



LETTER OF COMMENT NO. 269A

**From:** Susan Eno [enos@cnbismybank.com]  
**Sent:** Tuesday, December 30, 2008 6:27 AM  
**To:** Director - FASB  
**Subject:** Proposed FSP EITF 99-20-a

December 30, 2008

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

Via email: [director@fasb.org](mailto:director@fasb.org)

File Reference: Proposed FSP EITF 99-20-a (*Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*)

Dear Technical Director:

Our bank appreciates the recent focus of the Financial Accounting Standards Board (FASB) on the important issue of "other than temporary impairment" (OTTI). My bank is a small community bank in Northern Michigan with assets of \$260 million and Money Market Preferred (MMP's) investments of \$9.9 million. At the time we invested in the MMP's they were all highly rated, however given the current frozen market they are currently trading at about 30% of their value. The underlying preferred stock is with Bank of America, HSBC, International Lease Finance and Morgan Stanley, which we believe to be strong companies that will, with time, return to a value closer to their original trading price. Requiring the investment be marked to market doesn't properly reflect the value of the investment given the market is frozen.

We support the FASB's Proposed FASB FSP EITF 99-20-a, *Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*, which would amend EITF Issue No. 99-20 (*Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets*). We urge you to issue the proposal in final form, to be effective for December 31, 2008 financial reporting.

We support the proposal as a first step toward improving the application of OTTI, and we appreciate the FASB's recent decision to examine additional problems relating to OTTI. We agree with the letter from the American Bankers Association to the FASB on the proposal, dated December 28, 2008, which supports the proposal and requests that additional OTTI concerns be addressed for year-end 2008 reporting. OTTI has been controversial for many years, and we believe it would be more meaningful to use a model based on credit impairment rather than on market values. Because of the significance of the problems with the application of OTTI in the current market environment, we believe changes to these practices are critical for year-end 2008 financial reporting.

Thank you for your attention to these matters and for considering our views.

Sincerely,

Susan A. Eno  
 President and CEO  
 Citizens National Bank

1/5/2009