1810-100
Comment Letter No. 1244

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September 20, 2010

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

RE: File Reference #1810-100

Thank you for providing us the opportunity to comment on the exposure draft, "*Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.*"

As President of BTC Financial Corporation, the parent of two commercial banks - Bankers Trust Company in Des Moines, Iowa, and Bankers Trust Company in Cedar Rapids, Iowa - with $3 billion in consolidated assets, I am writing to express my concerns on specific provisions of the exposure draft.

I am strongly opposed to the portion of the proposal that requires all financial instruments including loans to be reported at fair value on the balance sheet.

Our banks do not sell our commercial loans. Basing our balance sheet on fair values leads users of our financial statements to assume that we will sell the loans, which is not the case. If there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower rather than sell the loan. There is no active market for most of our loans and estimating a market value makes no real sense.

Marking all loans to market would cause our banks' capital to sway with fluctuations in the markets – even if the entire loan portfolio is performing. Instead of providing better information about our banks' health or their ability to pay dividends, the proposal would mask such valuable information.

The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and other professionals to estimate and audit market values.

For the reasons stated above, we respectfully request that the fair value section of the exposure draft be eliminated. To threaten the existence of community banks by layering on more regulation is a very poor approach – it adds no value.

Sincerely,

SR/mjh

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