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September 20, 2010

Mr. Russell Golden Technical Director Financial Accounting Standards Board 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 am writing to express opposition to the current proposal to apply fair value accounting ("mark-to-market") to most financial instruments, especially loans, on banks' and thrifts' balance sheets. While financial institutions like mine must hold some marketable securities for liquidity purposes, we are not specifically in the business of buying assets or liabilities for quick resale. The general business model of St. Tammany Homestead and other similar institutions is to generate earnings by investing FDIC insured deposits garnered from our community in loans to be held in portfolio until maturity. It is not appropriate or useful to apply short-term estimates of value to these illiquid loan portfolios whose purpose is to provide a stream of cash flows irrespective of cyclical interest rate fluctuations.

This proposal does not consider the varying business strategies of banking institutions. Banks generally use a strategic plan to manage financial assets and liabilities. Mark to market or Fair Value changes the perception and concept concerning the management of financial assets and liabilities. Each financial institution's business strategy revolves around net interest margin, credit quality, cost of funds and management of risks. The use of an all-inclusive fair (or one might term it "liquidation") value method does not fit into this business strategy.





Financial Accounting Standards Board

File Reference: No. 1810-100

September 20, 2010

Page 2

Mortgages and loans generally are held for the long term investment purposes. Loans are very complex and individualized financial instruments. There are many variables in each loan originated. Each loan is different because the unique combination of Character, Capacity Collateral and Capital renders it so.

Core deposits are the main sources of funds to fund mortgages and loans. Asset and Liability Management is a key management process, and therefore important to a bank's long term financial growth and profitability.

There is no organized, daily transparent, liquid market for core deposits and loans and mort-gages. Observable market prices are seldom available for these financial instruments.

While mark-to-market accounting will undoubtedly create high implementation and ongoing compliance costs, the benefits of forcing such costs upon the banking industry are very much in doubt. I am concerned that the use of mark-to-market will radically change how investors and customers view banking institutions and could also change banking products by driving out products with the greatest fair value risk i.e. loans with longer-term, fixed interest rates - the predominant service that we provide to our community.

Further, application of mark-to-market will lead to diminished reliability and comparability of banks through distorted financial statements, since they will be largely dependent on estimates of value for assets with no active markets. The injection of this type of unnecessary volatility in financial statements will undoubtedly erode public confidence by presenting confusing information that is not indicative of how a bank is managed or its long term capital trend. Any bank asset volatility based on accounting treatment will be perceived by the average investor as increased risk, which will lead to an increased cost of capital.

I appreciate the opportunity to comment on this very important matter. Based on the above, I respectfully request that FASB withdraw the current proposal.

Sincerely,

W. David Crumhorn

President/CEO