

CARROLL, NEBRASKA 68723

September 22, 2010

Mr. Russell Golden Technical Director Financial Accounting Standards Board PO Box 5116 Norwalk CT 06856-5116

File Reference: No. 1810-100

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft proposal, Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities. As a bank investor, what is important to me for the bank in which I own stock is their financial position, and transparent financial reporting is key in order for me to make investment decisions. With this in mind, I am writing to express my deep concerns and opposition to the portion of the proposal that requires all financial instruments to be marked to market. From a bank investor's perspective, this will cloud transparency rather than improve it and put into questions the most critical element of bank financial statements: Bank Capital.

In your proposal it is not reasonable for our bank to record loans on the balance sheet at their market value. As an investor in a small, rural community bank I am more interested in how loans perform on a individual basis, not how the market, which in our area is limited, views the loans performance. With individualized payment terms, collateralization, and guarantee structures, the vast majority of commercial bank loans have no reliable market in which they could be sold, further calling into question the reliability of using fair value as the basis for financial statements. Even if there were active markets, fair value is not the appropriate measurement for these loans since it does not represent the cash the bank could receive.

If there is a problem, in repayment, our bank's typical process is to work the problem out with the borrower rather than sell the loan. Even if it were easy to find a market value, that value would be irrelevant since our bank would not and probably could not sell the loan. As a result of your proposal, bank capital will be affected by market swings that cannot reasonably be expected to ever be realized by our bank.

Besides being an investor, I am the bank CEO, so I am very concerned about the costs







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and resources that will be needed to produce and audit such data. We have learned from the recent financial crisis that markets are sometimes illiquid and sometimes irrational. Because banks do not use fair values in managing their cash flows, I anticipate that this could require us to hire more staff or pay for additional consultant manhours to assist with estimating fair values and to pay significantly higher audit fees.

With this in mind, I recommend you drop your proposal to mark loans to market. From my experience as an investor of a small rural community bank, it does not improve, in any way, financial reporting.

Thank you for considering my views. Please feel free to contact me if you would like to discuss my concerns.

Sincerely,

Susan Gilmore

President/Stockholder



