

From: jim.eckert@anchorstatebank.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 2:55:26 AM

James Eckert
P. O. Box 8 246 2nd St.
Anchor, IL 61720-0008

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:

Dear Sirs:

As president of Anchor State Bank, a \$13 million asset bank in a central Illinois town of 175 residents.

Our staff consists of three full time employees (including me) and two part time employees.

Our client base is active and retired farmers, a few small businesses, and folks who work in office positions in nearby larger towns.

We respectfully request that FASB not adopt this proposal or at least limit it to banks much larger than ours.

This type of accounting might work with larger banks with many similar loans, but it would be difficult and very expensive to accomplish in a bank of our size. How does one place a value on an individual loan to a farmer, secured by farm machinery, and payable over several years? Nearly all our assets and liabilities are illiquid and are held to maturity. Issued at par - maturing at par!

Our bank does not engage in wholesale deposit gathering or wholesale lending. Instead we accumulate deposits from local customers, loan as much as we can prudently loan, given credit quality and local loan demand, and then invest the balance in whatever securities will provide some yield and be liquid enough to sell to meet loan demand or unforeseen deposit withdrawals.

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

We oppose the proposed accounting treatment for core deposits which calls for them to be regularly re-measured 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.

To hire an outside consultant or purchase software sufficiently sophisticated to calculate asset and liability values would be very expensive to us.

If FASB adopts these accounting changes the volatility of our balance sheet will increase. We will be forced to hold higher capital at a time when our economy needs more credit, not less credit.

In the current interest rate market structure we are already struggling to maintain profitability so as to stay in our community and continue to service our customer base.

I don't claim to be a succinct writer, so please feel free to contact me if you have any questions.

Sincerely,

James R. Eckert
309-723-2461