



LIBERTY TRUST & SAVINGS BANK

www.mylibertytrust.com

September 13, 2010

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

Re: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivatives 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." As President & CEO of Liberty Trust & Savings Bank, a \$118MM bank in Durant, Iowa, I am writing to express my opinions on specific provisions of the exposure draft.

I. COMMENTS ON FAIR VALUE

I am 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. Our bank does not sell our loans. Reporting loans at fair value accomplishing nothing for a bank like ours. If there are issues with a borrower's ability to repay a loan, we work with the borrower to find a solution - we don't sell the loans. There is no active market for our loans, and estimating a market value makes no sense and serves no purpose.

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. 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. 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.

Thank you for considering my comments.

Sincerely,

Ronald L. Hansen
President & CEO

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