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September 24, 2010

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

File Reference: No. 1810-100 – Accounting for Financial Instruments and Revisions to the Account for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft "Accounting for Financial Instruments and Revisions to the Account for Derivative Instruments and Hedging Activities" (proposal). The Iowa Bankers Association ("IBA"), is an Iowa trade association with members that comprise approximately 94% of the state and national banks and federal savings banks located in Iowa. Representing Iowa banks as a not-for-profit trade association, the IBA has heard several serious concerns regarding this proposal from our members across the state, in addition to many accounting firms serving Iowa banks.

The overwhelming response from IBA member banks and the accounting firms representing them is the central provisions of this proposal could make investor analysis much more difficult for community banks as the accounting would be much less reflective of the underlying business. This is primarily due to the fact the focus on mark to market accounting has little if any relevance for loans that are not being sold. Basing values assuming such loans will be sold when they are held to maturity will seriously hamper community banks ability to make these loans, as banks will have to take market objectives into account instead of risk management and customer service. This could have serious negative impacts on IBA member banks profitability, which is based in large part by their commercial and agricultural loan portfolios. Because there is no active market for these types of loans, estimating a market value would not make sense, and would lead investors of Iowa banks to assume such loans are sold – when that is not the case. Compounding the concerns in this area is the fact IBA members have stated their investors and shareholders have expressed no interest in receiving this information.

FASB Mark to Market Accounting P.2

Moreover, a requirement to mark all loans to market would cause capital at many IBA member banks to fluctuate with changes in the markets – even if the entire loan portfolio is performing. These market swings could likely mask a bank's ability to provide more detailed information regarding its financial condition or its ability to pay dividends. Although the IBA understands the rationale from an accounting standpoint to give banks the ability to provide more robust loan loss reserves – this is simply not relevant for loans that are not going to be sold. Even in times of rapidly changing interest rates or individual loan performance issues, the bank's typical response is to work out the problem with the borrower rather than sell the loan. We are seeing this play out currently in Iowa with the workout and restructuring arrangements occurring primarily in the commercial real estate markets across the state. In addition, all IBA member banks are subject to bank examinations where loan write down and classification requirements lessen the need for this initiative while at the same time corroborating the policy objective of safety and soundness of the bank.

Finally, IBA members have expressed serious concern about the costs and resources needed to produce and audit such data, as it would likely require banks to pay auditors and consultants to estimate market value – which in many cases are for loan portfolios where no active market exists.

The IBA therefore respectfully requests FASB drop this proposal to mark loans to market, as it will do little to improve accurate financial reporting. Thank you for considering our views. Please feel free to contact me at 800-532-1423 or at rhartwig@iowabankers.com if you would like to discuss these concerns.

Sincerely yours,

Robert L. Hartwig Legal Counsel