

From: bruce.boland@brainerdsavings.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: Thursday, September 23, 2010 10:28:06 AM

Bruce Boland
524 South Sixth Street
Brainerd, MN 56401-3542

September 23, 2010

Russell Golden
Technical Director, Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Golden:

My name is Bruce Boland, I am the Vice President CFO of a small midwest Mutual held Financial Institution. I am writing to urge FASB to not go forward with the proposal.

The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks.

The primary business of community banks like mine 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 do not readily marketable values. Valuations would require us to make estimates which would only make our numbers less not more accurate.

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. The value of these deposits are reflected by the Net interest Margin variations over time and can readily be seen by any investor through the income statements.

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.

If you believe that investors really need this additional information, then exempt all Mutual Financial institutions, as well as closely held Financial institutions whose stockholders generally serve as their board of directors.

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

Sincerely,

Bruce Boland
218-829-5183