



# FIRST NATIONAL BANK

OF HUTCHINSON

Established 1876

June 23, 2010

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

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

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities* ("proposal").

I respectfully am giving you my perspective on the issues of fair market accounting for loans as proposed. I have been our bank's CFO for over 25 years until this year as I am currently serving as President. We are a \$500+ million asset community bank in Kansas. Our loan portfolio is around \$240 million. This constitutes hundreds of loans. When we book a loan on our system we have the principal, the payment amount, the interest rate, the final maturity date and the repricing date as the key components of accruing interest and billing the customer properly for his payment.

Under the proposals after booking a loan on a given day then we are suppose to mark these loans to a fair value every day after the original booking? This would require looking at hundreds of loans every day individually and trying to make some kind of estimate about what those loans would be worth if someone was to purchase them from the bank. To do this properly I would estimate that we would have to hire at least 8 to 10 accountants just to do this function. We currently have 1. At best, even with this amount of personnel expense it would be a guess as to value. Even if we did this, we would have the individual loan principal and accruals so messed up as we were moving values around that we would never be in balance. We are a closed in company and our stockholders are much more concerned about bank earnings, dividend payouts and whether or not the loan portfolio is current over the long term.

In all of the years I have been working at the bank this is the most ludicrous proposal that FASB has ever designed. Please take this proposal off of consideration.

Sincerely,

Greg Binns  
President, First National Bank of Hutchinson