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December 6, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO BOX 5116
Norwalk, CT 06856-5116

RE: Exposure Draft, File Reference No. 1880-100, Clarifications to Accounting for Troubled Debt Restructures

Dear Technical Director:

On behalf of Lake City Bank, we would like to thank you for the opportunity to comment on the exposure draft *Clarifications to Accounting for Troubled Debt Restructures* (TDRs), and to offer our concerns with some of the changes being proposed. While we understand the importance of consistent reporting throughout the industry on this important topic, we believe that some of the changes being proposed in this ED will have a negative impact on how banks deal with troubled debtors.

A primary concern of ours is the provision that states an "insignificant delay in contractual cash flows may still be considered a troubled debt restructuring." As a community bank in northern Indiana, serving one of the hardest hit markets in the country, Lake City Bank made it a top priority to assist our borrowers through the recession. One way that Lake City Bank engaged in this effort was to offer short term payment modifications to distressed borrowers, whereby allowing them time to focus their resources on making the difficult decisions necessary to return their companies to profitability. Most of these borrowers were able to gain sufficient financial traction during these short-term modification periods to move forward in a positive direction, and are now performing in their intended manner.

We would argue that extending these insignificant modifications has not created a layer of distressed loans in the portfolio that would call for a firm definition of impairment. Likewise, the negative connotations associated with an accounting provision that casts this type of short term relief into an impaired status would have given Lake City Bank a disincentive to provide this nominal form of support during the recent recession. We believe that adopting this provision will persuade banks to be less cooperative in offering short-term and inexpensive forms of relief going forward, and ultimately create some unintended consequences, including increased losses, which may not have occurred without this strict provision. A change that would cause an unnecessary increase to the industry's impaired loan totals seems counter-intuitive to the recovery efforts now and for economic downturns in the future.

Secondly, the provision that calls for measuring a modification against current market conditions is nearly impossible and defeats the goal of standardizing the process of identifying TDRs. In an era of frozen credit markets and peer uncertainty, this particular measure becomes very subjective and will be difficult to prove. We believe that this added "burden of proof" will impede banks' efforts to cooperate

with distressed borrowers by creating onerous demands on lenders and credit administrators to validate whether the terms being offered conform to current market conditions.

Lastly, the retroactivity of these provisions will be extremely burdensome to Lake City Bank and the banking industry. Making these changes retroactive would necessitate a shift in our efforts and resources to pour through the bank's portfolio to identify the minor modifications that have occurred over the past several months as we addressed the economic challenges facing our clientele. We assert that the resources required to recreate reporting of these insignificantly modified loans could be better used in managing credits going forward.

On behalf of Lake City Bank, we would ask that you consider these concerns as you move to standardize the reporting of Troubled Debt Restructures. Thank you for allowing commentary on this important issue, and we hope that whatever is ultimately adopted by FASB to better clarify TDRs going forward will serve as a mechanism to move the industry forward.

Sincerely,

Teresa A. Bartman

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Senior Vice President –Finance and Controller

Kelli S. Robinson

Vice President and Loan Review Officer