

September 10, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 1810-100, Proposed Accounting Standards Update, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"

Dear Technical Director:

We appreciate the opportunity to comment on the Proposed Accounting Standards Update, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" ("proposed ASU" or "proposal"). As the Chief Executive Officer and Chief Financial Officer of Chemical Financial Corporation (Chemical), a publically traded \$5.3 billion Michigan based bank holding company that operates through one bank subsidiary, Chemical Bank, our highest priority is ensuring that our shareholders, potential investors and customers receive transparent financial information regarding the financial position and results of operations of Chemical. As such, we are writing to express our concern and opposition to the portion of the proposal that requires all financial instruments to be marked to market. We believe that doing so will cloud transparency, increase complexity for preparers and users of financial statements and call into question bank capital, the most critical element of our financial statements.

Your proposed ASU would require banks to record all financial instruments, including loans and certain liabilities, such as core deposits, on the balance sheet at their fair value. While Chemical supports the FASB's ongoing efforts to develop a comprehensive framework which addresses accounting for financial instruments, we are strongly opposed to the expansion of fair value to all balance sheet elements, in particular bank loans and core deposits.

Our shareholders and potential investors are interested in the capital position of Chemical. We agree that a loan's intrinsic value may change because of a change in interest rates or because of problems a borrower may have. However, if a borrower is having repayment problems, our process is to work out the problem with the borrower, not look to sell the loan. Even if it were easy for us to find a market value, that market value would be irrelevant since we would not sell the loan. Further, a significant portion of Chemical's loan portfolio is comprised of commercial loans. With individualized payment terms, collateralization and guarantee structures, the vast majority of commercial bank loans have no reliable market in which they could be sold, further calling into question the reliability of using fair value as the basis for accounting for loans. Even

if there were active markets, fair value is not the appropriate measurement for these loans since it does not represent the cash the bank will receive. As a result, accounting for loans under the proposed ASU would lead to unexpected swings in our capital due to market valuation swings that likely would never be realized by the bank. We believe this also introduces complexity that our shareholders and potential investors do not want or need and calls into question the reliability and comparability of bank capital industry wide.

Additionally, we do not manage Chemical's loan portfolio on a fair value basis, but rather on an amortized cost basis with the intent of holding loans to maturity. As for core deposits, we do not have the expertise and operational capabilities to implement the new guidance outlined in the proposal. Overall, we do not have current resources available to generate market values for our loans and core deposits under the proposal. Therefore, we would expect to incur significantly higher costs for hiring additional staff and/or outside consultants to assist with estimating fair values, as well as increased audit fees due to the accounting and audit complexities involved. Since such accounting would not reflect how Chemical is managed, incurring these higher costs provides absolutely no benefit or value to us as management, our shareholders and potential investors or our customers.

To reiterate, we believe that requiring all financial instruments, in particular loans and core deposits, to be marked to market as proposed by the ASU will providing no meaningful benefit to our shareholders, potential investors, management or customers due to the lack of transparency and complexities involved in implementation. Therefore, we respectively request that the FASB drop the proposal to record loans and core deposits at fair value since does not improve financial reporting.

Thank you for considering our views. Please feel free to contact us if you would like to discuss our concerns.

Sincerely,

David B. Ramaker

Chairman, Chief Executive Officer

and President

Chemical Financial Corporation

Lori/A. Gwizdala

Executive Vice President and Chief Financial Officer

Chemical Financial Corporation