

**From:** [dkout@fmbankonline.com](mailto:dkout@fmbankonline.com)  
**To:** [Director - FASB](#)  
**Subject:** File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivatives Instruments and Hedging Activities"  
**Date:** Friday, September 10, 2010 5:32:44 PM

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DONALD M. KOUT  
P.O.BOX 609  
LONE TREE, IA 52755-0609

September 10, 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 the exposure draft,  
Accounting for Financial Instruments and Revisions to the Accounting  
for Derivative Instruments and Hedging Activities.

As [CHAIRMAN of [FARMERS & MERCHANTSS SAVING BANK, a banking institution  
in [IOWA CITY, LONE TREE AND NICHOLS, IOWA with [\$120 MILLION total  
assets, I am writing to express my opinions on specific provisions of the  
exposure draft.

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.

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.

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

The costs and resources that we will need to comply with this new  
requirement would be significant. This will require us to pay consultants  
and auditors to estimate market value.

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

Thank you for considering my comments.

Sincerely,

DONALD M. KOUT, CHAIRMAN  
319 629-4222