From: Kent Liechty

To: Director - FASB

Cc: <u>imvers@indianabankers.org</u>; <u>avantil@indianabankers.org</u>

Subject: Mark to Market - File Reference No. 1810-100

Date: Tuesday, September 21, 2010 10:52:44 AM

## Dear Mr. Golden:

I was recently informed of the proposed changes in the accounting proposal, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities." Our bank has worked closely with the Indiana Bankers Association in understanding this complex and unique issue for community banks. Please allow this letter to inform you of the concern our bank, First Bank of Berne, has with the use of fair value (market value) as the primary balance sheet measurement for all financial instruments. In my opinion, marking the balance sheet to market does not provide a clear, long term picture to investors.

This proposal would provide a burdensome requirment upon community banks like the First Bank of Berne while providing minimal value to the investing community. The primary concern with a loan is how the loan performs, not how a particular market may value the loan on a given day. Many community banks have a variety of loan assets with some having unique characteristics making them very difficult or almost impossible to value. We do not have confidence a reliable system of evaluating these loans could be created. This type of valuation could subject our bank and other community banks to wide capital fluctuations causing a distruption to our local communities and main street.

Please use extreme caution as you consider this proposal. I feel the negative consequences for the banking and the investing arenas far outweigh any potential benefit from these proposed changes. I appreciate your willingness to consider my views on this issue.

Sincerely,

Kent A. Liechty, President First Bank of Berne kentl@bankofberne.com 260-589-2151

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