



December 13, 2010

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

Via email: director@fasb.org

File Reference: No. 1880-100 *Clarifications to Accounting for Troubled Debt Restructurings by Creditors*

Dear Technical Director:

Community Bank of Tri-County appreciates the opportunity to comment on the exposure draft *Clarifications to Accounting for Troubled Debt Restructurings by Creditors* (ED). Community Bank of Tri-County is a community bank with \$850 million in assets serving the Southern Maryland counties of Charles, Calvert and St. Mary's. Community Bank of Tri-County understands the concerns with the identification and reporting of troubled debt restructurings (TDRs). We support clarifications to existing guidance that highlight modifications that increase credit risk to banks, however the changes proposed will not effectively accomplish this objective. The exposure draft proposes changes that will make the process to evaluate loan modifications unnecessarily difficult and complex.

The changes proposed will, if implemented, require many expansive alterations to our processes to identify TDRs. These processes are based on certain specific guidance issued by our regulators and auditors in the past. For example, taking away past guidance provided by the Office of the Comptroller of the Currency and the Center for Audit Quality will add considerable complexity to that process. If we do not provide the documentation required to support the evaluation of the loan modification we will likely be required to by default, report the modification as a TDR. The amounts reported will then contain many cases of legitimate loan modifications whereby no material concession has been provided. We do not believe the proposed clarifications in the exposure draft will result in better financial reporting. Further, available historical data does not permit retrospective reporting of these modifications.

The exposure draft also emphasizes the current standard's market-based trigger in identifying a TDR. The market trigger is the biggest problem in the current TDR analysis. Because of complexities related to specialized terms, collateral and personal guarantees applied to loans, it is

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very difficult to determine a “market” interest rate on most loans. However, even when a market rate is available, we do not agree that a TDR should be reported when additional collateral and/or guarantees have been provided and the resulting loan terms add no more credit risk to the bank than the original loan.

Thank you for your attention to these matters and for considering our views. Please feel free to contact me at 240-427-1030 or our Chief Financial Officer, William Pasenelli, at 240-427-1033 if you would like to discuss our views.

Sincerely,

A handwritten signature in black ink that reads "Michael L. Middleton". The signature is written in a cursive, flowing style.

Michael L. Middleton
Chief Executive Officer
Community Bank of Tri-County