

September 28, 2010



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

Via email: director@fasb.org

Mr. Russell,

My name is Bruce Walsh. I am the Senior Vice President and Chief Financial Officer at Newport Bancorp, Inc. and have served in this role since its creation in 2006. I am a CPA and have an MBA with a concentration in Finance. I am also a stockholder of Newport Bancorp's stock. Also, I have never commented on a FASB proposal, however, I now feel compelled given the many concerns I have regarding the FASB proposal to move to market value accounting. My concerns are perhaps best addressed by looking at the different perspectives of the stakeholders involved.

investors:

Our investors already receive fair value estimates in the footnotes of financial statements and estimates in the section of the 10-Q under Market Risk. As long as I have worked at Newport Bancorp, Inc. (NFSB – on NASDAQ) as the Chief Financial Officer, not a single investor has asked a single question regarding our market value estimates. Therefore, based on experience, we believe our investors are not interested in receiving more information about market values from Newport Bancorp.

Investors appear to value the stock based upon our business model, which includes making longer term loans which are funded with a combination of longer term Federal Home Loan Bank borrowings, core deposits and equity. The proposal, to run changes in the market value through the financial statements, will result in large swings in income and equity related to changes in interest rates. These swings will tend to confuse rather than illuminate earnings trends and substitute a subjective value (market value) for an objective one (cost). Investors, as owners of companies, will also have to pay for the new accounting systems necessary to arrive at the market values.

Bank Management:

Due to the large swings in equity resulting from this mark to market changes, management will have great difficulty planning for appropriate capital levels. Such planning would involve trying to project interest rates, in order to estimate future market values. Our management team is of the view that accurately predicting interest rates is difficult, if not impossible. For instance, in the current interest

100 Bellevue Ave. P.O. Box 210 Newport, RI 02840 tel. 401.847.5500 fax. 401.847.5370 rate environment, we believe next major move in interest rates will be up... we just don't know when that will occur!

Depositors:

Depositors, like other investors, will not understand the wide swings in the financial statements that this proposal would create. Consequently, in the extreme, the "uncertainty" caused by marking to market could result in situations where runs on bank deposits could occur, adding turmoil to the markets.

Consumers and Businesses:

One way to reduce the volatility in the financial statements caused by this proposal is to significantly reduce the long term lending options available to consumers and businesses. The implication is that long term lending would shrink significantly at banks, and consumers and businesses would have to deal with the interest rate risk inherent in having the only available funding be short term or adjustable, instead of banks taking on this risk which, in general, they are better able to manage.

In summary, I believe this proposal has significant negative implications for investors, management, depositors, consumers and businesses if implemented.

Sincerely,

Bruce Walsh

Senior Vice President/Chief Financial Officer