From: <u>todd.mcmurray@legend-bank.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: Wednesday, September 22, 2010 3:28:05 PM

Todd McMurray 101 W. Tarrant Bowie, TX 76230-5029

September 22, 2010

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

Dear Mr. Golden:

We appreciate the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As CFO of Legend Bank, in Bowie, TX with \$580 million in total assets, I am writing to express my opinions on specific provisions of the exposure draft.

We are a privately held Institution and moving to Fair Value Accounting will not benefit our shareholders. We are strongly opposed to moving in that direction. I think the fluctuations in our Capital from marking our loans to market would only confuse our shareholders more than it would help them. That would not provide a better financial position to our shareholders, it would actually distort it.

We do not sell our commercial loans. The fair value treatment would lead our shareholders to thinking that we do. When our loans begin to have payment problems we have in internal collection process that works with the borrower rather than sell the loans.

If we move to this type of accounting Legend Bank would incur significant more accounting and consulting fees. This is not what the banking industry needs at this time.

We have not had any investors of ours request information for fair value accounting.

For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

In regards to loan impairment, I support the Board's efforts to revise the methodology to estimate loan loss provisions. However, I have grave concerns about how such changes can be implemented for our bank.

If this gets passed, I recommend that the recommended model be thoroughly tested in order to validate that this solution will work for banks of our

size.

It is critical that any new methodologies are agreed upon and well understood by bankers, regulators and auditors prior to finalizing the rules.

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

I recommend keeping the current method of recording interest income. The proposed method will be more confusing and will create unstable income data.

Thank you for considering my comments.

Sincerely, Todd McMurray

940-872-2221 CFO Legend Bank