1810-100 Comment Letter No. 1087

From: hsbank@verizon.net
To: birector-FASB

Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for

Derivative Instruments and Hedging Activities"

Date: Friday, September 17, 2010 10:27:40 AM

Gregory Walker 423 Penn Street Huntingdon, PA 16652-1601

September 17, 2010

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

Dear Mr. Golden:

Thank you for your time and consideration on my comments about the "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As the President/CEO of Huntingdon Savings Bank, Huntingdon, PA with total assests of 17 million, I am writing to express my opinions on specific provisions of the draft.

1. FAIR VALUE.

The proposal requiring loans - to be reported at fair value (market value) on the balance sheet - I am strongly opposed too.

Our bank is a mutual savings bank in PA, we have no stock nor share holders. We do not sell our loans, we service our loans until paid off, currently 98% of our loans are residential mortgage loans. Having our balance sheet on fair values will mislead the readers of our financial statements.

I have worked at Huntingdon Savings Bank for over 30 years and we have never sold a loan. If there are issues with the borrower's ability to repay the loan we through our collection process.

Estimating a market value for our loans makes no sense. Once customers choose us over another bank for other than service, they want to know two major things, are you FDIC insured and what are your rates (Savings or Loans).

Marking all loans to market would first be an major increase in costs and resoures for our small bank in order to comply with this proposed new requirement. Significant expenses to pay consultants and auditors to try and estimate a fair market value for the bank's loans. How do you give a Fair market value for a loan that is collateralized with a Certificate of Deposit? Does it make sense to do that?

Being regulated by FDIC and State regulators for Tier 1 capital excludes

fair value. Our investors have expressed no interest in receiving information on our loans being marked to Fair Market Value.

Our bank respectfully requests that the fair value section of the draft be taken out.

2. LOAN IMPAIRMENT.

The banking regulators are currently stressing an improve methodology for loan loss provisions. A final working model needs to be tested by banks my size in order to ensure the model is workable and solid.

It is very important that everyone is on the same page of understanding, regulators, auditors, and bankers with any new processes that are agreed upon.

It only makes sense to record interest income calculated on contractual terms. Changing the method only causes volatility to otherwise firm data. I do not support the proposed change in recording interest income.

Thank you for your time and consideration of my requests.

Sincerely,

814-643-0544 President/CEO/Chairman Huntingdon Savings Bank