August 30, 2010

Mr. Russell Golden 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 Mr. Golden:

I am writing you today concerning the Exposure Draft on Fair Value Accounting for Loans and Debt Securities. I have grave concerns that the actual purpose of the accounting rule will not be met in regards to providing fair value accounting to investors.

Our bank currently prices its private label securities portfolio (PLMBS) that is deemed "available for sale" on a monthly basis to ascertain the appropriate value. These securities are traded daily on the open market and are well understood by the investment community. Even with the extreme knowledge by the market, obtaining a reliable market value for these securities is an overwhelming task.

In addition to the difficulty pricing the PLMBS portfolio, valuing the loan portfolio also offers tremendous challenges. The reason I believe the accounting rule should not apply to loans is the tremendous variance in structure and terms from loan to loan. The greatest advantage for community banks is their ability to provide flexibility in loan term structure for their clients. Many of the loans originated by community banks have no secondary market in which to determine the reliable fair values. Under this accounting proposal, investors will be presented with a fair value based upon inconsistent fair value guesses rather than a true market price.

Valuing a loan based upon secondary market data does not take into account the numerous banking relationships priced into the loan. Secondary market pricing excludes any consideration for multiple relationships of the borrower. There is no way a market price can determine the value of that entire relationship.

I urge you to reconsider the inclusion of loans in the fair value accounting rules. It is highly unlikely that fair value accounting for loans will provide accurate information to investors.

Sincerely,
John W. Bordelon
Home Bank
President and CEO