

**From:** [agbanker@issbank.com](mailto:agbanker@issbank.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:** Monday, September 20, 2010 1:02:55 PM

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Leslie Miller  
222 E. Robinson  
Knoxville, IA 50138-2235

September 20, 2010

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

Dear Mr. Golden:

As vice president and agricultural loan officer of Iowa State Savings Bank in Knoxville, Iowa, 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 loans - including agricultural loans - to be reported at fair value (market value) on the balance sheet. Our bank does not sell our agricultural loans, unless they are 90% guaranteed by the Farm Service Agency. Then we are only allowed to sell the portion of the loan that is actually covered by the government guarantee. Thus, there can be no diminution of value.

In the 1980's FASB attempted to post a set of guidelines on what they considered the appropriate way to compose and analyze farm financial statements. The original set of FASB recommendations resulted in incorrect analysis in most cases.

To address the inaccuracies of the original FASB Guidelines, the agricultural community developed the Farm Financial Standards Guidelines. These are the standards that correctly evaluate a borrower's ability to repay loans. After the report of the Farm Financial Standards Council was published, FASB moved to change many of their agricultural guidelines and adopted some of the Farm Financial Standards Recommendations.

Our bank uses the Farm Financial Guidelines on every agricultural loan in our portfolio to ensure that loans are made in a safe and sound manner. If we were to use FASB Guidelines today, they would not supply us with the correct information to evaluate our loans.

Since using FASB guidelines will not correctly analyze agricultural loans, our bank respectfully requests that the fair value section of the exposure draft be dropped.

Sincerely,

641-828-8000  
vice president  
Iowa State Savings Bank