

From: mvannorstrand@valleybankandtrust.com
To: [Director - FASB](#)
Subject: FASB Mark-to-Market Exposure Draft
Date: Monday, August 16, 2010 3:43:41 PM

Michael Van Norstrand
4900 E. Bromley Lane
Brighton, CO 80601-7824

August 16, 2010

Director Financial Accounting Standards Board
Director

Dear Director Financial Accounting Standards Board:

File Reference: No. 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Thank you for this opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" ("proposal"). As a bank officer, the financial position of the bank where I work is of utmost importance. Therefore, I am writing to express my deep concerns and opposition to the portion of the proposal that requires all financial instruments to be marked to market. From a bank officer's perspective, this will cloud transparency, rather than improve it.

In your proposal, banks must record loans on the balance sheet at their market value. In all my meetings with bank management regarding the financial results, a loan's market value is never discussed. We are interested in how the loans perform, not how the market performs. Although I understand the rationale for providing banks with the ability to provide more robust loan loss reserves, I believe the focus on mark to market is not relevant for loans that are not being sold.

I understand that a loan's market value may change because of current interest rates or because of problems the borrower may have. But if there is a problem in repayment, the bank doesn't try to sell the loan, it works the problem out with the borrower. So, even if it were easy to find a market value, that market value is irrelevant, since the bank would not sell its loans.

Additionally, I am very concerned about the costs and resources that will need to be dedicated to this effort. We have learned from the recent financial crisis that markets are sometimes illiquid and sometimes irrational. Because banks do not use fair values in managing their cash flows, I anticipate that this could require banks to hire more staff and consultants to assist with estimating fair values and to pay significantly higher audit fees.

I strongly urge you to drop your proposal to mark loans to market, as 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,

Michael Van Norstrand