

From: armand.capanna@fsbhegewisch.com
To: [Director - FASB](#)
Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft
Date: Tuesday, September 21, 2010 11:42:59 AM

ARMAND CAPANNA
13220 SOUTH BALTIMORE AVENUE
CHICAGO, IL 60633-1446

September 21, 2010

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

Dear Mr. Golden:

I am writing to urge FASB to not go forward with the proposal.

First Savings Bank of Hegewisch is a mutual, Illinois state chartered savings bank founded in 1914. The Bank serves the Southeast Side of the City of Chicago, the Chicagoland South and Southwest suburbs and Northwest Indiana. The Bank is a \$550 million asset sized institution that solely originates 1-4 family owner occupied loans. Since 1914, the Bank has never sold a loan. Each and every loan is held to maturity. Since 1914, the Bank has never borrowed funds and funds its operations solely from deposit gathering activities.

The Bank history for regulatory compliance is unsurpassed by other institutions of any size. The Bank has attained a Bauer Financial 5 STAR Rating for 68 straight quarters. The Bank has experienced rapid growth in the past 10 years while maintaining in excess of 10% Tier One Capital and in excess of 27% Risked-Based Capital. In this challenging economic environment, the Bank has \$80 million in liquidity and one single loan in foreclosure; \$40,000 in REO and less than \$1,000,000 in non-accruing loans. The Bank, in summary, is a regulatory AL-STAR faced with accounting proposals that bear no relationship to any harm the Bank can present to its viability or to the insurance fund.

We oppose requiring institutions to record demand deposits at fair value.

We also oppose requiring fair value calculations for loans that are held for the long-term to collect cash flows.

The reality is that the Bank is a simple, non-complex institution. The proposed accounting treatment for core deposits and fair value calculations for loans that are held for the long term to collect cash flow could, and most probably will, materially harm the Bank and its long-term viability.

If there was ever an institution that reflects the absence of harm by not recording core deposits at fair value and requiring fair value

calculations for loans, this Bank is that institution. The Bank is not only a mutual, it represents no harm to the insurance fund. Yet, the adoption of these proposals will, at the very least, seriously diminish the Bank's capital, and at worst, place the Bank at some measureable risk of insolvency. Given this Bank's operations, if it will be required to mark-to-market core deposits and loans, you can kiss this Bank goodbye and that is an undeniable fact.

In closing, The Bank fails to understand the harm sought to be prevented by the proposals as it pertains to this Bank. In summary, there is no harm, but the proposed remedy for the non-existent harm will materially harm the Bank. This Bank has well served the communities where it maintains an office for 96 years and is the poster child for an institution devoted to safe and sound operations. What these proposals add to these facts escapes all logic.

Very truly yours,
FIRST SAVINGS BANK OF HEGEWISCH

By:
Armand E. Capanna, General Counsel

Sincerely,

ARMAND CAPANNA
773-646-4200