

**From:** [markhewitt@northwoodsbank.com](mailto:markhewitt@northwoodsbank.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 11:18:03 AM

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Mark Hewitt  
PO Box 112  
Park Rapids, MN 56470-0112

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.

My bank is a family owned \$120 Million Asset rural bank that serves a small business market as well as residential real estate lending.

I am writing to urge FASB to not go forward with the proposal. The accounting that would result from this proposal would not only misrepresent the financial condition of our bank it would be very costly to implement.

Community banks like ours, fund our operations by taking deposits and holding loans for the long term. Most of these loan are not marketable and it would be very difficult to measure the "fair value" and would result in data of questionable reliability.

We 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 small business loans held by small banks in rural areas such as this bank.

Adoption of the proposal will lead to more volatility in community bank balance sheets and require more capital and decreased lending to manage this volatility. It would be devastating to our way of doing business.

It would be costly and reduce economic activity with very little benefit. Its a bad idea at a bad time.

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

Sincerely,

Mark Hewitt, CEO  
Northwoods Bank of MN  
Park Rapids, MN 56470

Sincerely,

Mark Hewitt  
218-732-7221