

March 23, 2009

Via Email: director@fasb.org

LETTER OF COMMENT NO. 34

Mr. Russell G. Golden FASB Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06859-5116

File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EIFT 99-20b

Dear Mr. Golden:

In response to the proposed corrections to FAS 115-a, FAS 124-a, and EIFT 99-20b, my comments follow:

- The separation of the impairment as proposed does provide decisionuseful information. The reader of financial statements will gain a more thorough understanding of the impairment and the underlying causes for impairment.
- 2. Requiring the credit component of other-than-temporary impairment to be recognized in income will create a clearer representation of the balance sheet and is consistent with FAS 5, *Accounting for Contingencies*. When a known credit loss exist and is probable, it should be recognized through the income statement.
- 3. The modification requiring Management to assert that it does not have the intent to sell and it is more likely than not that it will not have to sell the security should only apply to debt securities and not equities. Unlike debt securities that have contractual cash flows, it is difficult to assert that you can expect an impaired equity to recover to its original cost.
- 4. I do not agree with the modification that would require the portion of an impairment recognized in other comprehensive income for held-to-maturity securities be amortized over the remaining life of the security. The entity should be allowed to be permitted to adjust the fair value of a held-to-maturity security such as they are permitted to adjust the fair value for available-for-sale securities. Also, a modification should be made to allow for subsequent analysis regarding the portion of the impairment based on the credit component to be adjusting in the future as needed. Not allowing this will result in misstated financials. Take for example a private labeled mortgage back security. In today's current economic climate, this type of security could have a credit impairment due to declining home values, increased unemployment and rising foreclosure rates. Should credit

impairment be determined and recognized, this would accurately reflect the entity's financial condition. But in 5 years, this same security could have substantial different credit impairment due to housing values increasing, unemployment improving and a reduction in foreclosures. Without allowing the entity to adjust for subsequent recoveries, the financials will be grossly misstated. This is also consistent with FAS 114, *Accounting by Creditors for Impairment of a Loan.* 

5. The proposed effective date should be December 15, 2008. As this not a change in accounting estimates and the timing is close to 2008 year end, it is feasible to make this effective December 15, 2008 rather than March 15, 2009.

Thank you for the opportunity to provide feedback.

Sincerely,

Daniel N. Leclerc

Chief Financial Officer

Lacamas Community Credit Union

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