

From: barbs@security-banks.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 29, 2010 5:33:17 PM

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September 29, 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'm a banker from a surban community just outside of Minneapolis, Minnesota. My bank size is 172M. When bankers are doing their business, we are expected to do a risk analysis. I would urge you to consider the risk posed by community banks and their current valuation of assets. How much risk is created by community banks and what midigates these risks.

- 1) We oppose the proposed valuation of balance sheet items such as deposits and loans. The primary business of my bank operations as well as other community banks, is to take deposits and hold loans for the long term.
- 2) HOW IS THE CURRENT SYSTEM FAILING? By putting this proposed account standard in place, is it really going to impact FASB positively or create additional valuation inconsistancies for regulators and bank staff? How will the valuation methods be standardized so that each bank will evaluate balance sheets items the same when so many of their items are unique to their lending area and vary from region to region.
- 3) Bank staff at our institution is limited. Do you realize the additional burden you put on community banks to implement this new proposed accounting standard. At my institution, I estimate an additional \$30,000 to \$45,000 a year to implement. This creates additional work and expense to the bank. There is no benefit and it seems as if the community banks are being penalized for this big bank issue.
- 4) This proposed standard would also increase volatility of bank balance sheets. First consider the recent market conditions, the cyclical nature of mark-to-market accounting makes bankers subject to these volitalities even more. Which means the banks capital can be affected as well as the lending ability of the bank.

NOW IS THE TIME TO FOCUS ON FOR BANKERS, AS WELL AS FOR CONSUMERS,
RESTORING CONFIDENCE IN BANKS AND SAFEGUARDING THEIR ASSETS.

Bank resources are stretched not only in the staffing but also the financial area. When you look at the value of the proposed accounting standard and the additional burdens it places on community banks which were not the reason for the current accounting issues, why are the conservative community bankers being penalized. This will decrease credit availability even more for our institutions.

Sincerely,

Barbara J Swanson
952-466-2014