AUBURN NATIONAL
BANCORPORATION, INC.

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Telephone: (334) 821-9200

August 24, 2009

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

Via email: director@fasb.org

Re: File Reference: No. 1700-100 *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*

Dear Mr. Golden:

Auburn National Bancorporation, Inc. (the "Company") is a publicly traded community bank (non-accelerated filer) with total assets of approximately $800 million, including approximately $370 million of loans. The Company appreciates the opportunity to comment on the Financial Accounting Standards Board's ("FASB") June 24, 2009 Exposure Draft of the Proposed Statement of Financial Accounting Standards, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (the "ED").

The Company supports the objectives of clarity and transparency in financial reporting. However, the Company does not currently support the proposed accounting standard for three reasons. First, the Company believes that the level of disclosure related to the allowance for credit losses should be scaled to reflect the size and complexity of the issuer. Second, the Company believes it would be very costly and difficult to design and implement effective internal controls over financial reporting related to the disclosures included in the ED by December 31, 2009. In addition, interim reporting on an ongoing basis would be costly and difficult to complete within the filing deadlines for the Form 10-Q. Finally, the Company believes that fair value disclosures should not be included within the scope of the proposed accounting standard.

The Company would appreciate your consideration of the following specific comments.

Disclosures (paragraphs 10 – 16)

The rollforward of portfolio segment activity required by paragraph 11 will be costly and difficult to prepare by December 31, 2009. Our Company, like many other smaller financial institutions, relies on third party software applications for loan accounting. Generally, these

third party companies need time to develop new programs and applications when regulatory or other accounting changes are made. Based on the extensive disclosures included in the ED and the reporting capability of our current systems, the Company will have to create significant manual processes to ensure the completeness and accuracy of the proposed disclosures.

The Company does not believe that fair value disclosures required by paragraph 12 fit within the objectives outlined in the ED. In addition, the Company is concerned about the comparability of fair value estimates for loans or other financing receivables that are not intended to be sold.

In its current form, the Company does not believe that the standard should apply to interim reporting periods.

Effective Date and Transition (Paragraph 17)

In order to allow sufficient time for design, implementation, and testing of internal controls related to any new disclosures, the Company would recommend an effective date for annual reporting periods ending after December 15, 2010 (assuming the final standard is issued in 2009).

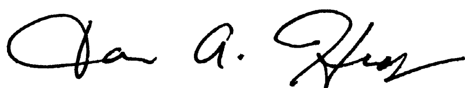
Conclusion

Overall, the Company agrees with the project's objective of transparency in financial reporting for the allowance for credit losses. Additional disclosures may provide meaningful information for some issuers, but the level of disclosures should be tailored to the size and the complexity of the issuer. Based on data provided by the FDIC as of the end of the first quarter of 2009, approximately 78% of the banking industry's total assets were held by 115 institutions. All of these institutions had total assets greater than $10 billion. In contrast, there were 7,555 institutions with total assets less than $1 billion, representing approximately 11% of the banking industry's total assets. The Company believes that any new disclosure requirements and the resulting costs of compliance should consider that a small number of issuers manage the majority of the banking industry's assets.

Furthermore, the banking industry as a whole is dealing with an unprecedented level of regulatory change. The Company believes that any new disclosure requirements should be considered after a thorough evaluation process and should leverage other disclosure requirements by banking regulators and the SEC.

We appreciate the opportunity to submit our views and would like to thank you for your time and attention to these matters. If you have any questions, please contact me at (334) 821-9200.

Sincerely,



David A. Hedges
VP, Controller and Chief Financial Officer