Dean Calhoun 548 Race Street Coldwater, MI 49036

September 23, 2010

Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO 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

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. I am writing as an investor in a small rural community bank. The financial position of the bank as well as transparent financial reporting is important to me as I make investment decisions. I am writing to express my opposition to the proposal requiring all financial instruments be marked to market.

As an investor in a community bank I am interested in how loans perform, not the value the market assigns to the loan. As I understand it, this proposal requires balance sheet loans be recorded at market value. Investing in a small community bank is different than investing in a large investment bank. Loans at community banks are not packaged and sold, and do not have readily determined market values. Even problem loans are not sold, but are worked out with the borrower. The assumptions that would be made to determine fair value of these illiquid loans would be subjective, making investment comparisons more difficult rather than more transparent.

Another concern as an investor is the costs and resources that would be incurred in this process. I believe banks would have to hire consultants to assist with estimating fair values and would also pay higher audit fees.

From my perspective as an investor, the proposal to mark loans to market does not improve financial reporting, but will reduce earnings. I urge you to withdraw the proposal.

Sincerely,

Dean Calhoun

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