



September 7, 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:

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"). As a banker, it is critical that our financial reporting provides accurate information for the public to make investment decisions. I have serious concerns and opposition to the portion of the proposal that requires all financial instruments to be marked to market. From a banker's perspective, this will cloud transparency rather than improve it, and put into question the most critical element of bank financial statements: bank capital.

In your proposal, banks must record loans on the balance sheet at their market value. That is essentially what we do today. By analyzing a borrower's cash flow capacity, collateral value and guarantor strength we determine a loan amount and structure appropriate for the borrower. We then amortize the loan over time and in the vast majority of cases the loan performs as agreed.

Essentially investors are interested in how loans perform, not how the market views loan performance. Although I understand the rationale for providing banks with the ability to provide more robust loan loss reserves, I believe the focus on mark to market is not relevant for loans that are not being sold. Additionally, with individualized payment terms, collateralization, and guarantee structures, the vast majority of commercial bank loans have no reliable market in which they could be sold, further calling into question the reliability of using fair value as the basis for financial statements. Even if there were active markets, fair value is not the appropriate measurement for these loans since it does not represent the cash the bank will receive.

I understand that a loan's intrinsic value may change because of current interest rates or because of problems the borrower may have. But if there is a problem in repayment, our typical process is to work the problem out with the borrower rather than sell the loan. So,

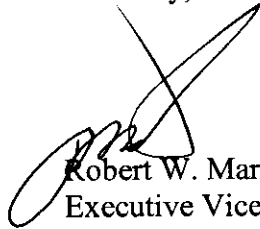
even if it were easy to find a market value, that market value is irrelevant, since we would not sell the loan. As a result of your proposal, bank capital will be affected by market swings that cannot reasonably be expected to ever be realized by our bank.

Additionally, I am very concerned about the costs and resources that will need to be dedicated to produce and audit such data. We have learned from the recent financial crisis that markets are sometimes illiquid and sometimes irrational. Because banks do not use fair values in managing their cash flows, I anticipate that this could require banks to hire more staff and/or consultants to assist with estimating fair values and to pay significantly higher audit fees. In the end, we will be paying consultants and auditors significant sums to make estimates that we will do nothing with.

With this in mind, I recommend you to drop your proposal to mark loans to market, as, from my perspective as a banker, it does not improve financial reporting.

Thank you for considering my views. Please feel free to contact me if you would like to discuss my concerns.

Sincerely,



Robert W. Martin
Executive Vice President
Range Bank, N.A.