

**From:** [jwschnaidt@goldenwest.net](mailto:jwschnaidt@goldenwest.net)  
**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:** Tuesday, September 28, 2010 2:43:20 PM

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J W Schnaidt, President  
c/o Menno State Bank, PO Box 345  
Menno, SD 57045-0345

September 28, 2010

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 operate a very small bank in rural South Dakota in the community of Menno. Our primary market is rural ag lending. We have assets of about \$30MM .

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. Most of our deposits are core deposits and many of our loans are long term also. We hold everything here and don't sell any loans whatsoever. Our securities are marked to market every quarter for the FDIC Call Report. Other than that, there is no reason at all to price any of our assets or liabilities since they're held to maturity and never sold on the market.

Also, my family of 4 is the sole shareholder in this family institution and it's not a publicly traded company.

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 have a staff of seven operating this institution and adding another onerous, useless regulation will not benefit anyone except some accountant I'll have to hire to comply with it.

Fair value measurements will not provide a better understanding of the values of illiquid agricultural loans held by small banks in rural areas such as this bank.

We oppose requiring institutions to record demand deposits at fair value.

We also oppose requiring fair value calculations for loans that are held for the long-term to collect cash flows.

When will everyone stop dumping useless regulations on small banks like mine? When we're all out of business? I'm the 4th generation of my family at this small business in a small town and fear that I'll be the last. I haven't the time, staff or money to implement a regulation like this that has absolutely no value in my institution whatsoever.

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

Sincerely,

J W Schnaidt, President, Menno State Bank  
605 387-5111