1810-100 Comment Letter No. 2721

From: <u>mtrinidad@brooklynbank.com</u>

To: <u>Director - FASB</u>

Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for

Derivative Instruments and Hedging Activities"

Date: Wednesday, September 29, 2010 1:33:17 PM

Michael Trinidad 81 Court Street Brooklyn, NY 11201-5003

September 29, 2010

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

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As Chief Financial Officer of Brooklyn Federal Bancorp, Inc., a banking institution in Brooklyn, NY with \$520+ million in total assets, I am writing to express my opinions on specific provisions of the exposure draft.

I. COMMENTS ON FAIR VALUE

I am strongly opposed to the portion of the proposal that requires all financial instruments - including loans - to be reported at fair value (market value) on the balance sheet. The costs and resources that we will need to comply with this new requirement would be significant. This will require us to pay consultants and auditors to estimate market value.

For the reason stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

II. COMMENTS ON LOAN IMPAIRMENT

I support the Board's efforts to revise the methodology to estimate loan loss provisions. However, I have serious concerns about how such changes can be implemented by banks like mine. I recommend that any final model be tested by banks my size in order to ensure that the model is solid and workable. It is very important that any new processes are agreed upon and well understood by regulators, auditors, and bankers prior to finalizing the rules. I do not support the proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis.

Changing the way interest income is recorded to the proposed method makes the accounting more confusing and subjects otherwise firm data to the volatility that comes naturally from the provisioning process. I recommend maintaining the current method.

It is my sincere opinion that the increase accounting and regulatory burden promulgated by these proposed exposure drafts and the Dodd-Frank Act will effectively drive institutions such as mine out of business due to the excess cost for compliance. This will cause a mass consolidation in the banking industry creating an oligopoly. This oligopoly outcome impacts the workforce (lack of jobs), customers (lack of choice, services) and the accounting profession (lack of clients). It will also have an adverse impact on our economy, financial markets and investors. In short, there is no upside or benefit to these proposed accounting changes. I, therefore, implore the Board to reject these proposed exposure drafts as written.

Thank you for considering my comments.

Sincerely,

718-855-8500 Chief Financial Officer Brooklyn Federal Bancorp, Inc.