

PIONEER BANK

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17 September 2010

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

Re: File Reference #1810-100

Dear Mr. Golden:

Thank you for your time in reviewing my comments on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

I am the Chief Financial Officer of Pioneer Bank, a \$600 million Federal Savings Bank, headquartered in Roswell. New Mexico.

I am writing to register my strong opposition to the proposal to mark all financial instruments, including loans, to market on the balance sheet.

Our Bank has operated as a "traditional thrift" since 1901. As such, a majority of our balance sheet is residential mortgages. A requirement to mark these loans to market would necessitate a dramatic change in our business model.

Over the last several years we have, of necessity, begun to expand our commercial lending. We originate commercial loans for our portfolio but do not buy or sell any of these types of loans. We generally lend to customers with whom we have a deposit relationship or in the hopes of generating mortgage loans.

The thought of marking our loan portfolio to market makes no sense to me. We are located in a part of the country where every commercial loan and borrower is unique. Estimating a market value for these loans would be pure fiction and of no real use to the users of our financial statements.

When there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower, and have never sold a troubled loan.

I have always had a problem with accounting that causes volatility in our capital and earnings. We live with the downside of impairment in our servicing assets, but did not elect fair value accounting because we did not want to add that volatility as well. There is a difference between companies that manage their businesses quarter to quarter, and a company like ours that manages to be here for the next hundred years.

I am also concerned with the divergence in our regulatory and financial accounting. I have always thought that our regulators should be able to regulate us based on the same information we provide our investors. With the direction financial accounting is going, I will have to concede that they can't.

I know the costs of providing this information to our investors, who have not asked for it, will not be of any benefit.

I urge a reconsideration of the proposal.

Sincerely,

Christophel G. Palmer, CPA

Senior Vice President Chief Financial Officer