Les Kotera 147 Center Ave Malmo, NE 68040-9700

September 20, 2010

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

Re: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft

Dear Mr. Golden:

My name is Les Kotera. I am President of Security Home Bank, a 28 million dollar Bank in Malmo, Nebraska. I would like to 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 this proposal. My community Bank is located in a small rural village in Malmo, NE. Proposals of this kind can be very detrimental to the viability of my Bank.

Accounting of this sort does not truly represent the financial condition of my Bank. We do not trade our stock on the stock exchange. Setting are financial statement to mark to market has no value what so ever to our share holders.

The primary business of my Bank, Security Home Bank, is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. We collect deposits to fund our lending activity. These loans are held in our portfolio until the loan is paid in full. These loans are not readily marketable.

As a small Community Bank President, I oppose the accounting treatment for core deposits to be marked using a present value calculation. Deposits are held at our Bank in conventional deposit instruments and marking them to market would not provide accurate financial information and would be quite expensive and time consuming for a small Bank like ours that has limited staff resources to conduct these calculations.

Fair value measurements will not provide a better understanding of the values of illiquid agricultural loans held by Security Home Bank in a rural area such as ours.

Security Home Bank creates and holds small business loans for which there is no active market; it would be very difficult and costly to mark them to market. Marking these loans to market would be very costly and result in financial information on our balance sheet of questionable reliability.

The expanded reporting of comprehensive income is unnecessary, confusing and of little use to our stockholders.

Community bankers like me, see the need for more flexibility in setting the allowance for loan & lease losses. In times of economic downturns it is very difficult to absorb losses and to raise capital during these times of economic difficulties, such as the economy we are now in. Accounting standards should not be pro-cyclical. As recent market

conditions have demonstrated, mark to market accounting does not work in a declining market, causing necessitated write downs and sales, which cause further write downs and sales.

The proposed accounting changes will truly not reflect the true fair value measurement of our financial statement, valuations that will be less accurate than our current accounting requirements. These accounting changes will increase the volatility of our Bank balance sheet, forcing us to face higher capital requirements and decrease our Banks lending ability at a time when regulators are calling for more capital and our local economy needs more credit availability.

I would once again like to thank you for the opportunity to comment on this proposal. I hope my comments will help the FASB Board to understand how detrimental this proposal will be to Community Banks located in rural or small town Nebraska.

Sincerely,

Les Kotera, President Security Home Bank (402) 642-5246