

From: mpierce@vantagebankal.com
To: [Director - FASB](#)
Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"
Date: Thursday, September 16, 2010 4:28:27 PM

Myra Pierce
407 North Broad Street
Albertville, AL 35950-1727

September 16, 2010

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

Dear Mr. Golden:

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities." As CFO of Vantage Bank, a banking institution in Albertville, Alabama with \$72 million in total assets, I am writing to express my opinions on specific provisions of the exposure draft. I. COMMENTS ON FAIR VALUE I am very strongly opposed to the portion of the proposal that requires all financial instruments - including loans - to be reported at fair value (market value) on the balance sheet. Vantage Bank does not sell its commercial loans. Basing our balance sheet on fair values leads readers of our financial statements to assume that we will sell the loans, which is not the case. If there are issues with a borrower's ability to repay a loan, our loan officers work through the collection process with the borrower rather than sell the loan. Since there is no active market for many of our loans, estimating a market value makes no real sense. Even if we could easily obtain a market price, since the loan is just one part of the financial relationship that we have with the customer, there is no financial incentive to sell. If we were forced to use mark-to-marking account on all loans, the bank's capital would sway with fluctuations in the markets - even though our loan portfolio is performing. Instead of providing better information about our bank's health or its ability to pay dividends, the proposal would just mask it. Even if the banking regulators' Tier 1 capital excludes fair value fluctuations, we still will have to explain it to our investors, customers and depositors. The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and auditors to estimate market value causing excessive cost to stockholders. For the reasons stated above, Vantage Bank respectfully requests that the fair value section of the exposure draft be dropped. Thank you for considering my comments.

Sincerely,

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Executive Vice President & CFO/COO
Vantage Bank of Alabama