From: <u>jwagner@peoplesbk.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:** Monday, September 27, 2010 8:43:22 AM

Jill Wagner 408 W. Washington Cuba, MO 65453-1217

September 27, 2010

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

Dear Mr. Golden:

As CFO of Peoples Bank a banking institution in Cuba, MO with \$180 million in total assets, I am writing to express my concerns on specific provisions of the exposure draft of 1810-100.

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.

If there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower rather than sell the loan.

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.

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

It is very 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.

Thank you for considering my comments.

Sincerely,

Peoples Bank