

September 13, 2010

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

Re: File Reference #1810-100

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 CFO of Willamette Community Bank, a banking institution in Albany, Oregon with \$80 million in total assets, I am writing to express the Bank's position on specific provisions of the exposure draft.

We at Willamette Community Bank are very strongly opposed to the proposal that requires all financial instruments, including loans, to be reported at fair value (market value) on the balance sheet.

With the exception of residential mortgage loans, our bank does not sell loans. Reporting loans at fair value on our balance sheet might mislead users of our financial statements to assume that we do. There is no active market for most of our loans, and estimating a market value makes no real sense. Even if we could easily obtain a market price, since the loan is just one part of the financial relationship that we have with our customers, there is no financial incentive to sell.

Marking all loans to market would cause our bank's capital to move with fluctuations in the markets, again potentially misleading the users of our financial statements. Even if the banking regulators exclude fairvalue fluctuations from Tier 1 capital, we still will have to explain it to our investors, customers and depositors.

The costs and resources needed to satisfy this new requirement will be substantial and will probably require contracting with expert consultants to assist us in determining reasonable estimates of market value. Our investors have expressed no interest in receiving this information and will probably not view these expenses, which must come out of bank earnings, as being cost justified.

The mark-to-market proposal will probably add significantly to the volatility of economic cycles. Although Willamette Community Bank maintained growth, good asset quality and earnings throughout the financial crisis and subsequent "great recession", we are paying for the very high costs of the tremendous increase in regulatory burden that accompanied those events. Mark-to-market accounting was a significant contributor to the recent financial crisis, and we do not want the potential for another crisis intensified by expanding the use of mark-to-market accounting.

For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

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Sincerely,

Keith Lockhoven, SVP & CFO

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