

From: doug@yalebankiowa.com
To: [Director - FASB](#)
Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date: Monday, September 20, 2010 4:07:59 PM

Douglas J Hemphill
PO Box 110
Yale,, IA 50277-0110

September 20, 2010

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

Dear Mr. Golden:

As President and CEO of Farmers State Bank, a banking institution in Yale, Iowa with \$42,000,000 in total assets, I am writing to express my opinions on specific provisions of the exposure draft.

I. COMMENTS ON FAIR VALUE

I am strongly opposed to the portion of the proposal that requires all financial instruments - including loans - to be reported at fair value (market value) on the balance sheet.

Our bank does not sell our commercial loans, we hold all of our loans in house, even if we chose to sell those loans there is no active market in our area. This makes it virtually impossible to estimate a fair market value.

The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and auditors to estimate market value. We have 7 full time employees. We would be forced to hire an additional employee who would do nothing but make these calculations.

For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

II. COMMENTS ON LOAN IMPAIRMENT

I support the Board's efforts to revise the methodology to estimate loan loss provisions. However, I have serious concerns about how such changes can be implemented by banks like mine.

I recommend that any final model be tested by banks that are as small as mine to ensure that there is no undue hardship created for us to comply with this regulation.

Thank you for considering my comments.

Sincerely,

President and CEO
Farmers State Bank