1810-100 Comment Letter No. 1221

From: <u>paulab@fsbanadarko.com</u>

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: Friday, September 17, 2010 5:52:46 PM

Don Clark 102 W Main Anadarko, OK 73005-2831

September 17, 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."

I am the President of First State Bank, a banking institution in Anadarko Oklahoma. We are a small town privately owned bank with a small workforce.

I am opposed to FASB's proposal on Mark-to-Market Accounting, which requires financial instruments - including loans - to be reported at fair value (market value) on the balance sheet.

First State Bank does not sell our commercial loans. By basing our balance sheet on fair values, this would lead people reading our financial statements to assume that the bank sell the loans, which is not true.

A good deal of our commercial loans are agricultural loans and . there is no active market for our ag loans. Therefore, estimating a market value makes no real sense.

Besides, marking all loans to market would cause our bank's capital to sway with fluctuations in the markets, instead of providing better information about our bank's health or its ability to pay dividends.

Also the financial expense of hiring the new employees which would be needed to comply with this new requirement would be significant. Passage of this proposal would also greatly increase the cost of auditors required to estimate the market value.

With all due respect, our bank respectfully requests that the fair value section of the exposure draft be eliminated.

Please reconsider this proposal.

Sincerely,

4052472471 President First State Bank