

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:

First Defiance Financial Corp. appreciates the opportunity to comment on the exposure draft *Clarifications to Accounting for Troubled Debt Restructurings by Creditors* (ED). Frist Defiance Financial Corp. is a community bank with \$2 billion in assets serving the northwest Ohio area. We understand the concerns with the identification and reporting of troubled debt restructurings (TDRs). However, we are opposed to the ED, as the ED proposes changes that will make the process to evaluate loan modifications unnecessarily difficult and extremely complex, and it also misses the point on whether or not the related loans pose increased credit risk to the bank.

The changes proposed will, if implemented, require many changes 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 significant concession has been provided. We do not believe this will result in better financial reporting. Further, we do not even have the information available to perform any kind of retrospective reporting of these modifications.

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reporting. Further, we do not even have the information available to perform any kind of retrospective reporting of these modifications. We would suggest considering a prospective adoption with one year for implementation from the date of the rule becomes final.

Thank you for your attention to these matters and for considering our views on this important issue. Please feel free to contact me at 419-785-2210 or <a href="mailto:dhileman@first-fed.com">dhileman@first-fed.com</a> if you would like to discuss our views.

Sincerely,

Donald P. Hileman

First Defiance Financial Corporation