

**From:** [bgarrett@communitybankbay.com](mailto:bgarrett@communitybankbay.com)  
**To:** [Director - FASB](#)  
**Subject:** Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft  
**Date:** Monday, September 20, 2010 5:32:53 PM

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Bran Garrett  
1750 Broadway  
Oakland, CA 94612-2106

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 accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks. The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis.

We oppose the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation. This would not provide accurate information and the calculations would be expensive and time consuming, particularly for smaller banks like ours that have limited staff resources to conduct the analysis.

We oppose requiring institutions to record demand deposits at fair value.

We also oppose requiring fair value calculations for loans that are held for the long-term to collect cash flows.

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.

The proposed accounting changes will exacerbate cyclicalities in financial results due to the greater reliance on fair value measurements, valuations that will be less accurate than current accounting requirements.

We've just recently raised \$10 million in new capital. I doubt whether we could if this goes into effect.

Sincerely,

Brian K. Garrett  
510-774-4217