From: epearson@community1st.com

To: <u>Director - FASB</u>

Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for

Derivative Instruments and Hedging Activities"

Date: Thursday, September 16, 2010 3:15:33 PM

Eric Pearson 6401 W. Clearwater Ave. Kennewick, WA 99336-1794

September 16, 2010

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

Dear Mr. Golden:

I am writing to comment on the proposd changes to the Fair Value Accounting and Impairment accounting that are before your board.

I am the CEO of Community First Bank a \$165 million community bank in Kennewick, WA,. In this capacity, I believe the concept of applying Fair Value accounting rules to the loan portfolio of institutions such as ours would be harmful and misleading. We actively manage our balance sheet for interest rate risk and the results of various fair value methodologies rarely produce accurate or meaningful data about the current or future income derived from our loan portfolio.

I am not opposed to displaying this type of analysis as a footnote in our financial statements, but including these adjustments in our P&L would produce wild fluctuations that would make it difficult to assess how well the bank is performing on a "core" basis.

When we underwrite small business loans, we adjust out their attempts at fair value accounting to get to a meaningful "core" operating P&L. I see no reason why creditors of or investors in our business would want to ignore such "core" analysis.

Another issue that I am concerned about is the methodolog for loan impairment accounting. Expected losses should be considered in the methodology as our business in inherently cyclical, and experienceded losses are often a poor predictor of the future. I would conclude that an investor or creditor would be better served to see "expected" losses in our impairment methodology as it would give them an better sense of managments's expectations which they could then compare to actual results over time.

Beyond this, expected loss methodology is the only prudent way for us to manage our loan portfolio. We need to assess future expectations when analyzing the quality of our assest or we will be continually suprised.

I hope that your board serciously consders all of the factors facing our industry before making a final determination.

Thank you for allowing me to expresss my opinions on this important matter.

Sincerely,

509-222-2258 President & CEO Community First Bank