From: rick.schreier@randall-story.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: Tuesday, September 28, 2010 11:13:27 AM

RIchard Schreier
606 Broad St. PO Box 278
Story City, IA 50248-0278

September 28, 2010

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

Dear Mr. Golden:

As President of Randall-Story State Bank, a banking institution in Story City Iowa with approximately $75,000,000 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.

Our bank does not sell loans other than immediately selling residnetial RE loans through the secondary market. Regularly adjusting our loan portfolio to "market" rather than "book" will only add cost, but will add no benefit to shareholders or management. Due to the types of loans we originate, there is no true market for our loans. With this being the case, estimating a market value would be far from accurate, unlike our securities portfolio. This proposal does not make economic sense.

Our bank does make adjustments to our balance sheet for loan quality through the loan loss reserve and loan impairment process. This is a better format to accurately reflect the value of the loan portfolio on our balance sheet and income statement.

Requiring banks to adjust their balance sheets and income statements to mark loans to market could have an adverse effect on capital accoutns at a time when the banking industry is trying to rebuild the trust of customers.

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. We would be relying on people with minimal knowledge of accounting prctices to interpret footnote type entries. This has the potential to provoke unneccessary fear throught the banking industry.

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.

It is very important that any new processes are agreed upon and well understood by regulators, auditors, and bankers prior to finalizing the rules. We already have conflicts among regulators and auditors. This has been proven ove rthe past several years where banks wished to improve reserves during profitable times, yet were restricted by the audit community. We now see struggles from many banks as they have loan losses, inpairmetn losses, and reduced earning all at the same time. Even today, as banks and examiners feel the need to strengthen loan loss reserves, they are restricted by auditors, or at a minimum forced to strictly justify any loan provisions.

Thank you for considering my comments.

Sincerely,

515-733-4396
President
Randall-Story State Bank