

From: [Stanley Szymczyk](#)
To: [Stacey Sutay](#)
Subject: Current Market Value Accounting for Long-term Loans Held by Banks
Date: Thursday, May 27, 2010 10:45:07 AM

Dear FASB:

I am very concerned that the FASB is drifting away from a better approach used by International Accounting Standards. Basically, to value the loan at the original issue amount less amortization as long as the loan remains a long-term asset of the bank and doesn't have collection issues. The change to Mark to Market rules for these loans will create significant problems:

Banks:

- (1) Banks will prefer to offer shorter maturity dates on these loans to hedge against economic downturns.
- (2) The cost of maintaining loan-term loans on the balance sheet will increase and become a burden for the banks.
- (3) Banks will limit their lending to selective clients and not offer a long-term solution to small businesses.
- (4) Banks will be mindful of future valuation issues and structure their lending practices in ways that avoids write-downs.
- (5) Banks will spend too much time in the valuation process of long-term loans they intend to hold to maturity.
- (6) Federal regulators will use this information in loan review process.
- (7) More costly audits.

Borrowers:

- (1) Borrowers will find it more difficult to secure a long-term loan with favorable interest rates.
- (2) Borrowers will pay the burden of costly appraisals and shorter maturity dates on loans they need to conduct business.
- (3) The loan and borrower will be under annual review each and ever year by the bank.
- (4) Federal regulators will place pressure on the bank to reduce loan amounts and extract additional principal payments from the borrower during economic downturns.
- (5) The borrower will not be able to rely on the bank relationship for the long-term.

Investors:

- (1) Loans are currently written down for collection reasons.
- (2) How do you really determine the market for these loans and is the procedure really fair and well thought-out?
- (3) Interest rates on loans are a function of many factors.

Audit Firms:

- (1) More risk to CPA's.
- (2) The information reported must be carefully reviewed.
- (3) Appraisal firms will be challenged to arrive at a Mark to Market value.
- (4) The FASB might find itself making exceptions for our largest banks operating internationally.

My recommendation is to adopt the international accounting standards and move on.

Best to you,

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