

FARMERS TRUST & SAVINGS BANK

September 13, 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 – Comments limited to "Mark to Market" portion of the proposal

Dear Mr. Golden,

As a bank investor, I am deeply concerned about the proposed Mark to Market of loans held by commercial banks.

Let me just outline my major concerns:

- Dur bank occasionally sells loans for liquidity or lending limit issues, however, predominantly loans are held to the contractual maturity and repaid through scheduled payments from the borrower.
- ➤ Bank loans have no reliable market to determine value and because each loan is individualized in terms of payment terms, collateral guarantees, etc., I do not see the value of marking them to market and trying to compare our bank performance to other banks. Also, it may be hard for bank investors to determine a drop in market value whether related to just an interest rate environment or credit quality.
- My major concern is the impact on bank capital. Currently regulatory bodies are requiring higher capital and I am concerned about the unintended consequences of this proposal.
- Our community bank will spend significant resources on the new financial reform bill and I am concerned about the cost of implementing this proposal versus very limited benefit.

As an investor, I recommend you withdraw your proposal to mark loans to market as I feel the cost and complexity outweighs any benefit to financial reporting.

Thank you for allowing me to comment on the proposal.

Sincerely.

David W. Woodcock

President



