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September 23, 2010

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*

Dear Members of the Financial Accounting Standards Board:

I appreciate the opportunity to comment on the FASB's exposure draft *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities* (the proposal). As the Chief Financial Officer of a community bank with approximately $360 million in assets, I am writing to express my concern with the FASB's mark-to-market proposal and its implications for not only our bank, but the many community banks like it across the country.

I understand the desire to ensure that investors are provided with adequate transparency regarding financial reporting. I contend, however, that the approach taken in the proposal would provide investors with little more practical information regarding the fair value of loans than is already available in the footnotes to financial statements as they exist today. This is of particular significance given the probability that there would be wide variations in the results of "fair value" determinations for financial products such as loans and deposits with no reliable market in which they are traded.

The proposal would also increase costs for community institutions like ours with limited staff resources. We would be required to either hire additional staff or to outsource the process in order to obtain fair value estimates. In addition to increased payroll or consulting costs, our auditing budget would most certainly increase. All of these costs would be incurred with no benefit to the bank or its customers.

A final concern that I have with the proposal is the potential for pressure on community banks to change the types of loan products that they offer in order to improve the

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appearance of their financial statements. We are a federally-chartered, mutual thrift that provides a significant portion of the residential lending in our area and we retain all of the loans that we originate in our portfolio. It is not difficult to understand that many banks would be motivated to shorten the maturities of their loan offerings or to offer only adjustable-rate loans if longer term loan products, such as residential mortgage loans held in portfolio, were susceptible to "fair value" volatility. I suggest that market demand, rather than accounting pronouncements, be the deciding factor in the types of products that financial institutions offer.

I believe that the costs, both to community banks and the customers that they serve, far outweigh any perceived benefit to investors. I urge you to withdraw the proposal.

Thank you for your careful consideration of this issue.

Sincerely,

Jeff Wright
Vice President and Chief Financial Officer