

# FIRST BANCORP

---

September 28, 2010

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

RE: File No. 1810-100 - Proposed Accounting Standards Update-Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities-Financial Instruments (Topic 825) and Derivatives and Hedging (Topic 815)

Dear Mr. Golden:

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

First Bancorp is a one-bank holding company with \$3.2 billion in assets located in Troy, North Carolina. Like most community banks, our business model is primarily one of accepting deposits from local customers and investing those funds into loans to small businesses in our communities. We customize the loan terms to meet the needs of our customers and in consideration of the overall profitability of the relationship. We hold the loans until maturity without regard to the value that a third party might pay us for the loan.

We do not believe that requiring banks like us to mark our financial assets and liabilities to a hypothetical fair value provides relevant or reliable information to users of financial statements. In accordance with applicable standards, we have provided our best estimate of this type of fair value data in our financial statement footnotes for many years. We have never seen any user or stock analyst refer to this information. We assume that is because the information is of limited value and does not provide relevant insight as to our bank's future cash flows.

Fair value accounting will result in additional complexity to our financial statements because there is no active secondary market for the great majority of our loans and thus our fair values will be based on multiple, subjective assumptions. We believe the use of these assumptions will also lessen the reliability of the financial statements compared to the well-understood and accepted historical cost approach. Also, our assumptions will likely vary from assumptions used at other banks and thus implementation of the proposed standard will also result in less comparability among similar institutions.

In summary, we believe that the proposed standard will not be useful to users of financial statements, adds unnecessary complexity to financial statements, will result in less reliable financial statements, and will negatively impact the comparability of financial statements among similar institutions.

Accordingly, we respectfully request that the FASB withdraw the proposed requirement to expand the use of fair value accounting.

Thank you for your consideration of our comments.

Sincerely,

/s/ Jerry L. Ocheltree

Jerry L. Ocheltree  
President and CEO  
First Bancorp