



LETTER OF COMMENT NO. 73

----Original Message----

From: ken hughes [mailto:kah.hughes@usa.net] Sent: Monday, December 29, 2008 12:01 PM

To: Director - FASB

Subject: Proosed FSP EITF 99-20-a

MERCHANTS & FARMERS BANK P.O. BOX 1151 LEESVILLE, LA 71496-1151

December 29, 2008

Technical Director Financial Accounting Standards Board 301 Merritt 7 Norwalk, CT 06856-5116

Via email: 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:

Merchants & Farmers Bank is a \$200M community bank with 7 locations that serves central and southwest Louisiana. Our bank appreciates the recent focus of the Financial Accounting Standards Board (FASB) on the important issue of "other than temporary imparment" (OTTI).

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 $28,\ 2008,\ \text{which}$

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,

Ken A. Hughes President/CEO Merchants & Farmers Bank Leesville, LA 71446