August 21, 2009

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116  
File Reference No.: 1700-100

Re:  “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses”

Dear Director:

On behalf of Farm Credit Services of America, ACA (ACA), we welcome the opportunity to express our views with respect to the FASB proposed Statement of Financial Accounting Standards, “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.”

Background Information About Our Company

Our ACA is a federally chartered agricultural lending institution and is part of the Farm Credit System. We are a member-owned cooperative providing credit and credit-related services to, or for the benefit of, eligible shareholders for qualified agricultural purposes in the states of Iowa, Nebraska, South Dakota and Wyoming. We make secured long-term agricultural real estate and rural home mortgage loans, and short-term and intermediate-term loans for agricultural production or operating purposes. We offer risk management services, including multi-peril crop insurance, crop hail insurance and livestock insurance for borrowers and those eligible to borrow. As of June 30, 2009, our assets totaled $13.5 billion, with $12.8 billion of the assets consisting of net loans, and liabilities of $11.4 billion, with $11.3 billion of the liabilities being notes payable to our funding bank, AgriBank, FCB.

The comments that follow are the result of consideration of issues related to the disclosure requirements proposed by the FASB.

General Comment

Overall, we support the concept of additional transparency regarding methodology used to determine the appropriate allowance for loan losses. However, we believe there is no extent of disclosure that can provide for the fact that the key ingredient in the allowance process is management judgment. We encourage FASB to focus on the concept that a company disclose the key data management uses to support their judgments rather than requiring all companies to provide the extensive disclosures proposed, many of which may not be relevant to a particular company’s allowance process. We are especially concerned about the cost of and time required to develop systems to provide the detailed roll forward schedules illustrated in the proposed statement.

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Comments on FASB Proposed Questions

The following comments relate to the issues as set forth in the exposure draft:

**Issue 1:** This proposed Statement defines a financing receivable as both loans as defined by FASB Statement No. 114 and lessors' investment in leases other than operating leases that have been recorded as assets in accordance with FASB Statement No. 13. Do you agree with the definition used to identify a financing receivable subject to the provisions of this proposed Statement?

Yes, we agree with the definition as set forth in the exposure draft.

**Issue 2:** This proposed Statement would apply to all creditors, including all public and nonpublic entities that prepare financial statements in accordance with generally accepted accounting principles. Do you agree with the scope of this proposed Statement?

Yes, we agree with the scope of this Statement.

**Issue 3:** This proposed Statement would require a rollforward schedule of the total allowance for credit losses in both interim and annual reporting periods by portfolio segment and in the aggregate. In addition, it also would require a rollforward schedule of financing receivables in both interim and annual reporting periods by portfolio segment and in the aggregate. Do you believe those disclosures will assist financial statement users in better understanding the financial information for the total allowance for credit losses as well as the associated financing receivables?

No, we do not believe the added disclosures would assist financial statement users in better understanding the financial information presented. We believe the current disclosure requirements that require a rollforward of the overall allowance for losses, along with the required disclosures for impaired loans are adequate. We do not have systems in place to collect the proposed rollforward information. We believe substantial time and cost would be required to make system modifications needed to provide this rollforward information. We further believe that this type of rollforward would not be meaningful to users of the financial statements. One reason this would not be meaningful is that we finance seasonal operating loans, which are relatively large and are frequently drawn and repaid.

**Issue 4:** This proposed Statement would require interim and annual credit quality disclosures about a portfolio by class of financing receivable, including quantitative and qualitative information about the credit quality of financing receivables. Do you believe those disclosures will assist financial statement users to better understand the credit quality for the associated financing receivable?

Yes, we agree that additional transparency about credit quality of a portfolio is meaningful to financial statement users. However, the extent of the disclosures to be reported on a quarterly basis is excessive and we believe the incremental benefit received for this disclosure does not justify the operational costs of compliance.

**Issue 5:** This proposed Statement would require an analysis of the age of financing receivables that are past due, but not impaired at the end of the reporting period separately for each class of financial instrument. Do you believe those disclosures will assist financial statement users in better understanding the credit quality for the associated financing receivables?

In general, this information may be meaningful to users of the financial statements.

**Issue 6:** This proposed Statement would require the fair value of loans at the end of the reporting period by portfolio segment. Do you believe those disclosures will assist financial statement users in better understanding the credit quality for the associated financing receivables?

No. Our loans are not traded in secondary markets so the fair value disclosures would represent internal estimates and would not be meaningful to users of the financial statements.
Issue 7: Do you believe it is operational for entities to disclose all of the proposed requirements for interim and annual reporting periods?

No. For many of the disclosures required, the information is highly subjective. In order to comply, our information systems will need to be modified. The required changes could take from six months up to one year.

Issue 8: The final Statement is expected to be issued in the third quarter of 2009. The Board concluded that this proposed Statement would be effective for financial statements beginning with the first interim or annual reporting period ending after December 15, 2009. Do you agree with the Board’s decision on the effective date? If not, what would be a reasonable period of time to implement the provisions of this proposed Statement? If you do not agree, please provide a description of the process changes necessary to implement this proposed Statement that would require additional time.

No, we don’t agree with the timeline set forth by the Board. In addition, due to the significance of the required disclosures, information system changes would be required. These changes must be developed and tested. As a result, we would not have sufficient time to develop this data by year-end 2009. We would need at least one year to ensure the appropriate system changes are developed, tested and implemented.

We appreciate this opportunity to respond and hope our comments prove useful to the Board.

Respectfully,

Michael D. Verzal
Vice-President and Controller
Farm Credit Services of America, ACA