



September 23, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

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

Dear Members of the Financial Accounting Standards Board:

I am actively involved in our banks management including reviewing financial results and unless a loan is not performing, we do not discuss the market value of loans. We hold our commercial loans and do not sell them.

The vast majority have no real marketability due to the small size of the loan, quality of the financial information provided to the bank, or reliance upon the support of a related entity. Our bank makes these loans to serve our local community, and is able to because of our expertise in risk assessment of these types of credits. These loans have no trading market, and would probably require a significant discount for another investor to purchase. The loans that could be marketable may be for sale to an institutional investor with significantly higher cost of funds than our bank's. This would mean that almost all loans in a portfolio must immediately be discounted to arrive at a "fair market value" simply because investor cost of funds is higher than ours.

Even when analyzing problem loans, our bank tries to work out problem loans and therefore does not sell them. To my knowledge, the bank has not sold a problem loan that we originated during my tenure. We do analyze and value the underlying collateral on these loans, and make our best assessment for probable losses. This, however, does not equate to a market value since every investor has a different risk appetite and may value credit enhancements other than collateral differently or not at all.

The proposed mark-to-market rules will result in us incurring significantly increased accounting costs and expense of additional human resources without any true benefit. Appraisals will be costly, which will ultimately increase the cost of borrowing to our customers without providing them any additional benefit. As opposed to normal market conditions, this increase in borrowing costs to our customers will not translate to a benefit to our shareholders. This will also strain capital and earnings, both because of the move from amortized accounting for long-term investments and because of the higher costs associated with providing these fair value estimates.

Under the proposed rules, I do not see an alternative to eliminating long-term financing options. To mitigate the fluctuations in values, we may be forced to go to a short term lending model that will severely impact the lending process and harm the communities we serve.

Please withdraw this proposal. We were under the impression that FASB's intent was to provide consistent accounting globally and you understand the current proposal does not. Nor does it reflect International Financial Reporting Standards, which will cause further problems as we move to have internationally comparable financial statements. It does not serve to address the specified problems, and will cause tremendous harm to our still-fragile national and global economies

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Morris", written over a horizontal line.

Frank Morris
Chief Executive Officer