September 22, 2010

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

Re: No. 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Mr. Golden:

I would like to comment on the above-referenced FASB proposal in regards to the portion that would require all financial instruments to be marked to market. As a banker and shareholder of a rural, community bank, I think this proposal would unfairly impact traditional community banks and inaccurately reflect capital.

The majority of loans that our banks have do not fit "cookie-cutter" loan types and there is no reliable active market for such loans. Therefore, the fair value estimates that would impact capital would be based largely on speculation. Almost all of our loans, and loans made by banks similar to us, are not intended to be sold and are held to maturity. The current model of measuring loans at amortized cost with a loan loss reserve is a more accurate and reliable method of the true value of our loans (and the bank's capital).

In addition, this proposal would drive up costs on banks like ours that would likely result in an increased burden on borrowers in need of financing or elimination of certain product offerings. In addition, swings in mark-to-market accounting could result in diminished consumer confidence when no actual risk exists. Such consumer confidence risk can be the most harmful risk type for a bank.

As a banker and a shareholder, I urge you to drop the proposal to mark loans to market. I appreciate the opportunity to comment.

Sincerely,

Matt Loy