LETTER OF COMMENT NO. 65

MILFORD FEDERAL SAVINGS and LOAN ASSOCIATION

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March 24, 2009

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

LETTER OF COMMENT NO. 56

File Reference: Proposed: Proposals on Mark to Market Guidance

Dear Director:

We, together with our trade organization, the American Bankers Association (ABA), have been following with great interest the discussions and proposed actions/changes by the FASB concerning Fair Value and Other Than Temporary Impairment (OTTI). Even recent remarks made by Mr. Scott M. Polakoff, the Acting Director of the Office of Thrift Supervision, our Regulator made at the Independent Community Bankers Association's Annual Convention, indicate strong support for change to the current accounting rules.

These issues have particular interest for us as we are a holder of the Shay Investment Ultra Short Mortgage Fund. It is my understanding that the FASB staff has had some discussions with the ABA concerning this fund. It is a mutual fund consisting of cash and mortgage debt securities. To date there have been no credit related losses to the fund. We support the proposed changes, because they represent an improvement for users of financial statements by focusing on a probability of actual credit loss and not on value aberrations created by non-active or temporarily distressed markets. We respectfully request that the FASB expand any proposals for changes to include other types of securities, including mutual funds that have the same or similar debt securities as those carried as stand alone investments on company balance sheets. For example, our bank and many other community banks have invested in the Shay Funds. We chose these funds because they represented investments with which we have a significant amount of expertise – mortgages. We hold these in our "available for sale" portfolio, and they are similar to direct investments in mortgage backed securities that larger banks hold.

We believe that these types of investments, which are not available to the general investing public and are used by community banks to help defray the costs of operating individual investment portfolios, should be subject to the same accounting rules as the underlying debt securities would be if they were held independent of a special purpose mutual fund.

Thank you for your consideration.

Sincerely,

James E. Magyar
Vice President – Treasurer