

September 23, 2010

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
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Norwalk, CT 06856-5116
director@fasb.org

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. The Bank of North Dakota (BND) is a \$4.2 billion institution owned and operated by the State of North Dakota under the supervision of the Industrial Commission as provided by Chapter 6-09 of the North Dakota Century Code. BND is a participation lender; with the vast majority of its loans made in tandem with financial institutions throughout the State of North Dakota. Our letter conveys our opposition to the proposal requiring all financial instruments, including loans, to be recorded on the balance sheet at fair value.

BND, like most North Dakota banks, hold our loans to maturity. There are no active markets for most of our loans and estimating a market value will distort the actual value of these assets. It is my belief that recording financial instruments at fair value will only distort our financial position rather than making it clearer.

Our business strategy is based on making long-term investments, such as loans. It is a strategy that our customers and citizens rely upon and acknowledge as one that encourages future growth in the State of North Dakota. The FASB proposal to measure financial statements at fair value will create significant volatility in the balance sheet. As a consequence, BND may be forced to alter its strategies to compensate for this volatility. The role of an accounting model should be to provide a framework to recognize actual results and explain the impact of decisions made by management, not become the primary driver of management behavior.

I am also troubled about the increased costs and resources needed to comply with the new requirements. The fair value estimates of our financial instruments would require the additional use of consultant and auditor services. The cost of these services would negatively affect the State of North Dakota and its citizens in the form of lower income

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that could be transferred to its General Fund as well as our customers in the form of higher fees for services.

For the reasons stated above, Bank of North Dakota respectfully requests the withdrawal of this Exposure Draft in favor of a draft that would more closely reflect the business strategy of the banking industry.

Thank you again for the opportunity to comment on this important Exposure Draft.

Sincerely,

Jamie Mertz, CMA Accounting Manager Bank of North Dakota