

From: mlemarbre@atbanktn.com
To: [Director - FASB](#)
Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft
Date: Wednesday, September 22, 2010 5:25:46 PM

Michael LeMarbre
6771 Baum Drive
Knoxville, TN 37919-7314

September 22, 2010

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

Dear Mr. Golden:

Dear Mr. Golden:

I am writing to urge FASB to not go forward with the proposal. Here are reasons to avoid Mark to Market accounting for Banks:

- Determining Fair Values for Loans and Deposits will be very costly in an environment where the cost of banking continues to rise.
- Assigning fair values to loans will create volatility in the Balance Sheet. As rates change, the value of the loan/deposit portfolios will also change and can cause large fluctuations in the size of the Bank's Balance Sheet. This would also make it difficult to monitor and maintain capital with a fluctuating balance sheet.
- Determining a true fair value cannot be based on a calculation, but rather based on a willing buyer and seller outside of a distressed environment. The only way to truly determine the fair values is by finding a buyer for your entire portfolio, which is very difficult in any rate environment.
- Users of the financial statements will not benefit from the information in a fair value accounting statement more than users benefit from the current financial statements. Users of the financial statements would be subject to Management's valuation of the loan portfolio and the deposit portfolio, which leaves more room for interpretation and less room for comparability between institutions.

I think that this covers the basics of the folly of fair value accounting.

The balance sheet reflects fair value for the investment portfolio, but the fair values are based on the secondary market for these types of instruments. Since there is no secondary market for loan and deposit portfolios, this value would be an estimation by Management.

Small banks account for most small business lending. In a time when the economy needs our help, please do not put this stress on our bottom line and our balance sheets.

Cordially,
Michael J. LeMarbre, CPA
American Trust Bank of East Tennessee (\$140MM)

Sincerely,

Michael LeMarbre