From: Tom Chesney [tchesney@flatironsbank.com]

ent: Thursday, October 06, 2005 4:05 PM

io: Director - FASB

Cc: bwalker@ibcbanks.org

Subject: File Reference 1225-001; Proposed Amendments to FASB 140

## Dear Reader:

Regarding your proposed amendments to FASB 140 concerning sales of guaranteed portions of government guaranteed loans, I want to relate a personal experience. In November, 1991, I was asked to become the executive vice president for a troubled bank in a small town in Colorado. The bank was a state chartered entity whose primary federal regulator was the Federal Reserve. Two weeks after I was hired, the bank had a special examination wherein the state examiner pulled out a regression analysis and declared, "At the rate you are depleting your capital, you'll be insolvent by May, and we will have taken you over". That exam had two principal requirements: 1.) to increase the capital for the bank; and, 2.) find an experienced banker to be the CEO. I was hired to satisfy the second requirement, and the bank satisfied the first requirement by selling the guaranteed portion of a large SBA loan for a hefty premium. The premium amounted to approximately \$75,000. That amount, coupled with \$125,000 raised from two private individuals, improved the capital position of the bank to the point where it no longer was a candidate for dissolution. Instead, the bank thrived, and removed itself from an impaired, "troubled bank" status, to a well-capitalized financial institution.

I relate this story to tell you that if your proposed amendments had been in effect in 1991, the bank would not have been able to use the method related above to recover. That same bank is now approaching \$400 million in total assets, and has a dozen branches in several communities in Colorado.

I implore you to abandon the changes you are suggesting, and urge you to let the marketplace operate as it has so efficiently done over the past decades.

Thank you for letting me explain the very direct impact your proposal would have had . my first hand experience.

Sincerely,

Tom Chesney, CEO and President Flatirons Bank 5400 Mt. Meeker Road Boulder, CO 80301 (303) 530-4999