

**From:** [tramon@fnbspearman.com](mailto:tramon@fnbspearman.com)  
**To:** [Director - FASB](#)  
**Subject:** File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"  
**Date:** Monday, September 27, 2010 11:53:16 PM

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Tindle Ramon  
PO Box 337  
Spearman, TX 79081-0337

September 27, 2010

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

Dear Mr. Golden:

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

As CFO of First National Bank, a community bank in Spearman, Texas with 142 million in total assets, I am writing to express my opinions on specific provisions of the exposure draft.

#### I. COMMENTS ON FAIR VALUE

I am strongly opposed to the portion of the proposal that requires all financial instruments - including loans - to be reported at market value on the balance sheet. We are not in the business of originating commercial loans for the purpose of sale. In fact, our loans are most often only one component of our relationship with our customers. The importance of maintaining our relationship is actually a disincentive to selling loans. If there is a problem with a borrower's ability to repay a loan we handle the workout in-house, not through the sale of the problem asset. Furthermore, many of our loans are unique to our trade area and require local expertise. Estimating market values on these types of loan when there is no secondary market would be costly, provide no real usable information for our bank, our customers or our regulators and would create artificial fluctuations in our capital account that would mask actual performance. I believe basing our balance sheet on fair values would be both confusing and misleading to our customers and shareholders. For these reasons our bank respectfully requests that the fair value section of the exposure draft be dropped.

#### II. COMMENTS ON LOAN IMPAIRMENT

I do not support the proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis. Stopping the recognition of income when a loan stops performing (placing them in non-accrual status) has proven to be an accurate reflection of actual income in our bank. Following the proposed method of recording interest income would only add unnecessary

administrative expense and produce no material change in the final amount of income recognized since the vast majority of our loans ultimately perform according to their contracted terms. I respectfully recommend maintaining the current method.

Sincerely,

806-330-0866  
Sr. V.P. & CFO  
First National Bank