From: <u>ray@cfblv.com</u>
To: <u>Director - FASB</u>

Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for

Derivative Instruments and Hedging Activities" Exposure Draft

Date: Tuesday, September 21, 2010 1:30:41 AM

Ray Litherland PO Box 100 Las Vegas, NM 87701-0100

September 20, 2010

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

Dear Mr. Golden:

Thank you for the opportunity to comment on FASB's Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.

I am writing to urge FASB to not go forward with the proposal.

The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis.

Community banks such as this bank create and hold small business loans for which there is no active market; it would be very difficult and costly to mark them to market.

Establishing fair values for the types of loans held by many community banks like our bank would be costly and result in data of questionable reliability.

Accounting standards and guidance should not be pro-cyclical. Recent market conditions have demonstrated the pro-cyclical nature of mark-to-market accounting as declining values of financial instruments necessitated write-downs and sales, causing further write-downs and sales.

I believe my bank is fairly typical of small community banks. We are located in a rural area of Northeastern New Mexico. The largest community in our area contains about 14,000 people. We also have 4 branches in smaller communities in the area. We have an asset size of just about \$185,000,000.

As memtioned above, we create and hold small business loans, and as such, there is no active market, therefore making it impossible to mark them to market. And is not this the primarly reason big bank liquitity dried up when they were required to mark to market, and there was no market to establish values?

My bank has a very limited staff, and no capability to implement your proposal. The cost of securing people to fullfil the requirements you

propose.

My bank has contiuned to lend during the past 3 years but we are finding it extremely difficult to continue to do so due to the incresed capital requirements forced on us, and your proposal will increase that burden.

Conservative community bankers (and bank regulators) see the need for more flexibility in setting the allowance for loan and lease losses. We are all well aware that economic cycles occur and it is very difficult to absorbing losses and raising capital during times of economic difficulties, such as the current environment.

I sincerely hope that these issues are given grave consideration as you study your proposal.

Sincerely;

Ray Litherland CEO Community 1st Bank Las Vegas Located in Las Vegas, New Mexico

Sincerely,

Ray Litherland 505-425-7584