September 30, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116
File Reference No. 1810-100

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

Rockville Bank is opposed to FASB's proposal to mark all financial instruments, including loans, to fair value. We believe such an adoption would put additional regulatory compliance, internal/external audit review requirements, disclosure requirements and additional costs associated with the adoption on the bank and industry. The industry, particularly community banks, are working hard to promote business expansion, a call that is coming from the highest levels of government, yet this proposal would drastically counter that goal and could further weaken an already fragile economy. Rockville Bank's business philosophy of providing commercial loans, consumer loans and residential loans locally with equitable terms and rates would be affected.

A few of the loan programs affected are as follows:

A. Adjustable rate residential loans,
B. Commercial loans,
C. Fixed rate residential loans for portfolio

As the current interest rate environment continues to evolve the effect on the bank's balance sheet would severely impact the following ratios:

A. Various capital ratios,
B. Various performance ratios,

Currently, FASB and ISAB are headed in different directions,

A. FASB – places a greater emphasis on fair value accounting which seems the effect would go through net income,
B. ISAB – retains amortized cost accounting for more financial instruments and changes out of net income.

Finally, if the accounting industry is truly headed towards a more uniform method of financial statement presentation not only in the United States but internationally then shouldn't FASB and ISAB begin to agree and/or work in tandem to adopt unified accounting standards.

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