

**From:** [dennis@archergroup.com](mailto:dennis@archergroup.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:** Tuesday, September 21, 2010 1:30:43 AM

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G. Dennis Archer  
1621 Cornwall Ave  
Bellingham, WA 98225-4634

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:

Good Afternoon, 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 a director on the Bank of Pacific Board, a small Bank with assets of approximately \$650M in assets. We serve primarily two small, relatively, market areas in the State of Washington, that area on the coast of Washington around the Aberdeen area and south to include a branch bank in and about Astoria, Oregon and the second area, primarily in the northern sound area of Washington, centered around Bellingham.

We have seen and bear the burden of significant costs, which have since the advent of Sarbanes Oxley, the economic crisis and revisions in Accounting Standards, requirements of both FDIC regulators/auditors and the increased scrutiny of the Washington State regulators/auditors, resulted in a four to five fold increase in our expenses related to regulation and oversight by outside authorities. Our current costs for these matters have reached the annual level of \$600,000 from something in the range of \$150,000 when in 2004 I became a director. This total annual expenditure does not include the costs associated with the levies made by the FDIC in the past, to include the current, years; which run to a total of over 1.5 million in themselves.

I request that you do not extend "fair value" accounting method to core and emand deposits and other liabilities and loans to small banks such as my bank for the following reasons:

1. The primary business of community banks is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis.
2. Community banks fund their operations by taking deposits and holding loans for the long term. Most financial instruments this bank holds are not readily marketable.

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4. Fair value measurements will not provide a better understanding of the values of illiquid agricultural loans held by small banks in rural areas such as this bank.

5. 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.

6. 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.

7. These accounting changes will increase the volatility of bank balance sheets, forcing them to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability.

Sincerely,

G. Dennis Archer  
360-756-1010