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Mr. Russell Golden
Technical Director - FASB
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

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

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* ("proposal").

I am writing to express my deep concerns and opposition to the portion of the proposal that requires all financial instruments to be marked to market. From an investor's perspective, this will cloud transparency rather than improve it, and put into question the most critical element of bank financial statements: bank capital.

In your proposal, banks must record loans on the balance sheet at their market value. In our committee meetings with our bank management regarding financial results, market values of loans are never discussed. Full fair value accounting is not relevant to the commercial banking business model, and will undermine the reliability in bank capital levels and decrease comparability between banks. The reason for this is that investors, are interested in how loans perform, not how the market views loan performance.

Commercial Loans, which comprise 60% of banks' balance sheets, have no active secondary market. Any attempt to assign an arbitrary value to a commercial loan would not be reliable. A presumed value of an individual loan based on some formulaic method would not reflect the total value of the customer relationship to the bank.

Full fair value accounting would result in complexity that is not needed or desired by investors, in both the proposed changes in loan portfolios and core deposit intangible (CDI). Also, the proposed methodology for CDI is calculated on a different basis than currently used in business combinations.

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This proposal also would put U.S. companies at a competitive disadvantage to international counterparts, since it is significantly different than the recently issued International Financial Reporting Standards Statement No. 9, which accounts for financial assets held long term at amortized cost – not at fair value.

In a fair value environment, who would establish the market values or formulas? Would they take into account differences in every loan? What about differences within each local market? Commercial loans and Commercial Real Estate Loans, which comprise a significant portion of every Commercial Bank's portfolio, each have their own unique circumstances.

There are literally hundreds of various industries represented in these loan portfolios, each with their own characteristics and unique properties that vary within local markets, and vary further depending upon the borrower's circumstances and the bank's collateral position. Any attempt to apply a mark to market value would not provide better information and disclosure, but would have the opposite effect.

The implementation of a new full fair value accounting method will be extremely time consuming and costly for all banks. You add that to the facts that this proposal would not provide better information to investors, would put U.S. banks at a competitive disadvantage, and is inconsistent with other industry accounting standards, only reaffirms that this effort has no meaningful benefit to any involved parties, particularly investors. An enormous amount of cost to our bank and the industry in general would result, with no benefit whatsoever.

With this in mind, I recommend you to drop your proposal to mark financial assets to market, as, from my perspective as a bank investor, it does not improve financial reporting. It would only add unnecessary expense to the bank's bottom line, and provide no meaningful information for bankers or investors.

Thank you for considering my views. Please feel free to contact me if you would like to discuss my concerns.

Sincerely,



Felix Briones
Secretary / Shareholder
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