

196



LETTER OF COMMENT NO. 244

Mark Trench;

Meghan Clark; Peter Proestakes; Russell Golden; Vita Martin; Wade Fanning

Subject: FW: Proposed FSPs FAS 115-a, FAS 124-a & EITF 99-20-b and FSP FAS 157-e

From: Greg R. Krider [mailto:grkrider@fsbmiddlebury.com]

Sent: Friday, March 27, 2009 1:49 PM

To: Director - FASB

Subject: Proposed FSPs FAS 115-a, FAS 124-a & ETTF 99-20-b and FSP FAS 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* ("proposed FSP #1") and on the proposed FASB Staff Position No. FSP FAS 157-e, *Determining Whether a Market is Not Active and a Transaction is Not Distressed* ("proposed FSP #2").

We have some concerns in regards these proposals. The key issue is that market valuations do not work for HTM investments given the accounting rules which in the event of an impairment, requires declines in market values to be immediately taken through income. We instead believe that expected credit losses should go through income and market value declines should be reported in the financial statement footnotes. Having to mark down HTM investments for declines in market values would have potentially devastating effects on the banking industry and would run contrary to whole intent of classifying securities as HTM rather than Available for Sale.

Thank you for your consideration to these concerns.

Sincerely,

Greg R. Krider Sr. V.P./CFO First State Bank of Middlebury

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