

September 27, 2010

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

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

Dear Mr. Golden:

I am writing on behalf of First Virginia Community Bank (FVCB) to comment on the above proposal. FVCB opened its doors in November 2007 in Fairfax, Virginia as a community bank serving businesses and consumers in our market place. As of June 30, 2010 total assets were \$169.3 million, including gross loans of \$128.1 million.

We strongly believe that accounting for financial instruments should reflect how a bank manages its assets and liabilities.

In this regard, requiring loans held to maturity to be recorded in financial statements at fair market value rather than at amortized cost does not reflect the bank's treatment of these loans. When a borrower has a problem paying a loan, the bank does not sell the loan; it works to address the borrower's problem. The above proposal, however, would negatively impact both banks and those who rely on their financial statements, and end up doing the exact opposite of what FASB intends.

Recording loans at fair value or "exit price" would lead to gains that might never be recognized and losses that are unlikely to occur. This could create widely fluctuating swings that would make year-to-year comparisons difficult at best. In short, fair value has no bearing on the cash that will be received on loan assets.

Also, having to determine fair values for loans could prove quite difficult and costly for FVCB, or any bank, since there may not be a reliable active market for selling such loans. Each bank would have to develop its own methodology, which would likely differ from bank to bank, therefore reducing comparability of financial statements among banks.

The proposal states that equity security adjustments for changes in fair value are recorded directly to earnings and changes in fair value for loans held for investments and held to maturity are recorded to comprehensive income. We are concerned that this increases the complexity of the financial statements and could create confusion for the readers. The proposed continuous statement of comprehensive income would add another statement to the financial report and a

layer of complexity, raising the question of when is an adjustment recorded through comprehensive income and what is the purpose of the statement. This statement will further confuse investors requiring them to have much greater understanding of the relevance of the information contained within each financial statement, what should be the primary focus of each statement, and what information is being provided.

For impairment valuations, while we support a methodology that would create consistency within the banking industry, we are not in favor of determining impairment values based on economic conditions existing as of the reporting date as if these conditions will not change for the remaining life of the assets. Historical information provides relevant business cycle information that would be totally ignored by this requirement. This would create massive swings between reporting periods in the valuation in loan loss allowances due to the economic climate at the time of reporting. These swings will also create confusion for the readers of the financial information.

We appreciate the opportunity to comment on this proposal.

Sincerely,

Patricia A. Ferrick

Chief Financial Officer and

Executive Vice President

First Virginia Community Bank

