September 16, 2010

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

Re: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

I appreciate the opportunity provided to comment on the proposed "Accounting For Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities". I am an investor in bank stock and serve on a community bank board of directors. I am opposed to the section of the proposal to require our bank to mark to market all financial instruments in the bank's asset portfolios.

The section of the bank's assets that are of the most interest to me is the loan portfolio. The performance of the bank's loans has a greater interest to me than what the assumed market value of the loans would indicate. I do not believe a reliable value can be assessed to each loan within the portfolio, taking into consideration the many variances in the loan terms, rates and collateralization.

In a community bank environment I fail to understand what the perceived fair value of the loan portfolio will accomplish. By establishing a fair value does that truly represent the amount of funding the bank would receive if the loans were to be sold? The performance of the portfolio should be and does represent a stronger basis for value.

At this time, it is unfathomable to determine how much of our bank's personnel resources will have to be involved in establishing and maintaining a valuation of the loan portfolio, such as proposed. Additionally, the costs for a bank of our size could be extremely prohibitive.

As exhibited recently in the financial crisis, valuations can fluctuate irrationally and those assumed loan valuations could impact our bank's capital structure in an extremely negative manner for no apparent benefit.

I ask, for the above reasons, that this proposal to mark loans to market be dropped from consideration by the Financial Accounting Standards Board.

As difficult as it may be to attempt to calculate a fair market value for loans with varying terms, rates, collateralization, and performance, how then would a community bank possibly establish a market value for an unfunded loan commitment with little or no performance record? I can envision an impending disaster for our bank's capital account. Presently, there is no established market for community bank loans, with a reliable benchmark.

Additionally, I have a serious concern as to whether as a bank director I would have any interest of entering into any long-term security acquisitions. There is a proven record of the market volatility of securities held for sale and what the effect those fluctuations had on bank balance sheets and capital accounts. The decisions of bank's to reconsider long-term security acquisitions may impair the ability of the various public, governmental entities to secure appropriate financing of their needs.

A very relevant concern and one that is incalculable at this time relates to the costs to be incurred by banks to implement these proposed accounting changes. The personnel resources committed to creating and maintaining fair values will require additional staffing and at what true value to our financial institution? This cost would also have further negative impact on the bank's capital account.

The end result of all these accounting changes will provide no value to me as an investor and in reality these proposed changes might create confusion and concern for future investors of bank stock.

For the above stated reasons I ask that the Financial Accounting Standards Board drop the proposal to create fair value accounting for all financial assets in banks.

I appreciate this opportunity for you to consider my views of the fair value accounting proposal.

Sincerely,

Qashell & Mary

Randall E. Mace

Director

First State Community Bank

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