

**From:** [pemma@mcsbnh.com](mailto:pemma@mcsbnh.com)  
**To:** [Director - FASB](#)  
**Subject:** File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"  
**Date:** Tuesday, September 28, 2010 3:53:21 PM

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Philip Emma  
89 North Main Street  
Concord, NH 03301-4935

September 28, 2010

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

Dear Mr. Golden:

As EVP, Treasurer and CFO of Merrimack County Savings Bank, a banking institution in Concord, New Hampshire with \$600 million in total assets, I am writing to express my opinions on the exposure draft.

#### I. COMMENTS ON FAIR VALUE

There is no active market for many of our loans, and estimating a market value makes no real sense. Even if we could easily obtain a market price, since the loan is just one part of the financial relationship that we have with the customer (multiple loans, investment and trust services, etc.), there is no financial incentive to sell. The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and auditors to estimate market value. As part of a Mutual Holding Company, we have no investors and therefore no one that I know who would want this information. For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

#### II. COMMENTS ON LOAN IMPAIRMENT

I support the Board's efforts to revise the methodology to estimate loan loss provisions. However, I have serious concerns about how such changes can be implemented by banks like mine. It is very important that any new processes are agreed upon and well understood by regulators, auditors, and bankers prior to finalizing the rules. Quite frankly, we are just getting comfortable with the last shake-up in the methods to record a provision and the ALLL. Changing the way interest income is recorded to the proposed method makes the accounting more confusing and subjects otherwise firm data to the volatility that comes naturally from the provisioning process.

I recommend maintaining the current method. Please--lets keep some of our accounting principles consistent and understandable.

#### III. COMMENTS ON HEDGE ACCOUNTING

I have no comments on hedge accounting as it has very little significance to our operations and understanding of our financial reporting and

results. I will say that all the accounting policies in the world would not have avoided the financial meltdown which we all just lived through. Lastly, I wish to address the proposed 4 year transition for implementation by small banks--I understand that footnote disclosure will be required right away. If that is the case, please do not hide the fact that the toughest part will be done--the data modeling. Because of that, the proposal really gives no effective date transition to anyone.

Thanks for your time.

Sincerely,

603-223-2690  
EVP, Treasurer & CFO  
Merrimack County Savings Bank