

**From:** [brucet@statebankofhawley.com](mailto:brucet@statebankofhawley.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:** Tuesday, September 21, 2010 9:18:00 AM

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Bruce Tellefson  
3102 37 1/2 Ave S  
Fargo, ND 58104-7041

September 21, 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.

I am the President and CEO of State Bank of Hawley. State Bank of Hawley is a traditional community bank founded in 1892. We are an \$82 million bank that operates in Hawley and Moorhead, Minnesota. We are locally owned and operated. Our operations are funded by taking local deposits and holding local loans for the long term.

The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks.

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.

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 ours 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.

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.

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

Sincerely,

Bruce Tellefson  
701-232-0926