June 8, 2010

Mr. Russell Golden Technical Director Financial Accounting Standards Board 301 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 Mr. Golden:

Thank you for the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" ("proposal"). As an investor whose holdings are concentrated in community banking stocks, I believe the interests of the FASB Board and those of investors should coincide. Unfortunately, I believe that the Board's opinion on how best to have transparency in company financial statements and mine are not the same. I am particularly concerned that the mark to market accounting proposal and a company's attempts to comply will cloud transparency rather than improve it. As an investor, I am primarily interested in a company's core "run rate" or the answer to whether its operations are profitable. Anything that would make it more difficult for me to analyze this basic concept is a detriment to my understanding of the benefits of an investment.

In your proposal, banks must record loans on the balance sheet at their market value. In my discussions with bank management regarding their financial results, we never discuss a loan's market value. The reason for this is, as an investor, I am interested in how the loan performs, not how the market performs. Any interest that I have regarding the market values of financial assets is adequately disclosed in the fair value footnotes to the audited financial statements as well as the notes regarding the allowance for loan losses.

Like all valuations, they are subject to a number of factors that are not subject to interest rate or credit quality factors. For example, certain types of loans based upon location (for example a loan to a small town hardware store) or a mortgage can change dramatically as Wall Street's appetite changes. However, adjusting the fair value of these assets based upon factors that do not impact the initial and ongoing decision of a bank to invest/loan ignores the economic reality that the bank will likely be paid back in full from the underlying credit. We are currently seeing this wide divergence in valuations occur in private label mortgages that banks originated and never intended to sell.

Additionally, this could completely change the business model in which banks operate. I must agree with former FDIC chairman William Isaac who is concerned that the unintended consequences of this proposal "can cause banks to tighten up even further on lending than where they are now" and that the proposal is "irresponsible". This could have dramatic impacts on local economies in small towns where there is little market for those loans. Especially in a weak economic climate that we are operating in, one more impediment to economic recovery is not needed.

From a shareholder standpoint, I am also very concerned about the cost/benefit of this proposal. As previously discussed, in my opinion the benefit is marginal at best and the cost in additional staffing, consultants, accountants and auditing costs makes this a losing proposition.

With this in mind, I recommend you to drop your proposal to mark loans to market, as from my perspective as an investor, it does not improve financial reporting.

Thank you for considering my views. Please feel free to contact me if you would like to discuss these concerns.

Sincerely,

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