

From: bsmith@ptsbank.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: Monday, September 20, 2010 5:52:53 PM

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

Dear Mr. Golden:

Thank you for the opportunity to comment on FASB's Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.

I am writing to urge FASB to not go forward with the proposal.

I could say: "The accounting that would result from this proposal would greatly misrepresent the financial condition of this bank and other community banks".

or: "The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis".

or: "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".

However, all I would really like to say is: These new rules make absolutely no sense. How do you ever establish fair market value for a deposit account? How do you establish fair market value on a loan you plan to hold to maturity? Most of the agriculture and small business loans that we make and hold would have no active market and would be very costly to mark them to market and these values would be of questionable reliability. .

The proposed accounting changes will exacerbate cyclicalities in financial results due to the greater reliance on fair value measurements, valuations that will be less accurate than current accounting requirements.

I appreciate the opportunity to comment on this proposal.

Sincerely,

Barry L. Smith

