From: don.thuente@efirstbank.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: Thursday, September 16, 2010 4:08:33 PM

Donald Thuente
12345 W Colfax Avenue
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September 16, 2010

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

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities. As the Chief Finance Officer of FirstBank Holding Company, a banking institution in Colorado with over $10 billion 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 fair value (market value) on the balance sheet. Our bank does not sell our commercial loans. Basing our balance sheet on fair values leads readers of our financial statements to assume that we will sell the loans, which is not the case.

If there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower rather than sell the loan. There is no active market for many of our loans, and estimating a market value makes no real sense. We currently use models to estimate the net present value of our loans, but this is based on high level interest rate assumptions, and has nothing to do with estimating the market value or fair value of these assets.

Marking all loans to market would cause our bank's capital to sway with fluctuations in the markets - even if the entire loan portfolio is performing. Instead of providing better information about our bank's health or its ability to pay dividends, the proposal would mask it.

The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and auditors to estimate market value. Our investors have expressed no interest in receiving this information. We believe our investors would not view these costs, which must come out of bank earnings, as being either reasonable or worthwhile.

For the reasons stated above, 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 changes proposed for recognizing credit impairment. I think the current process is acceptable. Recognizing impairments in the financial statements requires a high degree of judgement, and I see no benefit from the changes being requested.

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. Changing the way interest income is recorded to the proposed method makes the accounting more confusing and subjects otherwise firm data to the volatility that comes naturally from the provisioning process. I recommend maintaining the current method.

III. COMMENTS ON HEDGE ACCOUNTING

I support the change of the requirement that a hedge is "reasonably effective" (as opposed to being "highly effective"). This should make it easier for banks like mine to implement hedge accounting.

It is very important that the term "reasonably effective" be better defined. The "shortcut" and the "critical terms match" methods should be maintained. This greatly helps banks like mine to reduce the cost of compliance with the hedge accounting rules.

In summary, as someone who is continually baffled by FASB's apparent desire to complicate the world of accounting, with no apparent consideration of the ever increasing costs of compliance, I would encourage you to listen to the vast majority of the comment letters you have received, and scrap this effort. It is not needed, it will be wasting significant resources, and just because you think you are able to determine a "price" for everything, don't delude yourself into thinking it represents the "value" of anything.

Sincerely,

303-235-1307
Chief Finance Officer
FirstBank Holding Company