

Mary Sulser  
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September 23, 2010

Russell Golden  
Financial Accounting Standards Board

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.

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

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.

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

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.

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.

Establishing fair values for the types of loans held by many community banks like  
our bank would be costly and result in data of questionable reliability.

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.

These accounting changes will increase the volatility of bank balance sheets, forcing them to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability.

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

Sincerely,

Mary Sulser

Community Bankers Association of Illinois