From: Jim Kraft

To: Director - FASB

Subject: Mark to Market File Reference No. 1810-100

Date: Wednesday, September 15, 2010 10:51:24 AM

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

File Reference: No. 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

Thank you for the opportunity to comment on the draft Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities ("proposal"). I have been in community banking for over 30 years. The ultimate results of the proposal will negatively influence community banking as we know it today. Rather than clarity the result will be confusion. Economic impact will be negative from the costs of imposition to the changes in lending due to reporting bias instead of loan qualification and appropriate structure.

Over my many years in banking timely and accurate reporting has been imperative. Any method imposed to attempt to mark individual loans to a market value cannot take into consideration the variables impacting them and inadequate comparisons. Loans are provided for particular situations in analysis of a borrower's request. It is not intended to create a trading asset on the books of the bank through lending. To change the book accounting will make the reflection subjective and inaccurate. Furthering the inappropriateness of the proposal is the lack of a financial market to establish a market on community loans. Present accounting provides understandable elements and consistency for evaluation as investment is considered.

The proposal additionally has impacts on banking as a driver of economics which will compound the problems faced in recovery from the present recession. Costs and swings in capital due to the proposal will result in a diversion of resources from lending and scrutiny on loans for other than merits of the individual loan. The proposal could very well have an impact that would entirely change the functionality of lending as we know it today.

To change reporting to a less accurate subjective format of reporting would appear to be inappropriate as proposed. I recommend you to drop your proposal to mark loans to market due to the lack of merit for investors, banks or the public.

Thank you for your consideration. Please feel free to contact me if you would like to discuss my concerns.

Sincerely,

James L. Kraft, President

Frandsen Bank & Trust PO Box 2690 7429 Excelsior Road Baxter, MN 56425 Direct: 218-822-3351 Fax: 218-822-3374 "Our Mission is to Determine Needs, Develop Relationships, and Deliver Solutions"

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