

**From:** [rbrennan@iowatrustbank.com](mailto:rbrennan@iowatrustbank.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 2:12:56 PM

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Rick Brennan  
2101 10th st  
Emmetsburg, IA 50536-2411

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:

Rick M Brennan  
Executive Vice President  
Iowa Trust & Savings Bank  
Emmetsburg, IA

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.

The Iowa Trust & Savings Bank is a family owned 142 million dollar community bank located in rural northwest Iowa.

I am writing to urge FASB to not go forward with the proposal. Please understand a bank the size of Iowa Trust simply can't afford to implement these proposals. As a small community bank our purpose is to help our small community of 3,900 people survive and grow. These proposals make this support very difficult and puts financial pressure on every small bank in the country.

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 the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation. This would not provide accurate information and the calculations would be expensive and time consuming, particularly for smaller banks like ours that have limited staff resources to conduct the analysis.

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.

The expanded reporting of comprehensive income is unnecessary, confusing and of little use to most financial statement users.

Sincerely;

Rick M Brennan  
Executive Vice President  
Iowa Trust & Savings Bank

Sincerely,

Rick Brennan  
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