From: <u>taylor@lba.org</u>
To: <u>Director - FASB</u>

Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for

Derivative Instruments and Hedging Activities" Exposure Draft

Date: Wednesday, September 22, 2010 2:55:21 AM

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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 oppose requiring institutions to record demand deposits at fair value. I oppose the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation.

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. 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 would be costly and result in data of questionable reliability. The expanded reporting of comprehensive income is unnecessary, confusing and of little use to most financial statement users. 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.

Thank your for the opportunity to comment on this proposal.

Sincerely,

robert taylor 225-216-9424