

**From:** [jim.lear@tetonbanks.com](mailto:jim.lear@tetonbanks.com)  
**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:** Monday, September 20, 2010 10:42:59 AM

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Jim Lear  
321 Central Ave.  
Fairfield, MT 59436-0092

September 20, 2010

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

Dear Mr. Golden:

Mr Golden,

I have been the CFO of Teton Banks in Fairfield, MT for 17 years. We are a \$175 million asset bank. We serve Teton, Pondera, Cascade, and Lewis and Clark County including 7 small communities and a total population of less than 10,000. Our primary focus is in agricultural lending which is tied to almost 60% of our loan portfolio.

I am writing to urge FASB to not go forward with the proposal. The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks. Our Bank has not sold a loan in the 21 years that I have been employed. Our practice is to fund our local community loans with deposits that are primarily gathered locally as well.

We oppose requiring institutions to record demand deposits at fair value. We also oppose requiring fair value calculations for loans that are held for the long-term to collect cash flows. Fair value measurements will not provide a better understanding of the values of illiquid agricultural loans held by small banks in rural areas such as this bank.

Community banks such as this bank create and hold small business loans for which there is no active market; it would be very difficult and costly to mark them to market. I do all of the ALM reporting, monitor the call report, do loan and deposit pricing, and monthly board reporting. I have one co-worker who prepares our Call Report which I monitor. We do not have the time to devote to this type of valuations without additional staff.

Adding staff does not make sense when the data that will be produced is unnecessary and of little value to our financial statement users. We are a family owned, closely held bank. My Board and stockholders are all actively engaged in the operations of the Bank like many other family

owned institutions around the country. They understand the loans we are putting on our books and our intent to keep them until paid in full.

Conservative community bankers (and bank regulators) see the need for more flexibility in setting the allowance for loan and lease losses. We are all well aware that economic cycles occur and it is very difficult to absorbing losses and raising capital during times of economic difficulties, such as the current environment.

The proposed accounting changes will exacerbate cyclical in financial results due to the greater reliance on fair value measurements, valuations that will be less accurate than current accounting requirements. These accounting changes will increase the volatility of bank balance sheets, forcing them to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability.

Again, we thank your for the opportunity to comment on this proposal.

Sincerely,

Jim Lear  
406-467-2531