From: Steve Starnes
To: Director - FASB
Subject: File Reference No. 1810-100
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Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

I am writing this letter to offer comment and respectfully request that the FASB file reference No. 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities be withdrawn.

The banking industry is unlike other industries. In no other industry are loans classified as assets and deposits classified as liabilities. To try to use principles that work in other industries to make bank financials homogeneous does not serve anybody's best interest. Investors should realize that there are footnotes and other guidance's that spell out bank performances and that many balance sheet items are already valued through provisions. Trying to get everything priced in the balance sheet does not encourage investors to perform due diligence or educate themselves before investing. This habit will always lead to disaster for an investor.

As a community banker, it is our position in the community to provide financing for the local projects that drive our economy. The idea of using mark-to market accounting for loans will seriously hamper our ability to do this. Community banks across the nation have close ties to our customers. When our customers have problems with their loans, we work with them through those troubles in order to work out solutions that are beneficial all. By doing this, we can often help small businesses through rough patches and help them become long term viable businesses which profit the entire community.

Forcing community banks to mark-to-market all of our loans will have the effect of taking away the decision of how to deal with a loan from those who are closely tied to the loan and put it in the hands of those who rate the loans based on a non-existent market price. In effect, loan decisions will be taken away from loan officers and loan committees and given to accountants who only grade the quality of our loans to a make believe market number.

Other negative impacts of this proposal will include increased expenses for banks (which we really do not need at this point in time as we are already dealing with increased FDIC Assessments expenses, lower income thanks to Reg E and the Dodd-Frank Bill, and the already insurmountable amount of new regulations that are killing the bottom line for community banks.) There is also an inability to accurately assess the market value of loans since there is no secondary market for loans. The fact is that we do not make loans to sell, but rather, we make loans hold them through maturity and to benefit our customers and our communities. To assume that all assets of a bank are always for sale and should be given a market price is misguided.

Our industry is a driver of the national and world economies. To enforce this proposal, would be to take steps backward as far as offering stability to the stressed economy. This proposal will not encourage banks to lend money and help our national economic growth; quite the opposite will happen. There is no advantage to be gained that would be more important than this point. I respectfully ask that this proposal be withdrawn.

Best regards,

Steve Starnes
Union State Bank
VP Finance