

From: [Leftwich, Robert](#)
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: Tuesday, September 07, 2010 12:39:45 PM

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

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* ("proposal"). I am an owner and President of a community bank in Kansas. In wearing both hats, I am keenly interested in the financial position of the bank along with accurate financial reporting. I am gravely concerned and opposed to the requirement that all financial instruments are to be marked to market.

As a community bank, we make loans to serve our community, our customers and provide an adequate return to our shareholders. Most community banks are not in the business of selling our loans, or even our securities for that matter. In my 30+ years in banking, I have never had a discussion about the market value of our loan portfolio. The market value of a loan, due to an interest rate swing, is not particularly relevant since we hold our loans. The individual repayment terms and the fact that most loans to small businesses of our farmers are subject to renewals with additional equipment purchases during their term. Therefore, the average life of a loan is subject to several factors.

If the goal is to establish a more aggressive loan loss reserve, the introduction of market value could potential cause a significant and unwarranted increase in reserves. I know of no market for classified loans. Our bank is certainly not interested in purchasing problem loans.

If mark to market accounting for the loan portfolio is adopted, there could be a significant change in accounting procedures for community banks, this could cause my bank to either hire additional staff or hire a accounting firm. At what benefit to our bank, our customers or our shareholders? It just does not make sense.

I urge you to not adopt the proposal to mark loans to market, it does not make business sense to our bank from any viewpoint.

Sincerely,
Robert Leftwich
President
First National Bank
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