

**From:** [kwalsh@rubyvalleybank.com](mailto:kwalsh@rubyvalleybank.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 11:58:53 AM

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Ken Walsh  
PO Box 417  
Twin Bridges, MT 59754-0417

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:

Thank you for the opportunity to comment on FASB's Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.

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.

The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis.

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 requiring institutions to record demand deposits at fair value.

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.

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.

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.

We are a \$70MM bank located in a very rural area. Our primary core business is taking of deposits, and making loans for small main street business, and agricultural producers. We are family owned single bank holding company. The additional fair market calculations would not only

be costly, but of no real value.

Sincerely,

Ken Walsh, President  
406-684-5678