

From: snbsheldon@mchsi.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: Monday, September 20, 2010 11:17:53 AM

John T. Sumner
198 S. 4th St.
Sheldon, IL 60966-8108

September 20, 2010

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

Dear Mr. Golden:

As president of Sumner National Bank of Sheldon located in Sheldon, Illinois I would like to express my opposition to the proposed mark-to-market accounting change proposed by FASB. Sumner National Bank is a very small bank of only \$17 M but we are one of only a few remaining businesses located in our community. The requirement that loans be marked-to-market would place a tremendous burden on small banks and would not reflect the real world. Sumner National Bank is located in a rural part of Illinois and many times we have customers who struggle to make their payments. We make these loans despite the fact that we know the customer is likely to make late payments. We do so because without us, our customers we be forced to go to finance companies who charge two to three times the rate of interest. If we are forced to mark loans to market we quite probably would simply choose not to make these loans at all. Most of these marginal borrowers eventually manage to repay their loans, so marking these loans down doesn't reflect reality and only makes loaning to these borrowers more difficult.

There has been discussion that if we should have a loan that is not performing as agreed that we could simply sell the loan. I don't know about the rest of the country, but in our area there is almost no market for the sale of underperforming loans. In addition, because there is no market for these loans, how would we estimate the market value? In addition, the costs and resources that we will need to comply with this new requirement are likely to be significant. It most likely would require us to hire consultants and auditors to assist us in estimating the market value. I can tell you as a small bank we already spend thousands of dollars on audits and compliance. The burden is too high now and would probably increase significantly if this requirement is added.

Finally, for us it makes no sense to mark loans to market because we are owned by only 3 stockholders and are not publicly traded. If a good part of the reason to employ mark-to-market accounting is to keep our investors informed of our "real" financial health, then we are wasting our time and going through an unnecessary exercise.

Even if the banking regulators' Tier 1 capital excludes fair value

fluctuations, we still will have to explain it to our, customers and depositors.

Thank you for considering my comments.

Sincerely,

815-429-3331
President
Sumner National Bank of Sheldon