From: jbrace@firstmid.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 9:23:08 AM

Juanita Brace 808 E. Northline Rd. Tuscola, IL 61953-1107

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:

As an auditor for a \$1 billion plus bank in a rural market, I am writing to urge FASB to not go forward with the proposal. Over the past 36 years, I have seen tremendous change in our industry along with several economic challenges that we faced and weathered.

Community banks like ours fund their operations by taking deposits and holding loans for the long term. Most financial instruments this bank holds are not readily marketable.

I 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.

I 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. 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.

These accounting changes will increase the volatility of bank balance sheets, forcing them to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability.

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

Sincerely,

Juanita J. Brace 2172580418