

FAUQUIER BANKSHARES, INC.
Form 8-K
September 15, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

September 15, 2008

Fauquier Bankshares, Inc.

(Exact name of registrant as specified in its charter)

Virginia

000-25805

54-1288193

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

10 Courthouse Square, Warrenton, Virginia

20186

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

540.347.2700

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 8.01 Other Events.

Fauquier Bankshares, Inc. (the "Company") expects to record a noncash other-than-temporary impairment charge on its holdings of Freddie Mac preferred stock in the September 30, 2008 quarter. The Company currently holds the Freddie Mac preferred stock in its available-for-sale investment securities portfolio at a book value of \$314,000. The recording of this impairment charge will negatively affect net income and earnings per share for the September 30, 2008 quarter. The Company will continue to evaluate the situation and expects to make a final determination of impairment relating to these securities in connection with the preparation of its financial statements for the September quarter of 2008. The Company has no other holdings of Freddie Mac or Fannie Mae equities.

The expected impairment on these securities would not impact the Company's nor its subsidiary bank's ability to maintain capital ratios significantly above the "well capitalized" regulatory requirements. At June 30, 2008, the Company had tangible equity of \$41.8 million.

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

This release may contain "forward-looking statements" as defined by federal securities laws. These statements address issues that involve risks, uncertainties, estimates and assumptions made by management, and actual results could differ materially from the results contemplated by these forward-looking statements. Factors that could have a material adverse effect on our operations and future prospects include, but are not limited to, changes in: interest rates and the shape of the interest rate yield curve, general economic conditions, legislative/regulatory policies, monetary and fiscal policies of the U. S. Government, including policies of the U. S. Treasury and the Board of Governors of the Federal Reserve System, the quality or composition of the loan and/or investment portfolios, demand for loan products, deposit flows, competition, demand for financial services in our market area, our plans to expand our branch network and increase our market share, and accounting principles, policies and guidelines. Other risk factors are detailed from time to time in our Securities and Exchange Commission filings. Readers should consider these risks and uncertainties in evaluating our forward-looking statements and should not place undue reliance on such statements. We undertake no obligation to update these statements following the date of this release.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

September 15, 2008

Fauquier Bankshares, Inc.

By: *Eric P. Graap*

Name: Eric P. Graap

Title: Executive Vice President & CFO