Penny Buchanan
Executive Vice President and
Chief Operating Officer

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 American Bank, Norman, Oklahoma, appreciates the opportunity to comment on the exposure draft *Clarifications to Accounting for Troubled Debt Restructurings by Creditors* (ED). First American Bank is a community bank with $300 million in assets. We have nine banking locations scattered throughout central and western Oklahoma. I am also a certified public accountant and a board member of the Oklahoma Society of CPAs. I have been involved in banking since 1982 as an external auditor and internally as an operations officer and as a finance officer.

First American Bank and I 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 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 *SFAS No. 15, Troubled Debt Restructurings*. It seems that many of our ordinary loan modifications will be considered 'concessions' according to the ED; when these modifications are simply a means of providing temporary relief to borrowers and generally short-term in nature. Also, 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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The ED 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; especially in the smaller Oklahoma communities we serve. Because of complexities related to specialized terms, collateral and personal guarantees applied to loans, it is very difficult to determine a "market" interest rate on most loans. A loan modification would appear to be a TDR regardless of interest rate at which the debt was restructured simply because the debtor does not otherwise have access to funds from an alternative source. However, even when a market rate is available, when the rate is not increased to the current "market", 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.

Thank you for considering our comments. Please feel free to contact me at 405.366.3208 or email me at pbuchanan@bankfab.com if you have any questions about our comments or wish to discuss any of the matters addressed herein.

Respectfully,

Penny L Buchanan

Penny L. Buchanan, CPA
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