1810-100 Comment Letter No. 2403

From: jhartings@pbcbank.com
To: Director - FASB

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

Derivative Instruments and Hedging Activities" Exposure Draft

Date: Wednesday, September 22, 2010 2:55:24 AM

Jack Hartings 112-114 W Main St Coldwater, OH 45828-1701

September 21, 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 to urge FASB to not go forward with the proposal.

We are a \$350 million dollar community bank in rural Ohio, with an accounting staff of two.

The primary business of our bank is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis.

Community banks fund their operations by taking deposits and holding loans for the long term. Most financial instruments this bank holds are not readily marketable.

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.

We also oppose requiring fair value calculations for loans that are held for the long-term to collect cash flows.

Community banks such as this bank create and hold small business loans for which there is no active market; it would be very difficult and costly to mark them to market.

Conservative community bankers (and bank regulators) see the need for more flexibility in setting the allowance for loan and lease losses. We are all well aware that economic cycles occur and it is very difficult to absorbing losses and raising capital during times of economic difficulties, such as the current environment.

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.

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

Sincerely,

Jack Hartings 419-678-2385