From: tomh@cfbanker.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: Thursday, September 16, 2010 2:23:05 PM

Thomas Hegeholz P.O. Box 115 Prentice, WI 54556-0115

September 16, 2010

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

## Dear Mr. Golden:

Let me first start this email by letting you know I understand there are reasons by which some of these new regulations and proposed regulations need to come about to protect the depositors and general public from the preditors and some banks that no regard for right and wrong. So let me thank you for the opportunity to comment on the "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

I am a CEO/President of a little community bank in northern Wisconsi. Community Financial Bank is a 30 million dollar institution in Prentice, Wisconsin. I am writing to express my opinions on the formentioned revisions.

## MY COMMENTS ON FAIR VALUE

Our bank does not sell our commercial loans. 90% of our customers are mom & pop family operated businesses. I am strongly opposed to the part of the proposal that requires all financial instruments - including loans - to be reported at fair value (market value) on the balance sheet. Even if we could easily obtain a market price, in our area you would not be comparing apples to apples. And since the loan is just one part of the financial relationship that we have with the customer, we need all the loans we can get. The cost of this additional work on small community banks will still have to be passed on to the customer thereby hurting them in the long run. If we have an issue with a borrower's ability to repay a loan, we work through the collection process with the borrower.

The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and auditors to estimate market value. I believe our stockholders would not view these costs, which must come out of bank earnings, as being either reasonable or worthwhile.

For the reasons stated above, our bank respectfully requests that the fair

value section of the exposure draft be dropped.

## MY COMMENTS ON LOAN IMPAIRMENT

I respectfully request that any final model be tested by banks my size in order to ensure that the model is solid and workable prior to actually finalizing any rules. I also feel that It is very important that any new processes are agreed upon and well understood by regulators, auditors, and bankers prior to implementing a one size fits all model.

I do not support the proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis. Changing the way interest income is recorded to the proposed method makes the accounting more confusing and subjects otherwise firm data to the volatility that comes naturally from the provisioning process. I recommend maintaining the current method.

Thank you for considering my comments. Small Community Banks such as mine and many others are already overburdened with the high cost of compliance and accounting regulations that are requiring us to spend so much time on those processes that we are not able to apply what we started this business for in the first place and that is customer service to our accountholders.

Sincerely,

715-428-2801 CEO/President Community Financial Bank

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