

From: ldv@fnbcambridge.com
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: Friday, September 17, 2010 8:37:38 AM

Larry D. Voss
PO Box 10
Cambridge, NE 69022-0010

September 17, 2010

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

Dear Mr. Golden:

As President & CEO of The First National Bank of Cambridge, a banking institution in Cambridge, NE with \$46,000,000 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.

Our bank does not sell our commercial loans. Basing our balance sheet on fair values leads readers of our financial statements to assume that we will sell the loans, which is not the case. We have never sold off loans that we make nor do we plan on selling off loans in the future.

We review our loans on a regular basis and if there is a loan that is developing problems we establish a work out plan with the customer, we do not sell the loan.

There is no active market for many of our loans, and estimating a market value makes no real sense.

Marking all 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.

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. As a small bank this is a real concern to us.

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

Thank you for considering my comments.

Sincerely,

308-697-3335
President & CEO
The First National Bank of Cambridge