From:	mwilliams@gothenburgstatebank.com
To:	Director - FASB
Subject:	File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date:	Monday, September 27, 2010 8:58:13 AM

Matt Williams
PO Box 81
Gothenburg, NE 69138-0081

September 27, 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 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 Gothenburg State Bank, a banking institution in Gothenburg, Nebraska with $100 million in total assets, I am writing to express my opinions on specific provisions of the exposure draft.

I. COMMENTS ON FAIR VALUE

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

We are an ag bank in the middle of Nebraska and we do not sell our loans. Changing our balance sheet in a way to assume we might sell loan does not fit our current or future business model. If a loan experiences some form of trouble we devise a work out plan with the borrower.

It would also be nearly impossible to arrive at a market price. There is no active market for the type of loans that make up a large portion of our portfolio.

Marking all loans to market would cause our bank's capital to sway with fluctuations in the markets - even if the entire loan portfolio is performing. Instead of providing better information about our bank's health or its ability to pay dividends, the proposal would mask it.

Even if the banking regulators' Tier 1 capital excludes fair value fluctuations, we still will have to explain it to our investors, customers and depositors.

For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

II. COMMENTS ON LOAN IMPAIRMENT

I support the Board's efforts to revise the methodology to estimate loan loss provisions. However, I have serious concerns about how such changes can be implemented by banks like mine.

I recommend that any final model be tested by banks my size in order to ensure that the model is solid and workable.

Sincerely,

308-537-7181
Chairman and President
gothenburg State Bank