

## FIRST NATIONAL

1810-100 Comment Letter No. 838 BANK

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RE: Accounting for Financial Instruments and Revisions to Accounting for Derivative Instruments and Hedging Activities (NO. 1810-100)

To Whom It May Concern:

First National Bank located in Hawley, MN with a branch office in Dilworth, MN is a bank of \$85,000,000. We have had consistent growth over the years generally in the 5% to 8% range. This growth has enabled us to service our market area which consists of rural (Hawley) and Metropolitan (Dilworth for the Fargo-Moorhead Area).

Due to the changing nature of our business and the economy we have had to provide more services with the bank's limited staff. In order to accommodate the proposal, we feel that the cost to implement the proposal would be considerable and unnecessary. The additional staff time definitely could curtail our lending activity. We have been an independent community bank for 105 years and have gone through the up and down cycles and remained a "safe and sound" bank. We feel that the additional burden would make it much more difficult for us in an obvious down period. Therefore, we are writing to urge FASB to not go forward with the proposal.

We feel that current guidelines accurately represent the financial condition of our bank and other community banks. We feel that the proposed accounting would actually misrepresent the financial condition of our bank.

Historically, community banks hold financial instruments to collect payments on the contractual cash flow. Trading or selling assets and liabilities has been almost nonexistent in our bank.

The proposed accounting treatment for core deposits and loans would make it very difficult to measure the market value on a basis with accurate reliability.

We thank you for the opportunity to comment on FASB's exposure draft.

Sincerely,

Curt Neumann Vice President



