

**From:** [tobrien@fnbminersville.com](mailto:tobrien@fnbminersville.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:** Wednesday, September 22, 2010 2:55:25 AM

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Thomas M O'Brien  
260 Sunbury Street  
Minersville, PA 17954-1346

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 name is Thomas M. O'Brien, I am the President of a small community bank of about 92 million located in Minersville, Schuylkill County, PA. Our primary marketing area is Schuylkill County, population under 150,000. Our bank employees 23 individuals and is extremely limited in our ability to implement this proposal.

In order to implement such a proposal I can see us hiring at least three more employees at an annual cost of \$65,000. This additional expense will impact our ROA negatively. It will also curtail our ability to lend by putting the bank's capital structure on a roll-a-coaster.

I am writing to urge FASB to not go forward with the proposal.

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.

Community banks such as this bank 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.

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.

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 absorb losses and raise capital during times of economic

difficulties, such as the current environment.

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 you for the opportunity to comment on this proposal.

Sincerely,

Thomas M O'Brien  
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