From: jeff.frazier@vintagebank.net
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 2:55:24 AM

---

jeff frazier
P.O. Box 557
WAXAHACHIE, TX 75168-0557

September 21, 2010

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

Dear Mr. Golden:

September 21, 2010
Russell Golden
Technical Director
Financial Accounting Standards Board

Dear Mr. Golden,

Thank you for the opportunity to comment on FASB's Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities. I am Jeff Frazier, President and CEO of Vintage Bank, Waxahachie, Texas which is a $150,000,000 community bank with three locations. I am writing to urge FASB to not go forward with the proposal on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks, whose primary business is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. Community banks fund their operations by taking deposits and holding loans for the long term. Most financial instruments this bank holds are not readily marketable.

We oppose the proposed accounting treatment for core deposits which calls for them to be regularly re-measured using a present value calculation. This would not provide accurate information and the calculations would be expensive and time consuming, particularly for smaller banks like ours that have limited staff resources to conduct the analysis.

Community banks such as our bank create and hold small business loans for which there is no active market; it would be very difficult and costly to mark them to market. Establishing fair values for the types of loans held by many community banks like our bank would be costly and result in data of questionable reliability. The expanded reporting of comprehensive income is unnecessary, confusing and of little use to most financial statement users. Conservative community bankers (and bank regulators) see

the need for more flexibility in setting the allowance for loan and lease losses. We are all well aware that economic cycles occur and it is very difficult to absorbing losses and raising capital during times of economic difficulties, such as the current environment. These accounting changes will increase the volatility of bank balance sheets, forcing them to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability.

Again, I thank you for the opportunity to comment on this proposal.

Sincerely,

Jeff Frazier
President/CEO

Sincerely,

jeff
972-935-5200