From: don.thompson@mascomabank.com
To: Director - FASB
Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date: Monday, September 20, 2010 10:23:06 AM

Donald Thompson
PO Box 4399
White River Jct, VT 05001-4399

September 20, 2010

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

Dear Mr. Golden:

As CFO of Mascoma Savings Bank, a banking institution headquartered in Lebanon, NH with $980 million in total assets, I am writing to express my opinion on specific provisions of the exposure draft.

I. COMMENTS ON FAIR VALUE

The extension of Fair Value Accounting to the balance sheets of financial intermediaries is not appropriate due to the nature of the business they operate in. The vast majority of financial institutions, ourselves included are not in the primary business of selling its assets and liabilities. Rather, earnings are primarily generated from the spread earned between income on assets and costs of liabilities.

The imposing of a market value concept would cause great difficulty for most organizations and information provided would be highly subjective at best. The nature of a financial institution's assets and liabilities are such that no liquid market exists for trading financial instruments. There is no active market for many of our loans, and estimating a market value makes no real sense.

Many financial institutions hold long term loans on their balance sheets and have managed their bank's interest rate risk accordingly. However, the imposition of fair value accounting to a bank's assets could conceivably cause capital to fluctuate with great volatility. In essence many banks would be less inclined to originate long term loans due to the risk of capital and earnings fluctuations. A short term emphasis would occur simply because banks do not have the luxury of trading their loans and deposits in illiquid markets.

The direction of this proposal seems to be one of liquidation rather than "going concern." The business model chosen by most banks is one of generating future earnings knowing that income can be generated from the spread on earning assets and funding liabilities. This proposal assumes banks will sell its loans and deposits into the secondary market or hedge its interest rate risk in the derivatives markets. In the majority of banks, interest rate risk is managed by the terms of the products it

offers and should not be influenced by accounting ruies.

For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

Thank you for the opportunity to comment on the proposal.

Sincerely,

802-291-6390
Senior VP & CFO
Mascoma Savings Bank