Rayne
BUILDING & LOAN

1810-100
Comment Letter No. 540

September 16, 2010

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

File Reference: No. 1810-100, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Dear Mr. Golden:

I am writing you today to express my concern over the current proposal to apply fair value accounting ("mark-to-market") to most financial instruments (including loans).

Rayne Building and Loan Association has been an institution that originates and holds mortgage loans funded by local deposits since 1900. My institution and many others generate earnings from taking deposits and making and holding loans to maturity. Since we have no intention of selling these loans, and since they are not readily marketable assets, it is not appropriate or useful to apply short-term valuations to these illiquid loan portfolios.

I am concerned that use of mark-to-market will radically change how the public will view financial institutions and could also change banking products by driving out products with the greatest fair value risk (i.e. loans with longer-term, fixed interest rates). Further, application of mark-to-market will lead to diminished reliability and comparability of bank capital through distorted financial statements, since it will be largely dependent on fair values of assets with no active markets.

The greatest advantage for community institutions is our flexibility with loans for our customers. Applying these valuations to an illiquid portfolio of loans could make home mortgage lending impossible as we know it today.

I appreciate the opportunity to comment on this very important matter and respectfully request that FASB withdraw the current fair value accounting ("mark-to-market") proposal. Thanks for your consideration in this matter.

Sincerely,

Claire C. Benoit

Claire C. Benoit
President and CEO

P O Box 46 • 200 North Adams Ave • Rayne, Louisiana 70578 • (337) 334-7535
www.RayneBuildingLoan.com