

From: dselene@clarkebank.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 17, 2010 11:57:58 AM

David Selene
139 South Main Street
Osceola, IA 50213-1218

September 17, 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 President & CEO of Clark County State Bank, in Osceola, Iowa, a Bank of approximately \$127 mil in 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.

Our bank does not sell our commercial 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.

There is no active market for many of our loans, and estimating a market value makes no real sense.

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.

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.

Even if the banking regulators' Tier 1 capital excludes fair value fluctuations, we still will have to explain it to our investors, customers and depositors.

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

Sincerely,

641-342-6581
President & CEO
Clarke County State Bank