1810-100 Comment Letter No. 1918

From: <u>scott@franklinstatebank.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: Monday, September 20, 2010 1:02:53 PM

Scott Nissen P.O. Box 99 FRANKLIN, MN 55333-0099

September 20, 2010

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

Dear Mr. Golden:

I am the President of the Franklin State Bank, a community bank in Franklin, MN with \$24 million in total assets, 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 doesn't sell any of our loans!

The process of determing a FMV of an asset that will not be sold or that there is no established market to determine the price doesn't seem to provide any benefit.

FMV accounting will result in income statement and balance sheet fluctuations that are not consistant with how we operate our bank.

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.

If your goal is to eliminate community banks such as ours, the requirement of FMV accounting is another step in that direction. We are the only bank in our community of 500 people. If our bank wasn't here to serve this community, I doubt that one of the large regional or national banks would serve this community.

Sincerely,

507-557-2233 President Franklin State Bank

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