

## "WHERE YOUR BUSINESS IS APPRECIATED"

Albert City • Marathon • Spencer • Webb

August 16, 2010

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

Re: Number 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

I am writing to express my concern and opposition to the portion of the proposal that requires all financial instruments to be market to market. From a small, local community bank-owned standpoint, this change will not make our results more transparent to me or the rest of our shareholders. As a small community bank making local loans, including fluctuations in value due to interest rates or small changes in the quality of the loan will not present a more transparent or easier method to monitor bank results.

We are interested in how the loan performs through the maturity and payoff not at what some market value might be at any given point in time. Fair value is not an appropriate measure for these loans since we have no intentions of selling them but only allowing them to perform over time. This market to market model does not meet the community bank model whatsoever. Any of our small consumer and small business loans may have very little, if any, actual market to sell them; therefore, what is the real fair market value? The other problem with this proposal is that the fair market value will become purely subjective based on judgment of each community bank management and different regulators in each case. Fair market value will become nothing less than the value based on the eye of the beholder and a true bank by bank comparison will not be valid. This proposal does not improve financial reporting but will actually cause it to become much less reliable.

Thank you for this opportunity to present my views on this subject. Please feel free to contact me if you would like to discuss any of my concerns.

Sincerely,

Steven A. Grell

Chairman

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