1810-100
Comment Letter No. 295

Community Bank
MEMBER FDIC

September 7, 2010

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

File Reference: No. 1810-100– *"Mark to Market"*

Dear Sir,

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* ("proposal").

I am writing to express our concerns as investors in a financial institution. Our bank not only has outside investors but our employees had an investment in the bank as well through our ESOP (Employee Stock Ownership Plan). As an investor, we are opposed to the proposal that requires all financial instruments to be "marked to market". How can an investor make a prudent and rationale decision with the constant FASB mark to market changes? As a bank investor transparent financial reporting is important. How is this going to improve a financial institution's capital? All I can see it doing is impairing the most critical element -"capital". Bank capital will be affected by market swings that cannot reasonably be expected to be realized by the bank.

In your proposal, it talks about mark to market on loans. We do not sell 99% of our loans, why would we have to mark to market loans? What good is it? These are loans held for investment, just like securities held for investment. We watch the performance of the loans, like all bankers should, and take their performance into account in our loan loss reserve calculations. Fair value is not the appropriate measurement for these loans since it does not represent the cash the bank will receive.

I recommend as an investor that you drop your proposal to mark loans to market; it does not improve financial reporting. It is not an accurate picture; these loans are not intended "for sale". There is a place for mark to market FASB accounting, but this is not it.

Sincerely,

Sheree Lewis

Sheree Lewis
Executive Vice President

ALICE
1600 East Main
Alice, TX 78332
361/664-8775
FAX 361/664-3325

CORPUS CHRISTI
4201 S. Alameda
Corpus Christi, TX 78412
361/985-9310
FAX 361/985-9468

CORPUS CHRISTI
416 North Water
Corpus Christi, TX 78401
361/888-9310
FAX 361/888-9468

CORPUS CHRISTI
5406 Everhart
Corpus Christi, TX 78411
361/993-9310
FAX 361/993-9468

KINGSVILLE
1629 Brahma Blvd.
Kingsville, TX 78363
361/592-8002
FAX 361/592-8022

PORTLAND
1001 Wildcat Dr.
Portland, TX 78374
361/643-9310
FAX 361/643-0095

PADRE ISLAND
14254 S. Padre Island Dr., Ste. 100
Corpus Christi, TX 78418
361/949-9310
FAX 361/949-0095

www.fcbot.com