From:	jeporter@bogb.net
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:	Thursday, September 30, 2010 11:08:29 AM

John Porter
P.O. Box 70
Glen Burnie, MD 21060-0070

September 30, 2010

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

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."

As Chief Financial Officer of The Bank of Glen Burnie, a banking institution in Glen Burnie, Maryland with $345,482,928 in total assets, I am writing to express my opinions on specific provisions of the exposure draft.

I. COMMENTS ON FAIR VALUE

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.

The Bank of Glen Burnie does not sell any loans into the secondary market. This being the case, basing our balance sheet on fair values would lead readers of our financial statements to erroneously assume that we sell our loans.

If there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower, typically to a satisfactory resolution.

There is no active market for many of our loans, and estimating a market value makes no real sense and marking all our loans to market would cause our bank's capital to sway with fluctuations in the markets - even if the entire loan portfolio is performing. Instead of providing better information about our bank's health or its ability to pay dividends, the proposal would mask it.

Additionally, our investors have expressed no interest in receiving this information. The costs to comply with this new requirement would be significant, especially for a small community bank like us. We believe our investors would not view these costs, which must come out of bank earnings, as being either reasonable or worthwhile.

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

II. COMMENTS ON LOAN IMPAIRMENT

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.

I feel that the Bank of Glen Burnie has an effective methodology in place to estimate our loan loss provision.

Therefore, I recommend that any final model be tested by banks my size in order to ensure that the model is solid and workable.

It is very important that any new processes are agreed upon and well understood by regulators, auditors, and bankers prior to finalizing the rules, otherwise the new methology could lead to misunderstanding and a lack of trust in the process.

I do not support the proposal for recording interest income. The current rules provide us with a methology that is sound in it's approach.

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.

Sincerely,

401-766-3300
Senior Vice President and Treasurer
The Bank of Glen Burnie