

From: joan@hcb.us
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: Wednesday, September 22, 2010 2:55:23 AM

Joan Heffelbower
150 W Court ST
Hastings, MI 49058-1823

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.

Hastings City Bank is a 124 year-old community bank, with \$240 million in assets, located in rural Michigan. Many deposit relationships with the bank have been in existence for several decades. Most loans made by the bank are held in our portfolio. Balances are reduced by customer payments. Only a small portion of our loan portfolio (less than one-half of one-percent) represents loans made with the intention to sell.

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.

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.

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

The proposed accounting changes will exacerbate cyclicity in financial results due to the greater reliance on fair value measurements, valuations that will be less accurate than current accounting requirements.

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

Sincerely,

Joan M. Heffelbower
Sr. Vice-President & CFO
Hastings City Bank
Hastings, Michigan

Sincerely,

Joan Heffelbower
269-945-2401