

**From:** [jdevito@village-bank.com](mailto:jdevito@village-bank.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:** Monday, September 27, 2010 5:23:15 PM

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Joseph De Vito  
307 Auburn Street  
Auburndale, MA 02466-1902

September 27, 2010

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

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 EVP & CFO of The Village Bank, a banking institution in Auburndale, MA with \$675 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 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.

Our bank does not sell our commercial loans and holds in portfolio nearly all of its residential 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, we work through the collection process with the borrower rather than sell the loan. This always has been and will continue to be part of our commitment to our customers.

There is no active market for many of our loans, and estimating a market value makes no real sense.

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.

Finally, even if the banking regulators' Tier 1 capital excludes fair value fluctuations, we still will have to explain it to our customers and depositors who to this point have expressed no interest in receiving this information.

For the reasons stated above, The Village Bank respectfully requests that the fair value section of the exposure draft be dropped.

Thank you very much for considering my comments.

Respectfully,

617.340.1222  
EVP & CFO  
The Village Bank