West Alabama Bank

September 27, 2010

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

Via email: director@fasb.org

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

Dear Mr. Golden:

Respectfully, I am writing in opposition to the FASB proposal to extend mark-to-market accounting to virtually the entire balance sheet of banks, including loans. If adopted, the proposal would create havoc in bank lending and undue volatility in bank earnings and capital. There is no liquid market for loans held to maturity and no way to assign a market value to loans that would be realistic or helpful to investors. Requiring loans to be mark-to-market as opposed to held at amortized cost will be less transparent, not more transparent for the investor.

Without a doubt, mark-to-market accounting imposed on banks contributed to the Great Depression and the recent financial crisis by inhibiting lending. I strongly encourage you to give thoughtful analysis of its role in these two major downfalls in the economy before moving forward with mark-to-market accounting.

If loans have to be marked to market, banks will be forced to limit lending to short-term loans to only the highest quality borrowers. The majority of our footprint is in small communities and we strive to meet the needs of small business, agriculture, and the timber industry. Loans of this nature do not have readily ascertainable market values or will fluctuate too widely to take the risk of longer-term commitments. Another concern is the resources that will be needed to monitor and manage data for audit purposes.

The result of such an accounting change would not yield the intentions you are proposing of improving financial reporting.

I urge you to consider the negative impact of this proposal and recommend that you not impose this accounting change.

Sincerely,

William R. Finney
President & CEO