

Cathy Colwell