

**From:** [bankhart55@hartel.net](mailto:bankhart55@hartel.net)  
**To:** [Director - FASB](#)  
**Subject:** File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"  
**Date:** Friday, September 24, 2010 8:47:32 AM

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J. Scott Schrempf  
P.O. Box 77  
Hartington, NE 68739-0077

September 23, 2010

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

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As President of the Bank of Hartington, a banking institution in Hartington, NE with \$50,000,000 in total assets, I am writing to express my opinion on mark to market accounting.

I am strongly opposed to the portion of the proposal that requires all financial instruments - including loans - to be reported at fair value (market value) on the balance sheet.

These accounting rules force banks to write off losses before they even happen, which forces banks to take artificial hits to capital without reference to the actual performance of loans.

By wiping out capital, so-called "fair value" accounting rules undermine the banking system, increase the odds of asset fire sales, and make markets even less liquid.

To estimate the fair market value of our loans is unrealistic because there is no readily available / active market. This leads to a quite subjective pricing mechanism or one that is too broad based. Either of which would not be desirable to banks or their customers.

In addition, if there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower rather than sell the loan. It is impossible to measure all circumstance between bank and customer.

For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

Thank you for considering my comments.

Sincerely,

Bank of Hartington