FIRST STATE BANK
First Class Banking
STRATFORD - DUMAS - DALHART

September 22, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5516

RE: No. 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Members of the Financial Accounting Standards Board:

Thank you for the opportunity to comment on the exposure draft referenced above. As CFO of First State Bank, a banking institution with offices in Stratford, Dumas, and Dalhart, Texas, and total assets of 185MM, I am writing to express my opinions on specific provisions of the exposure draft.

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 – not even in cases where there are issues with the borrower's ability to repay the loan. In those cases, we work it out with the borrower – we do not sell the loan. There is no active market for many of our loans, and estimating a market value makes no sense. Even if we could easily obtain a market price, there is no financial incentive to sell the loan since it is just one part of the financial relationship that we have with the customer.

The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and auditors to estimate market value.

For the reasons stated above, First State Bank respectfully requests that the fair value section of the proposal be withdrawn. Thank you for considering my comments.

Respectfully,

Charlotte Strafuss

Charlotte Strafuss
CFO

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