

From: fsbdarwin.josh@mchsi.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 2:55:18 AM

Josh Johnson
PO Box 103
Darwin, MN 55324-0103

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.

The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks.

The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. In fact, we have never sold or traded a loan or deposit.

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

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 and ag loans for which there is no active market; it would be very difficult and costly to mark them to market.

The expanded reporting of comprehensive income is unnecessary, confusing and of little use to most financial statement users, of which I am one, as I own stock in the holding company. If I were to purchase additional bank stock, as I may in the future, I would never depend on the fair market value of these instruments to accurately reflect the value to the bank.

Also, accounting standards and guidance should not be pro-cyclical. Recent market conditions have demonstrated the pro-cyclical nature of mark-to-market accounting as declining values of financial instruments necessitated write-downs and sales, causing further write-downs and sales.

I work in rural Minnesota community bank, we are here to serve our area. We hold loans and deposits because those are our ties to our customers. Our bond, our communication, our relationship. Community banks are not

thinking about the market value of a loan or deposit, we are thinking of the value to the bank and the customer, the human value, its relationship value. Applying mark-to-market would not only burden our staff, but also our customers. We should be thinking about how we can be the best bankers we can be, making good business decisions for our bank and our customers. Instead we spend most of our time with our lawyer and accountant hats on, complying with a deluge of regulations and accounting changes. Let us be bankers.

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

Josh R. Johnson
VP
Farmers State Bank of Darwin (\$30 MM)
Darwin, MN 55324

Sincerely,

Josh R. Johnson
320-693-2837