From: dgrogan@fsbforsyth.com

To: <u>Director - FASB</u>

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 2:03:26 PM

Darrell Grogan P.O. Box 379 Forsyth, MT 59327-0379

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 considering the following comments on the draft of the "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As President of First State Bank of Forsyth, Montana, with \$100 million in total assets, I am sending this correspondence for you consideration.

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.

Our bank does not sell our commercial loans. 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.

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.

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

The new potential guidelines for impairment are also a concern.

It is very important that any new processes are agreed upon and well understood by regulators, auditors, and bankers prior to finalizing the rules.

Also, I do not support the proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis.

Thank you for considering my comments.

Sincerely,

406-346-2111 President First State Bank of Forsyth