

From: bhoward@beverlycoop.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: Friday, September 17, 2010 7:27:39 AM

Bill Howard
254 Cabot St
Beverly, MA 01915-4523

September 17, 2010

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

Dear Mr. Golden:

I appreciate the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

I am the President Beverly Cooperative Bank in Beverly, Massachusetts, a \$300 million mutual community Bank, and as such have no shareholders or investors.

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 or consumer loans and holds a significant residential loan portfolio.

There is no active market for our commercial loans, seasoned residential loans and consumer loans and finding and estimating a market value is unrealistic (not reliable) and provides no value to the reader and users of the point in time financial statements.

Marking all loans to market would cause our bank's capital to sway unrealistically - up or down - and cause tier 1 regulatory capital concerns.

The costs and resources (help us find and estimate market value) that we will need to comply with this new requirement would be significant

II. COMMENTS ON LOAN IMPAIRMENT

The Board's efforts to revise the methodology to estimate loan loss provisions is worthwhile. However, I have serious concerns about how such changes can be implemented by community banks like mine. An incurred loss model doesn't work.

Any final model should be tested by community banks to ensure that the model is workable.

I also 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 which is way too confusing for users of financial statements.

Thank you for considering my comments.

Sincerely,

978-922-8938
President
Beverly Cooperative Bank