

VIA Electronic Mail (director@fasb.org)

April 1, 2009

Technical Director Financial Accounting Standards Board 401 Merritt 7, P. O. Box 5116 Norwalk, CT 06856-5116



LETTER OF COMMENT NO. / 18

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

Dear Board Members and FASB Staff:

The Mortgage Bankers Association (MBA) appreciates the opportunity to comment on the proposed FASB Staff Position (FSP), Recognition and Presentation of Other-Than-Temporary Impairments (the proposed FSP). The present rules in Statement of Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (FAS 115), require enterprises to take write-downs labeled as other-than-temporary impairments (OTTI) that include factors such as the currently high liquidity risk in the market, which is cyclical and therefore not other-than-temporary. The purpose of the proposed FSP is to make the current OTTI guidance more operational and to improve the presentation of OTTI in the financial statements.

MBA believes that OTTI losses recognized should be based solely on factors affecting value that will likely have a permanent impact on the value of a financial asset or liability. This will generally include only instrument-specific credit risk for most debt securities. The guidance in the proposed FSP appears to correct the problems in the current OTTI guidance and will result in recognition in income of only that portion of OTTI loss representing credit losses. Accordingly, MBA is

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,400 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.

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highly supportive of FASB implementing the proposed guidance in time for first quarter 2009 reporting.

The following are MBA's specific comments with respect to the proposed FSP. MBA does not consider the issues to be "fatal flaws", and therefore recommends that FASB proceed with issuing the guidance quickly.

OCI Recorded on Held-to-Maturity (HTM) Securities: The proposed FSP would require that the non-credit impairment recognized in other comprehensive income (OCI) be amortized through OCI over the remaining life of the debt security. This will result in an understatement of capital when market conditions improve. MBA recommends that only the credit portion of impairment be recorded for HTM securities and nothing be recorded in OCI. If FASB chooses to include in OCI the non-credit portion of impairment, MBA recommends that FASB allow the entry to be reversed out of OCI and the security value should be written back up when the security value improves.

Effective Date: The proposed FSP is to be effective for interim and annual periods ending after March 15, 2009. MBA believes that many preparers may not have sufficient time to implement the proposed standard in time to complete a timely closing for the quarter ending March 31, 2009. However, many preparers will be ready and desire to implement the new guidance as suggested. Accordingly, MBA urges FASB to change the guidance to be effective for interim and annual reporting periods ending after June 15, 2009, with earlier application permitted.

International Accounting Convergence: In the future, MBA recommends FASB consider the current international accounting standards which allow enterprises to write back up a security, through earnings, to a maximum of amortized cost as the security value improves.

The MBA appreciates the opportunity to share these comments with the Board. Any questions about MBA's comments should be directed to Jim Gross, Associate Vice President and Staff Representative to MBA's Financial Management Committee, at (202) 557-2860 or jgross@mortgagebankers.org.

Sincerely,

John A. Courson

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President and Chief Executive Officer