

From: karenj@statebankofwaterloo.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: Tuesday, September 28, 2010 9:38:22 AM

Karen Jacobus
P O Box 148
Waterloo, IL 62298-0148

September 28, 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. I work for State Bank of Waterloo in Waterloo, Illinois. We are a \$127 million community bank in a bedroom community about 30 minutes from St. Louis.

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

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.

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 Bank has limited resources available to undertake such time consuming and complicated calculations.

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.

In the end what's to be gained? Aren't we opening up a can of worms? How accurate and reliable will the end results be? Just another costly regulation that gains what and for who?

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

Sincerely,

Karen Jacobus
618-939-7195