Farmers & Merchants Bank

Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Mark to Market Accounting Changes
File Reference Number 1810-100

Dear Mr. Golden,

Farmers & Merchants Bank, Piedmont, Alabama is a 190 million bank located in Calhoun County in rural Northeast Alabama. Competition consists of three banks and two credit unions with one of the banks being Wells Fargo. Our economy is based on agriculture, light manufacturing, school system and no hospital or Wal-Mart Super Center. The bank is closely held with less than 45 total stockholders and was chartered in 1915.

We at Farmers & Merchants Bank want to register our strongest opposition to the proposed FASB changes. The Mark to Market rules as they stand now are reaking havoc on the banking system, depleting earnings and reducing capital.

Mark to Market rules produce misleading information. History has proven that these rules do not work. For example Mark to Market accounting was put in by President Roosevelt in the early years of the great depression and then were taken out by him in 1937 when he realized the damage he was doing to a recovery. It artificially spurred the bubble and artificially worsened the down turn.

We area small community bank that neither sells or buys loans. We basically take deposits from the community and make loans back into the community we serve. This proposal would create burdensome work for us and would mislead the regulators and public as to the value of bank assets.

The results of these changes will be to force more community banks out of business through failure or merger. Some may think that less banks and bigger banks make for better supervision. Not so! Who got this country in this economic downturn anyway? It was not Community Banks. It is commonly known that 55% to 60% of job creation comes through small business expansion and hiring. Small business is primarily financed through local community banks. If the economy is resurrected a large part will come on the backs of community banks. Rural communities across the country will have a hard time getting small business expansion without their community bank.

Fair Market Value Accounting for a community does not make sense. Community Banks mostly make and keep loans on their books. They don't have trading assets, which is what fair market value accounting is meant for.

Fair Market Value Accounting for community banks is a terrible idea. It doesn't reflect the true value of a community bank. It makes no sense!!

Sincerely Yours,

Lin Latta
President and Chief Executive Officer
Farmers& Merchants Bank
Piedmont, AL 36272