

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

Via email: director@fasb.org

File Reference: Proposed FASB Staff Position No. FAS 115-a, FAS 124-a, and EITF 99-20-b
Proposed FASB Staff Position 157-e

Dear. Mr. Golden

We appreciate the opportunity to comment on the proposed FASB Staff Position No. FAS 115-a, FAS 124-a, and EITF 99-20-b, *Recognition and Presentation of Other-Than-Temporary Impairments* (hereinafter referred to as the proposed OTTI FSP) and the proposed FASB Staff Position 157-e, *Determining Whether a Market is not Active and a Transaction is not Distressed* (hereinafter referred to as proposed Fair Value FSP). We applaud the Financial Accounting Standards Board's ("FASB") for continuing to reassess current impairment accounting models and fair value accounting models and acting in an expeditious manner. We also applaud the FASB for the proposed OTTI FSP as we agree that it is a significant improvement from the current accounting model. We have focused our letter on a few aspects of the proposed FSPs that we believe the FASB should consider during its deliberations.

Proposed OTTI FSP

We believe that the FASB should revise the proposed OTTI FSP to not require the non-credit impairment of held-to-maturity investment securities to be recorded in accumulated other-comprehensive-income (AOCI). We agree with recording the non-credit impairment of available-for-sale securities to other-comprehensive income as such securities are always carried at fair value. In the case of held-to-maturity securities, the fair value should be shown in the footnotes to the financial statements.

Additionally, the FASB should require the proposed OTTI FSP to be applied retrospectively, in accordance with SFAS No. 154, *Accounting for Changes and Error Corrections*, instead of prospectively. We believe that retrospective application is appropriate because during 2007 and 2008, a number of financial institutions have recorded significant OTTI charges on debt securities. These financial institutions have amortized and will continue to amortize significant non-credit impairment to interest income, which will distort net interest margin. Also, these financial institutions' retained earnings may include a significant amount of non-credit impairment. The impact of the current accounting model for OTTI securities may continue to make it difficult for investors to compare key financial metrics (Net Interest Margin and Tangible Common Equity). We believe that this will be especially troublesome relative to comparisons of financial institutions who have recorded significant OTTI charges with those that have not.

Finally, the FASB should consider removing the gross presentation in the income statement of impairment losses offset by non-credit impairment in the proposed OTTI FSP. We believe the proposed presentation is inconsistent with the loan accounting presentation for loans held for investment. Also, we believe that this presentation confuses and complicates the face of the financial statements with information that is more appropriate for inclusion in footnote disclosures.

Proposed Fair Value FSP

We request that the FASB provide more explicit practical guidance on how to implement the proposed Fair Value FSP. We are concerned that the proposed Fair Value FSP, as written, will not meet its intended objectives. We believe that the guidance to determine if a market is not active appears to be sufficient. However, the proposed Fair Value FSP appears to be lacking sufficient details and practical guidance to determine fair value based on appropriate market-based discount rates as of the measurement date in an orderly market. It may be difficult for independent public accountants and regulators to agree with management's assumptions without more practical and specific guidance.

Additionally, the FASB should provide additional guidance in the proposed Fair Value FSP regarding what is a quoted price. Financial institutions often obtain values for its investment securities from third party sources including, but not limited to: market transactions, broker quotes, and pricing services. It would be helpful if FASB specifically provided a definition of what constitutes a quoted price, and how those third party pricing sources fit into that definition.

Our comments are meant to help clarify and improve certain aspects of the proposed FSPs and should not be construed as any type of broad opposition to these proposals. As we stated earlier, we applaud FASB for acting on these important matters.

Sincerely,