



SERVING LINN, CHARITON, MACON & RANDOLPH COUNTIES

September 20, 2010

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

1201 S. MISSOURI AVE.
MARCELINE, MO 64658

Re: Mark-to-Market Accounting

Dear Mr. Golden

I represent a small (\$118 million) rural bank in Northern Missouri. In my opinion forcing Mark-to-Market Accounting on banks like this would be a serious mistake for the following reasons.

1. Providing an accurate valuation of our assets primarily our loan portfolio would be a major addition to our expense and work load. This expense would eventually be born by our borrowers and depositors.
2. Any estimate of the value of loans based on credit risk is likely a one person's opinion which may differ significantly from that of another.
3. Changes in interest rates would cause wide artificial swings in our earnings. This bank has a clean loan portfolio. I would therefore conclude that market accounting would likely provide an unrealized asset equal to 2 to 3 times our capital today. Should rates rise significantly this unrealized asset could quickly become an unrealized loss that would also exceed capital. Large negative valuation changes could easily create panic.

I am convinced that requiring adequate capital and reserves is a much better solution to our problems. Our present accounting rules have served us well for many years.

Thank you for this opportunity to express my concern.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Reynolds".

Don Reynolds
Chairman & CEO

Each depositor insured to \$100,000



(660) 376-2077