From:	bryanb@annabank.com
To:	Director - FASB
Subject:	File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date:	Tuesday, September 28, 2010 10:08:15 AM

Bryan Bruns
PO Box 310
Annandale, MN 55302-0310

September 28, 2010

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

Dear Mr. Golden:

The purpose of this letter is to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As President of Annandale State Bank, located in Annandale Minnesota with $120 million in total assets, I am writing to express my concerns on specific provisions of the exposure draft.

First, 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 and having to mark these loans to market, on our balance sheet will cause the readers of our financial statements to assume that we do sell the loans. This, in the end will confuse our stakeholders not provide the clarity which you intend to recieved with this proposal.

There is no active market for many of our loans, and estimating a market value makes no real sense. Futhermore, even if we could easily obtain a market price, since the loan is just one part of the financial relationship that we have with our customer there is no financial incentive to sell.

In the end marking all loans to market would cause our bank's capital to sway with fluctuations in the markets - even if the entire loan portfolio is performing. Also, 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, our bank respectfully requests that the fair value section of the exposure draft be dropped.

Second, while I support the Board's efforts to revise the methodology to estimate loan loss provisions, I have serious concerns about how such changes can be implemented by banks like mine.

At the very least, It is important that any new processes are agreed upon and well understood by regulators, auditors, and bankers prior to finalizing the rules.

I do not support the proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis.

Changing the way interest income is recorded to the proposed method makes the accounting more confusing and subjects otherwise firm data to the volatility that comes naturally from the provisioning process. I recommend maintaining the current method.

Thank you for considering my comments.

Sincerely,

3202748216
President
Annandale State Bank