1810-100 Comment Letter No. 1711

From: mgargaro@couleebank.net

To: <u>Director - FASB</u>

Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for

Derivative Instruments and Hedging Activities" Exposure Draft

**Date:** Monday, September 20, 2010 9:07:53 AM

Michael J. Gargaro CFO po box 845 la crosse, WI 54602-0845

September 20, 2010

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

Dear Mr. Golden:

I am writing today from a small community bank, Coulee Bank in La Crosse, Wisconsin. We are located an urban market with a single family owner.

I am writing to urge FASB to not go forward with the proposal. The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks. The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. In the 50 years we have been in business we have never sold a loan on the open market.

We vehemently oppose the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation. This would not provide accurate information and the calculations would be expensive and time consuming, particularly for smaller banks like ours that have limited staff resources to conduct the analysis.

These accounting changes will increase the volatility of bank balance sheets, forcing them to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability. The proposed accounting changes will exacerbate cyclicality in financial results due to the greater reliance on fair value measurements, valuations that will be less accurate than current accounting requirements.

Establishing fair values for the types of loans held by many community banks like our bank would be costly and result in data of questionable reliability. The expanded reporting of comprehensive income is unnecessary, confusing and of little use to most financial statement users.

Again, we thank your for the opportunity to comment on this proposal.

Sincerely,

Michael J. Gargaro, CFO 6087849550