From: lneal@securitystbk.com
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: Wednesday, September 22, 2010 2:55:25 AM

Larry Neal
1000 N. Oak
Pearsall`, TX 78061-3409

September 21, 2010

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

Dear Mr. Golden:

Dear Mr. Golden: I am writing to you concerning accounting for financial instruments and revisions to the accounting for derivatives.

It has been relayed to me that part of this new provision is the possibility of incorporating a mark to market on the entire balance sheet. I am very concerned that this provision will only add expenses to the bank's bottom line and accomplish very little.

Recently we purchased a smaller institution and as you are aware, part of the purchasing accounting is to mark the entire balance sheet to market as of the date of the transaction. We hired an outside firm to do a market approach based on this requirement. We were surprised that the cost of the analysis was $2,800.00 on a 70MM dollar acquisition. If we are required to do this on a frequent basis and on our entire balance sheet we could be looking at some significant cost to our bottom line.

As required under FDICIA 305, we are continuing to shock our balance sheets 200 basis points to get an accurate position of the effect of our ecomonic risk to capital and reporting that to our board. We feel some parts of this accounting rule have been addressed in this regulatory requirement.

We possibly see the need to accomplish this for publicly traded institutions, however, on privately held community banks I would appreciate an explanation on how this will benefit our shareholders. Only feeling is that it will only diminish their value.

Sincerely, Larry Neal

Senior Vice President and Cashier
830-334-3606