September 8, 2010

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

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To Director and Board Members:

I have been an officer of community banks for 37 years and have some level of knowledge of bank balance sheets and income statements. Each of the four financial institutions that I have worked for over the last four decades has been non-publicly traded and most of the stock has been controlled by one or a few investors.

I have been an officer, director and investor in smaller community banks for four decades now. I have been an investor in stock of several larger banking institutions. The proposed mark to market rules would not help me in making an investment decision or understanding of the performance of the financial institution.

Many of the more recent FASB rules that apply to the banking industry have had a detrimental impact on the banking system. Mark to market rules have been unevenly applied and have caused a great deal of anxiety among investors, examiners and third parties. How do you know the "market value" of a \$20,000 loan to the local main street merchant in a small town of 1,200 people in rural Missouri? It is just not realistic to try to mark to market each period such investments.

I have yet to hear anyone that is very involved in the banking system that sees anything but negative impact from the proposed mark to market rules. And when bankers are siding with regulators there probably is something in what they are saying that is worth listening to.

In 2005 our bank approved a merger of equals transaction with another local bank. It was a \$5 million transaction and required us to submit an application to the SEC. After spending \$800,000 on attorneys and accountants and waiting 18 months the transaction was approved by the SEC. Sometimes the accounting profession gets in the way of common sense. Ours was a case of regulatory overkill. The tail (accounting rules) is often wagging the dog (the bank).

The proposed changes will require massive changes in the core information systems of banks. Bank accountants will have to get up to speed with changes and it is highly

probable that no two accounting firms will treat the issues exactly the same. We see that today in such things as mortgage servicing rights, deferred costs, purchase accounting, goodwill impairment, etc. Assumptions used to arrive at numbers in the reports will vary depending upon which accounting firm is used, etc.

The changes proposed by FASB won't provide a benefit to anyone other than the accounting firms who will get to increase their billings to provide theoretical numbers that most financial statement readers will not understand.

I would suggest that less than half of all public accountants would fully understand and be able to apply the proposed rules. Thus, the practical result will be that the numbers of no two institutions will be consistent and additional confusion will result.

I know of no one that is knowledgeable about bank financial statements that has anything favorable to say about most of the more recent accounting rules issued by FASB. The more rules that are forced upon the industry the less a knowledgeable investor is able to discern. And whoa be the investor who is not well schooled in bank accounting rules.

I urge the Board to not go forward with the proposed mark to market accounting rules.

Sincerely,

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