

Karen Salmansohn

Letter of Comment No: 106
File Reference: 1102-001
Date Received: 1-31-03

From: Director - FASB
Sent: Friday, January 31, 2003 1:00 PM
To: Karen Salmansohn
Subject: FW: Expensing of options

-----Original Message-----

From: Richard Remijas [mailto:rremijas@parkfed.com]
Sent: Friday, January 31, 2003 12:44 PM
To: Director - FASB
Cc: David Remijas; Daniel McKay; John Murphy; Paul Shukis; Robert Krug; Victor Reyes
Subject: Expensing of options

Dear Sirs:

As you consider implementation of rules to require the expensing of options, I trust that you will consider the position of Park Bancorp, Inc. against any rule that requires current expensing of option awards.

The award of options has tied our managers, officers and directors together in the pursuit of appreciated shareholder value that is properly disclosed to our shareholders at approval of the plan and annually through the proxy statement.

The awards vest over a five-year period from the date of award and require loyalty and consistent service to provide any economic benefit to the awardee. The proper time and place for expense is at the time of exercise. There is no economic benefit to any awardee at the time of the award, and therefore, no reason for expense to the company at the time of award.

The potential cost to shareholders is properly disclosed, and is only a cost to shareholders when successful business practices have resulted in a market value exceeding the strike price. If options are being exercised, and expenses are being recognized because of that activity, it is in recognition of work that resulted in the market placing an increased valuation on the stock of that company.

Those shareholders who allowed companies to implement unfair or abusive compensation plans are being punished by the marketplace, as are the officers and directors who held options on the stock of those companies. That fiscal reality will control the use and abuse of option awards more effectively than any rule changes.

Richard J. Remijas, Jr.
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