

August 30, 3010

Mr. Russell Golden Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

File Reference: No 1810-100, Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden,

I and the entire board of directors of Fifth District Savings Bank are extremely dismayed over the FASB's proposal to apply "mark-to-market" accounting to financial instruments (including mortgage loans). With this letter, we formally register our strong opposition to the proposal.

Our bank is an 84 year old traditional thrift that originates and holds mortgage loans funded by local deposits. We have no intention to sell these assets as they are excellent investments and help build our local community and its economy. While we do hold some marketable securities for liquidity purposes, we rarely sell such before maturity. In essence, we are not in the business of buying assets or liabilities for quick resale.

There is nothing "fair" about accounting methods that would unjustly and unreasonably prohibit home ownership facilitated by fixed rate mortgages. The basis of our economy is home ownership and all that it brings to the vitality of our communities - nurturing of families, creation of jobs, and the building of schools, churches, shopping centers, and medical facilities to service neighborhoods of homeowners. Applying short term valuations to an illiquid portfolio of mortgage loans is inappropriate, and would make home mortgage lending, as we know it today, impossible.

As you are probably aware from the already overwhelming negative response you have received concerning this proposal, market accounting will devastate banks' balance sheets, reduce capital and force banks to change their otherwise successful business plans. It should never be the purpose of accounting rules to dictate business plans.

We urge FASB to withdraw this inappropriate and disastrous proposal immediately.

Sincerely,

Michael E. Nolan Chairman & President

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cc: Board of Directors, Fifth District Savings Bank

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