

LETTER OF COMMENT NO. 157

Subject:

FW: FASB 157E

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ph Vernuccio; Kevin Stoklosa; Kristofer Anderson; Mark roestakes; Russell Golden; Vita Martin; Wade Fanning

----Original Message----

From: Patricia Clausen [mailto:Patricia.Clausen@NSCOMBANK.COM]

Sent.: Monday, March 30, 2009 2:29 PM

To: Director - FASB Subject: FASB 157E

We appreciate the opportunity to comment on the proposals regarding mark to market FASB rules.

Current appraisals are giving fire sale value and not a "market" value. Recommendations are to hold until a market exists.

The proposed guidance does not recognize standard tools such as property appraisals showing clearly that markets are not active or normal. This is creating a serous situation in the banking systems as it struggles to produce impairment analysis for "frezen" loans—such as land development.

Current valuations are anywhere from 40%-70% of appraisals of 3 - 6 years ago. Real Estate is not traded daily and thereby a current price cannot be obtain. It would seem as the efforts of government and the tax payers contribution to the economic crisis, we are just creating more capital impairment for no purpose. An alternative program maybe to temporarily suspend the rigors of mark to market for properties that banks intend to hold and could be based on the formula from initial appr. to fire sale appraisal. This temporary valuation would only be permitted for a certain time from 36 to 42 months at which time the bank would be required to get a new appraisal and value accordingly.

The damage by not adjusting the market rules is placing great risk on capital and further diminishing real estate values. Banks will be forced to walk away from properties thereby creating more real estate valuation issues.

Sincerely, Patricia A. Clausen, President/CEO James S Randall Chairman

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