From: gwalter@thebankks.com

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: Thursday, September 23, 2010 10:43:06 AM

Gary J. Walter President 205 S. Penn, PO Box 148 Oberlin, KS 67749-0148

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:

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 as it serves no useful purpose for community banks that are not publicly traded.

The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. The Bank makes loans and holds them. Nothing is sold unless it is the guaranteed portion of FSA or SBA loans.

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. Again, my question is why this would be needed on a nonpublicly traded bank? Consumers can look at earnings, capital, various ratios, etc. to access the financial strength of banks or they can refer to third parties that do that.

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.

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 you for the opportunity to comment. Please, use common sense in writing these regulations. Set a precedence for other agencies that are writing regulations for community banks that did not cause the crisis we are currently having.

Sincerely,

Gary J. Walter President 785-475-3817