

From: [Diane Flood](#)
To: [Director - FASB](#)
Subject: File Reference No. 1810-100
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Dear Board Members,

This letter is to voice objection to extending "Mark to Market" accounting to the loan portfolio of commercial banks.

Being an owner and investor in several community "commercial banks" I find mark to market accounting for bank loans as not being practical, applicable or informative. I take this stance since all the banks I am involved with do not sell or trade their loans but rather hang onto them for the life of the loan. That is how banks have traditionally made money and they are incented to keep the loans on the balance sheet, which is more profitable than "Sale/Service" business. (This excludes secondary mortgage home loans originated for the purpose of sale to the 2nd market. These we presently market to mark at this time. Secondly attempting to realistically value loans for market to market would be highly difficult and at best subjective which may make any conclusion miss leading and less informative than showing the loans at par. Thirdly mark to market may create extreme swings in the capital/equity accounts of banks that would reflect more of a liquidation value than a going concern.

In summary we do not support mark to market accounting for banks for the following reasons: 1. Banks hold loans till maturity. 2. Difficulty in valuing loans, as with commercial loans none are the same. 3. Mark to market may produce irrelevant and unnecessary swings in capital/equity and earnings in banks.

In conclusion I hope the Board will closely look at the characteristics of "commercial banking" that makes "mark to Market" as an inappropriate application to its loan portfolio.

If you have any questions do not hesitate to contact me.

Regards,

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