May 28, 2013

Leslie Seidman  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
Po Box 5116  
Norwalk, CT 06856-5116


Dear Chairman Seidman,

The Valley State Bank appreciates the opportunity to comment on the Exposure Draft: Financial Instruments – Credit Losses (ED).

The Valley State Bank is a 120 million dollar bank with two branches located near Wichita, KS.

We support the points in the American Bankers Association comment letter and believe the Banking Industry Model (BIM) will satisfy FASB’s objective to recognize credit losses earlier than the current incurred loss model. However, instead of the huge costs that will be incurred to implement a “life of loan” analysis, the BIM requires much less time and cost to implement while maintaining the integrity of the provisioning process.

The changes you propose in provisioning for credit losses are extremely burdensome, unmeasurable, costly, counterproductive, nebulous, and somewhat incomprehensible.

I encourage you to at least consider a safe “harbor” from these regulations for small community banks with assets less than one billion. We are overwhelmed with thousands of pages of new regulations currently being implemented. To pile this on certainly does not pass the cost/benefit test for small banks.
Again, we agree with the comment letter written by the American bankers Association dated May 14, 2013, and we believe the ED needs to be significantly amended for the reasons noted above as well as in their letter.

Thank you for your attention to these matters. Please feel free to contact me if you would like to discuss our views.

Sincerely,

THE VALLEY STATE BANK

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