

September 22, 2010

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

Re: No. 1810-100, Accounting for Financial Instruments and Revisions to the Accounting for Derivative and Hedging Activities

Dear Mr. Golden:

I appreciate the opportunity to comment on the above referenced exposure draft. I work for BankWest, Inc. which is a family owned and operated community bank in central South Dakota. We have assets just over \$740 million and have served South Dakota for over 120 years.

I strongly oppose the section of the proposal that requires all financial instruments, including loans, to be reported at market value on the Balance Sheet. As a community bank we are in business to serve the needs of our customers, community and finally shareholders/investors. I can see nothing in this proposal that will help any of these constituencies. With the exception of mortgage loans we hold our loans for the long term. Most of our loans are not readily marketable and will be extremely difficult to value. In the current banking environment we made the decision to try to shrink the Bank a little bit and we could find no market for selling loans. What is the market value of a non-marketable loan? I believe there will be many answers to that question and a lot of subjectivity will be introduced to our balance sheets which will totally destroy the ability of investors to compare Banks to each other and evaluate performance, so our shareholder/investors will not be helped. In order to decrease the potential volatility of our loan values it is entirely possible that we will reduce our lending activities or that we will stop making long term fixed rate loans and it is possible that we will do both. I cannot see that this will benefit either our borrowers or our communities.

In recent weeks and months our industry has been urged by the President of the United States and by the heads of the FDIC, OCC and Federal Reserve Bank to start to lend again in order to stimulate the economy. If this proposal is approved with a requirement to mark loans to market I not only do not see community banks actively lending, I actually see the opposite where we will be forced to reduce our lending activities.

I have heard that the main catalyst for this proposal is the desire of investors to have this kind of information at their finger tips. As stated above, I do not believe that investors want to have the financial statements of Banks put under this type of subjective volatility. We recently added some investors to our Bank and in talking with them they were not in favor of this proposal, in fact they were of the belief that this proposal would result in statements that were deceptive to the investors.

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One of the strengths of the economic engine in the United States has been the ability of local community banks to meet the credit needs of their communities, to fund local manufacturing businesses and local entrepreneurial ideas. If this proposal is adopted as is, I believe we will be greatly curtailing if not killing this strength. I urge you to reconsider the proposal to mark loans to market on the balance sheet. It is simply not good for our nation, our communities, our banks or our investors!

Steve Bumann

**CFO** 

BankWest, Inc

Inactive (CPA)