

From: [Mark Macomber](#)
To: [Director - FASB](#)
Subject: FASB Mark to Mark-to-Market Accounting proposal
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File Reference No. 1810-100, Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

I am writing to express my strongest opposition to FASB's proposal to mark all financial instruments, including loans, to fair value. According to FASB comments this proposal results from concerns from the country's investor class for more "transparency" in financial reports. Conversely most investors in banking institutions would be highly unlikely to want such a transformational change as:

- The business of banking as we know it would be irreparably changed, most particularly for small institutions like mine that portfolio longer-term consumer and commercial loans. The change would essentially preclude the holding of such long-term loans as the volatility attendant to such constant revaluations would have material, unpredictable impacts on a bank's balance sheet and P&L reporting
- Capital level measurement and management would be affected in unknown ways
- The costs associated with regular revaluation of a bank's loan portfolios would be prohibitive, again for community banks in particular

There has been very little support for the proposal from those supposedly asking for the change. On the other hand, there has been widespread opposition from just about every quarter including the country's largest accounting firms.

As the stated goal of this proposal is to be sure that investors are receiving "appropriate information" for investment decisions, I'd submit that the proposal, while perhaps presenting a nice-to-know point-in-time liquidation valuation, does little to make transparent the actual investment issues associated with the financial industry and banks as going concerns. Those investing in banking institutions recognize that much of the value therein lies in a bank's ability to act as an effective intermediary and source of funding for longer-term borrowings. Essentially destroying that element of our business for the ephemeral purpose of point-in-time valuations seems counterproductive to the best interests of investors and most assuredly the best interests of our nation.

This is a very bad idea and should be withdrawn.

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