

From: cgoodlock@farmerstatebank.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: Wednesday, September 29, 2010 11:48:17 AM

Craig Goodlock
201 N. Main St., PO Box 217
Munith, MI 49259-0217

September 29, 2010

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

Dear Mr. Golden:

Thank you 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 the Chairman and Chief Executive Officer of a \$62,000,000 community bank in south central Michigan that has been in business since 1922. Farmers State Bank of Munith has 275 shareholders and is not closely held. No stockholder owns more than a 4% ownership share. In a typical year fewer than 1000 of the 150,000 outstanding shares trades hands. I have been employed by this bank for thirty years and chief executive officer for fifteen years.

My primary concerns with the revisions are in regard to fair value accounting. I am strongly opposed to the portion of the proposal that requires all financial instruments, including loans, to be reported at fair value on the balance sheet. While my bank does sell mortgages to Freddie Mac, most of our portfolio is in loans that are not qualified for sale to any pooler, agency, or other purchaser and therefore remain in our portfolio from time of origination until payment in full. The loans are made with the intent of remaining in the bank's portfolio and for the eighty eight year history of the bank, that's exactly what occurs. The entire business is built upon the premise of an "ongoing concern." Marking these assets to market for periodic accounting is irrelevant, inaccurate, and would introduce more uncertainty than it solves since there is no market and therefore will be no basis for such a valuation. The principal balance of the loan historically has been, and should continue to be, the most accurate reflection of the asset's value. Please terminate any consideration of a proposal that requires all financial instruments, including loans, to be reported at fair market value on the balance sheet.

Thank you, again, for your consideration of my comments.

Sincerely,

517.596.2311
Chairman and CEO
Farmers State Bank of Munith