

From: [Jim Dilley](#)
To: [Director - FASB](#)
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September 17, 2010

Mr. Russell Golden
Technical Director, FASB
401 Merritt 7
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File Reference No. 1810-100

Dear Mr. Golden,

Thank you for the opportunity to voice my opposition to Fair Market Value accounting for privately held financial institutions. I am an officer and investor in a privately held, community bank with \$675 million in assets.

Your proposal has many good technical merits for public companies with nationwide or global reach. I'm sure sophisticated investors in public markets may find fair market value figures and the related disclosures very useful. However, for the vast majority of banks in this country that are privately held, community banks, this proposal increases audit and reporting costs while returning little, if any, benefit. Investors in community banks are interested in the performance of the loan portfolio, the quality of management, interest rates and profitability. The fair market value of the loan portfolio is irrelevant when there is no active market for loans at community banks. For a bank like ours, it is the equivalent of asking what the fair market value of the entire bank is on any given day; not a number easily derived.

Allow me to point to FASB's own statement appearing in the exposure draft summary; "As a result, to support well-functioning global capital markets, many investors, preparers, and even high-level governing bodies urged as a top priority the development of a single converged financial reporting model...." If "global capital markets" are the focus, then for most, if not all, private banks in this country the fair value provisions of this exposure draft should not be applicable. The rules being contemplated quite clearly should not apply to non-public entities, or at a minimum, the dollar threshold to be included at all should be raised to at least \$10 billion in total assets. Even the Dodd-Frank bill set a small bank threshold of \$15 billion in assets when it created new Tier I capital requirements.

Fair Market Value accounting would not have prevented the economic crisis as asset impairment is still largely subjective. Also, presenting two different figures on the same asset does not reduce complexity and neither does furthering the use of other comprehensive income. For a community bank such as ours, recording earnings or capital swings based purely on fair value assumptions and models is an unnecessary exercise, and a disservice to our shareholders.

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