

RIDGEWOOD SAVINGS BANK

March 27, 2009



LETTER OF COMMENT NO.

99

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

Via email: director@fasb.org

RE: Preliminary Comments on Proposed FSP FAD 115-a, FAS 124-a, and ETIF 99-20-b:
Recognition and Presentation of Other-Than-Temporary Impairments

Dear Mr. Golden:

On behalf of Ridgewood Savings Bank ("the Bank"), I appreciate the opportunity to comment on the Proposed FSP FAD 115-a, FAS 124-a, and ETIF 99-20-b: *Recognition and Presentation of Other-Than-Temporary Impairments* ("proposed FSP").

Overall, the Bank supports the Proposed FSP. Specifically, we believe that the threshold to recognize market-related other than temporary impairment ("OTTI") based on the lack of intent to sell (management asserts that it does not have the intent to sell security, and is more likely than not that it will not have to sell the security before its recovery) is certainly more favorable than the current requirement. The Bank also agrees with the proposal to recognize only credit losses through earnings.

Although the Bank supports the Proposed FSP, we encourage the FASB to take this opportunity to make additional amendments to the OTTI guidance. We believe the following recommendations will improve reliability, and clarity.

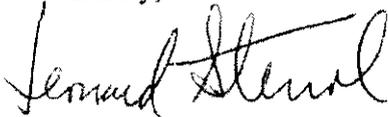
- **OTTI should be based on credit losses rather than mark to market losses.**
 - We agree that probable credit losses represent actual economic losses of a security and should be recorded in earnings. However, market-related losses on debt securities should not be a part of OTTI at all (unless there is the intent to sell or it is more likely than not the company will be required to sell prior to recovery). Contractual cash flows and maturity is a characteristic of a debt security, and therefore, discounts within market quotes will disappear over time.
 - Estimates of fair values in the current market environment are likely to be unreliable, no matter how diligent the effort is for accuracy. The proposal repairs the problems with the income statement, but does not repair the balance sheet. Recording estimated market values where bid prices are often significantly lower than the ask prices misleads users by reducing the Bank's Capital. With this in mind, market-related losses should not be recorded on OTTI for securities, unless the intent to sell exists.

- **Recoveries of OTTI should be reversed.** OTTI should not be permanent if, in fact, the impairment is not permanent. Recoveries of OTTI should be immediately reversed through earnings in order to more accurately reflect performance of the borrower of underlying assets.

- **There should be no OTTI issue as it relates to common stock mutual funds.**
 - Debt securities are different from equity securities because of the contractual cash flows and maturities that exist. We believe that there should be no credit losses associated with common stock mutual funds due to the inherent nature of this diversified investment. Therefore, there should be no OTTI issue as it relates to common stock mutual funds, unless there is the intent to sell or it is more likely than not the company will be required to sell prior to recovery. FASB should put forth guidance on evaluating credit losses for common stock mutual funds, because currently, no such guidance is available.

Overall, we commend the FASB's efforts to improve guidance relating to OTTI. The Bank appreciates your attention to these matters and the opportunity to comment on the issues.

Sincerely,



Leonard Stekol, CPA
Senior Vice President & C.F.O.