September 29, 2010

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

Via e-mail: director@fasb.org

Re: File Reference Number 1810-100 *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.*

Dear Mr. Golden:

We appreciate the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

Spirit BankCorp, Inc, headquartered in Bristow, Oklahoma, is a $1.5 billion bank holding company. We take pride in providing meaningful and comprehensive financial information to our shareholders and we support standards and interpretations that clearly result in reliable and relevant information. We believe this proposed guidance will have a significant negative impact on the way in which banks conduct business and will not accomplish the Board's objective to provide financial statement users with a more timely and representative depiction of an entity's involvement in financial instruments, while reducing the complexity in accounting for those instruments.

We specifically have the following concerns regarding this proposed guidance:

Concerns regarding measurement of financial instruments, specifically loans, at fair value

The accounting guidance set forth in the Proposed Accounting Standards Update would require financial instruments, including loans, to be recorded at fair value (market value) on the balance sheet. Recording held-to-maturity loans at a current market value would profoundly change the banking business model that is currently driven by creditworthiness of the borrower and sound accounting practice. Our business model is not designed to focus on selling our loans in the market or determining whether or not the

market for our loans is liquid or illiquid. As a community bank, our loans are primarily to mid-sized and small businesses and consumers for which there is typically no liquid market and in many cases no market at all. As a result, our loans would be classified as Level 3 for which a significant liquidity discount would be applied. Presenting these loans at an artificially low market value would not fairly represent the intrinsic value of these loans being held to maturity.

In the absence of a liquid market, during times of economic distress, loan market values will most likely be determined based on "fire sale" values rather than based on the true credit quality and cash flow of a bank's loan portfolio. If a bank is located in an area where other banks were forced to liquidate assets under distress, the regional impact will ultimately be conveyed to the banks that do not have the risk factors experienced by those under distress. Banks that made prudent lending decisions could still be considered inferior or impaired simply by these other regional influences.

We believe presenting the value of our loan portfolio at amortized cost is a much more accurate and fair representation of a bank's business model. The quality of a bank's loan portfolio should be the primary driver of a bank's earnings rather than the condition of a market that is most likely illiquid and volatile.

The cost to community banks, such as ours, to create the processes and systems required to account for loans at market value far outweigh any perceived benefit from this proposed guidance. In addition, this proposed guidance is not consistent FASB's intended goal of converging with IFRS.

Concerns regarding loan impairment

This proposed guidance places great emphasis on the fact that banks consider all available information relating to past events and existing conditions in determining reserves and impairment but implies that future events or expectations not be used in determining reserves and impairment. This proposed guidance is not only contradictory to the approach promulgated by banking regulators but is also contradictory to the market value approach proposed for measuring loans.

We believe a thorough review and testing of any new processes by regulators, auditors and bankers is imperative prior to finalizing this proposal.

We also do not support the proposed commingling of loan loss provision with interest income. Interest income should continue to be calculated based on contractual terms and not be reflected on an after-impairment basis. Current systems will not support this without significant costs and it will distort the asset / liability monitoring processes that are in place to manage interest rate risk.

Assessing the market value of a loan portfolio may not present comparable financial information as market values will be skewed between regions depending on the prevailing economic climate of that region. We believe these factors are more readily quantified, represented and displayed through the loan loss provision analysis. Embedding these factors within the principal value of the loan portfolio may be more misleading than the current disclosures. The proposed changes could actually lead to less comparability of similar institutions in different regions.

Summary

In conclusion, Spirit BankCorp, Inc., appreciates the opportunity to comment on this Proposed Accounting Standards Update and urges the Board to seriously consider the concerns set forth above and the concerns from the many experienced investors and constituents who have voiced their strong opposition.

We thank you for your attention to these matters and for considering our views. We would be pleased to discuss this matter in more detail with the Board or staff at your convenience.

Sincerely,

Greg Caldwell
Chief Financial Officer
Spirit BankCorp, Inc.