From: <u>Jim Cunningham</u>
To: <u>Director - FASB</u>

Subject: Accounting for Financial Instruments draft proposal

Date: Friday, June 18, 2010 6:40:10 PM

I agree that in liquid markets that many marketable assets should have a market value associated with them rather than held at face value. There also needs to be a determination about available for sale or long-term investments as to part of the decision to use "MARK TO MARKET" accounting.

Also in illiquid circumstances, there must be an allowance based on the historical record of the assets to price the issue. This is based on cash flow and other credit circumstances.

My limited knowledge of the proposal to have banks "MARK TO MARKET" its loan portfolio is flat out wrong. If this were the case, lending rates would sky rocket as many borrowers would be considered less than investment grade and would require banks to increase the interest rate to allow for the adjustment in price. In many cases, lending would draw to a standstill, an unintended consequence of this proposal. The economic devastation would be huge if required to do this.

In a potentially rising interest rate environment, a structured loan would impact the capital account even though all payments have been made on time. This is a really bad idea.

Under current rules on marketable securities, there are sufficient areas to base a portfolio at market value or cash flow. In so doing, the judgment is the owners on their intent. Mandating MARK TO MARKET rules across all market places would have many unintended consequences that the effects would be detrimental to our economy and way of life. Businesses would make capital decisions instead of lending decisions.

Leave the decision up to the business as to the assets treatment for valuation. If they are insincere decision makers, it does not take long for the marketplace to find that out.

DO NOT MANDATE MARK TO MARKET ACCOUNTING STANDARDS!!

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