

September 10, 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*. As a bank investor, it is very important to receive relevant and reliable information to access the financial performance of financial institutions for decision making purposes.

The concept of mark to market accounting for community banks is not relevant. The overwhelming vast majority of assets on the balance sheet of community banks are intended to be held for investment. That is because the business of a community bank is to make investments in the communities they serve. Put another way, the proposed accounting treatment does not match the business model of community banks.

The concept of mark to market accounting for community banks is not reliable. There are few markets with sufficient liquidity to determine fair values for assets held by community banks. The combinations of collateral, guarantors and underwriting considerations that allow community banks to structure loans in a flexible manner, consistent with safe and sound banking practices, make it very difficult to develop efficient markets for assets that are negotiated on a case by case basis.

The combination of irrelevance and unreliability contained in this proposal is not helpful to the financial statement user. Irrelevant and unreliable market pricing injects an unwise and unnecessary embedded level of volatility and inaccuracy into financial statement for community banks. The financial statements lose their representational faithfulness, meaning they do not tell the story they are purported to communicate.

I recommend you to drop your proposal for mark to market accounting for community banks because it does not improve financial reporting and will ultimately hinder economic growth and prosperity in communities throughout America.

Thank you for considering my views.

Sincerely,

Michael W. Shelton