



LETTER OF COMMENT NO. 277

To: Adrian Mills; Diane Inzano; Joseph Vernuccio; Kristofer Anderson; Mark Trench; Meghan Clark; Russell Golden; Vita Martin; Wade Fanning

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

From: Bob Warren [mailto:bob.warren@vacu.org]
Sent: Wednesday, April 01, 2009 12:03 PM
To: Director - FASB
Subject: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

Please consider the following issues on the proposed FSP related to Other than Temporary Impairment (OTTI) guidance.

- 1. There is some concern over how easily it is to separate the impairment that is related to credit versus other factors. Will this require additional professional services/costs, and will that be a value added expense? Many recent FASB actions do create additional expense for the financial statement issuer that do not always seem value added. Will it have the unintended consequence of some entities trying to force credit impairment into other impairment to obtain the more favorable treatment? This could certainly cause investors to be cautious when relying on financial statements. We are hopeful that the final rules can be structured to eliminate this concern (i.e. recognizing what should be credit related losses through OCI).
2. Unfortunately we do not feel that the recently proposed FSP on fair value would eliminate the need for this proposed FSP. We feel that further clarification on these issues is necessary to support a case with one's auditor.
3. If the rules can be structured to make certain credit impairments are recognized properly, we feel this should be allowed to be applied retroactively to those entities that have not yet issued financial states for 12/31/08.

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