August 31, 2009

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Statement of Financial Accounting Standards, Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses (File Reference No. 1700-100)

Dear Mr. Golden:

We appreciate the opportunity to comment on the Proposed Statement of Financial Accounting Standards, Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses (the Proposed Statement). Bank of America Corporation provides a diverse range of banking and nonbanking financial services and products domestically and internationally. We are the largest bank in the U.S. in terms of outstanding loans and are, accordingly, very focused on the Board’s proposal.

We support the Board’s objective of enhancing disclosures about the allowance for credit losses and the credit quality of financing receivables. We believe that some of the benefits of the proposed disclosure are outweighed by the magnitude of the detail required. As written, the Proposed Statement merely requires a prescriptive data dump of disaggregated balances and statistics at such a granular level that alone will confuse financial statement users instead of providing the true credit quality story. We believe sufficient information is already required to be disclosed in Management’s Discussion and Analysis (MD&A) pursuant to SEC Regulation S-K and the Securities Act Industry Guide 3, Statistical Disclosure by Bank Holding Companies, to enable financial statements users to understand how management assesses, monitors and manages credit risk. These disclosure requirements were recently expanded upon by the SEC staff in their August 18, 2009 letter to CFOs of large public financial institutions and other public registrants. In our June 30, 2009 Form 10-Q filed with the Securities and Exchange Commission, we provided 34 pages of discussion on credit risk in our MD&A which we believe provides meaningful and useful quantitative information and, importantly, qualitative discussion which allows the user of the financial statements to analyze and assess credit risk through “management’s eyes”. We believe that the MD&A remains the appropriate location for such disclosures.

On July 28, 2009, the Financial Crisis Advisory Group (the FCAG) reported on the standard setting implications of the global financial crisis in which it indicated increasing concern over the “rapid, piecemeal, uncoordinated and prescribed changes to standards.” We believe that the Proposed Statement represents another example of the Board taking this approach as compared to a more systematic, detailed plan to improve financial reporting and disclosure. We note that the Board recently announced plans to establish an overarching disclosure framework to make financial statement disclosures more effective, coordinated and less redundant. Additionally, the Board is currently deliberating on a project addressing the accounting for all financial instruments which may significantly impact the assessment of loan impairments and the allowance for credit losses. Our understanding is that this project is expected to be completed in 2010 and would require that all outstanding financing receivables be recorded at fair value which would obfuscate the need for loan impairments, the allowance for credit losses and any related disclosure for these items. Separately, there has been significant discussion among various constituencies regarding the consideration of an expected loss model to replace the current incurred loss model for determining the allowance for credit losses, including the International Accounting Standards Board’s Request for Information related to the use of the expected loss model for the impairment of financial assets. As a result of the above, it is very likely that the disclosures required in the Proposed Statement would be superseded by new
standards in the near term. Accordingly, given the limited life of such proposed disclosures and the lack of providing useful and meaningful information, we question the feasibility of the Board moving forward with this Proposed Statement as the costs of implementing appear to far outweigh any benefit derived from such disclosures.

While certain of the disclosure information included in the Proposed Statement is already included in the MD&A, there is still a significant amount of new information (e.g., disaggregation of the allowance by class of receivable) that is being requested. Although we capture and analyze a substantial amount of credit information, such analysis is not prepared in the disaggregated format requested. In order to capture such data, significant and costly systems changes would be required, and the accumulation of this information would be time consuming, particularly when considering the immediate turnaround required for interim reporting. Additionally, these new disclosure requirements would be subject to the requirements of the Sarbanes-Oxley Act which could not be completed for year-end reporting. If the Board should decide to continue moving forward with this project, we recommend that the effective date be for the first annual reporting period ending on or after December 15, 2010 to allow for sufficient time to complete systems changes and to establish a systematic and controlled process to gather and report the required information. This issue is magnified given that the need to implement FASB Statements No. 166, Accounting for Transfers of Financial Assets, and No. 167, Amendments to FASB Interpretation No. 46(R) (FAS 166/167) will likely result in a sizable increase in the number and balance of loans on a company’s balance sheet as well as changes in the allowance for credit losses. This project is also requiring significant changes to systems which will place additional stress on available resources to complete the required work.

See Appendix A for our specific comments on certain of the issues presented by the Board.

* * *

We appreciate the opportunity to express our views in this letter. Should you have any questions, please feel free to contact Randall Shearer (980.383.8433) or me (980.387.4997).

Sincerely,

[Signature]
John M. James
Senior Vice President and
Corporate Controller

cc: Neil A. Cotty, Chief Accounting Officer
    Randall J. Shearer, Accounting Policy Executive

1 References to authoritative literature are pre-FASB Codification literature (consistent with the Proposed Statement)
Appendix A

The following are our responses to certain of the issues presented by the Board:

**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? If not, why not?

We believe that a rollforward schedule of the total allowance for credit losses by portfolio segment and in the aggregate as well as a rollforward schedule of financing receivables by portfolio segment and in the aggregate 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. However, we disagree with the following aspects of this disclosure requirement:

- The Proposed Statement requires these rollforwards to be disaggregated into portfolio segments and further disaggregated into separate presentation for individually evaluated impaired financing receivables as determined in accordance with FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan* (FAS 114) and collectively evaluated impaired financing receivables as determined in accordance with FASB Statement No. 5, *Accounting for Contingencies* (FAS 5). We manage our financing receivables and related allowance for credit losses on a portfolio segment basis, in the aggregate. Although we consider various analysis in assessing the adequacy of our allowance, including certain disaggregated information, the overall adequacy of the allowance for credit losses is determined on a portfolio segment basis, in the aggregate as opposed to on a portfolio segment basis disaggregated by individually and collectively evaluated impaired financing receivables. We question how this activity would be relevant to the financial statement users given that it is inconsistent with how management manages its financing receivables and related allowance for credit losses. As such, we recommend the presentation of these rollforwards be required by portfolio segment in the aggregate.

- The Proposed Statement does not provide guidance regarding presentation of loans acquired and accounted for under AICPA Statement of Position, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer* (SOP 03-3) or FASB Statement No. 141(R), *Business Combinations* (FAS 141(R)). We do not believe that disaggregating these acquired loans between individually and collectively evaluated impaired loans is relevant or meaningful to financial statements users and should not be required. Further, the rollforward of the allowance for credit losses for financing receivables should be separated between acquired loans with evidence of credit quality deterioration at the time of acquisition (SOP 03-3 loans), acquired loans without evidence of credit quality deterioration at the time of acquisition (FAS 141(R) loans) and originated loans. This will provide more relevant data since the activity related to SOP 03-3 loans focuses on changes in the expected cash flows with credit losses already embedded in the carrying value, the activity related to FAS 141(R) loans focuses on contractual cash flows with initial credit losses and credit spreads already embedded in the carrying value, and the activity related to originated loans focuses on contractual cash flows with no credit losses in the carrying value.

**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 receivables? If not, why not?

We do not believe the Proposed Statement’s credit quality disclosures about a portfolio by class of receivable will assist financial statement users based on the following:
Many financial institutions currently provide detailed credit quality disclosures about a portfolio by class of financing receivable in their MD&A. This information is supplemented by discussions of known trends, possible forward looking statements where appropriate and linked quarter presentation and discussion if meaningful to the understanding of the credit quality of such financing receivable. The Proposed Statement would require the disclosure of more granular, prescriptive credit data in the footnotes which would be redundant and add no value to the overall financial statements of the entity.

We believe the examples of credit quality indicators are prescriptive and we recommend the Board adjust the credit quality requirements to reflect a principles-based approach, permitting management to determine the appropriate quantitative credit quality data that users have identified as beneficial and relevant in the current economic environment.

We believe that the proposed credit quality disclosures are not relevant for impaired loans acquired and accounted for under an SOP 03-3. Given that SOP 03-3 already has separate, prescriptive disclosure requirements, we recommend that loans accounted for under SOP 03-3 be excluded from these credit quality disclosure requirements.

The Proposed Statement does not address how to present credit quality disclosures for loans acquired under FAS 141(R), which are initially recognized at fair value with expected credit losses embedded in the underlying cash flows within the valuation. We recognize that over time, relevant credit quality indicators for these loans will evolve, however at the time of acquisition and shortly thereafter, the credit quality indicators prescribed in the Proposed Standard are not relevant.

We believe that the references to disclosures of loan modifications (paragraph 13f) should be limited only to those loans that have been modified in a troubled debt restructuring as defined by FASB Statement No. 15, Accounting by Debtors and Creditors for Troubled Debt Restructurings (FAS 15). We also believe that it is necessary to exclude loan modifications related to impaired loans accounted for under SOP 03-3.

We believe the reconciliation between financing receivables disclosed by class and the allowance for credit losses for collectively impaired financing receivables by portfolio segment (paragraph 13g) is unnecessary. In addition to our opposition to disaggregating data by FAS 114 or FAS 5 measurements, we believe that reconciling the FAS 5 collective allowance between class and portfolio segment will not provide meaningful information and confuse financial statement users.

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 instruments. Do you believe those disclosures will assist financial statement users in better understanding the credit quality for the associated financing receivables? If not, why not?

We believe that these disclosures will assist financial statement users in better understanding the credit quality for the associated financing receivables. However, if the Board determines that loans purchased and accounted for under SOP 03-3 are within the scope of the Proposed Statement, we believe the Board should provide clarification in regard to what constitutes a past-due receivable for such loans. Specifically, we believe that the contractual due date is not relevant when determining the past due status of an acquired loan accounted for under SOP 03-3.

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? If not, why not?

We do not believe that providing fair value of loans at the end of the reporting period disaggregated by portfolio segment will assist financial statement users in better understanding the credit quality for the associated financing receivables. Fair value measurements take into account the dynamic movements of market and specific liquidity,
interest rate and credit spread movements, and the estimates of credit changes in the underlying loans at a point in time. We note the stated objective of this disclosure is to enable the users of the financial statements to assess the fair value of financing receivables at the end of the reporting period. We believe that due to the ongoing movement in credit spreads, liquidity and other factors impacting the fair value of financing receivables, fair value data as of the reporting data will be dated, and therefore largely meaningless, by the time interim reports are filed. As a result, providing fair value information by portfolio segment with other credit quality information will be of limited use to the financial user. In addition, we note there are several acceptable models and practices for assigning a fair value to financing receivables. Practice and use of these methods vary by financial institution, making comparability difficult for the financial statement users. Based on these concerns, we recommend the requirements to present the fair value of financing receivables be required on only an annual basis in the aggregate.

**Issue 7**

*Do you believe it is operational for entities to disclose all of the proposed requirements for interim and annual reporting periods? Why or why not?*

We do not believe that it is operational for entities to disclose all of the proposed requirements for interim reporting periods. We believe that the additional disclosures will take a significant amount of time to prepare each quarter and will add little to no value over what is currently included in the MD&A. Further, over the past year, the number of interim reporting requirements\(^2\) has grown in an unprecedented manner while the time period for reporting has not been expanded. This Proposed Statement places additional pressure on a company being able to meet the established financial reporting timelines. One of the basic concepts of interim financial reporting requirements is to provide an update to those disclosures made in the annual reporting process. As noted above, it appears that this premise is no longer relevant given the volume of new standards recently issued requiring the same level of disclosure for interim as well as annual financial statements. This Proposed Statement further compounds that issue.

**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.*

We do not believe that the effective date of the Proposed Statement permits sufficient time for transition and implementation of the disclosure requirements, particularly given that the final statement is expected to be issued in the late third quarter or early fourth quarter of 2009. As described throughout this letter, the proposed disclosures will require a significant level of system and operational changes, particularly in relation to the disaggregation of the allowance between FAS 114 and FAS 5 components. In addition, certain of the disclosures relate to full-year income statement data or average balances, as opposed to period-end data, which would require the establishment of systems for the beginning of the period rather than merely for the quarter. Further, the

\(^2\) Including significant disclosures provided by financial institutions following newly issued FASB guidance such as FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities*; FASB Staff Position (FSP) No. FAS 133-1 and FIN 45-4, *Disclosures about Credit Derivatives and Certain Guarantees*; FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Ordinarily*; FSP FAS 115-2, FAS 124-2 and EITF 99-20-2, *Recognition and Presentation of Other-Than-Temporary Impairments*; FSP FAS 107-1 and APB Opinion 28-1, *Interim Disclosures about Fair Value of Financial Instruments*; FSP FAS 140-4 and FIN 46(R)-8, *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities*
complexities associated with conforming these new disclosures to the SEC-required XBRL parameters will require additional preparation time that must be considered in determining the effective date. The Proposed Statement may also place an additional burden on the readiness of detailed XBRL-reporting parameters necessary to match the proposed disclosures.

As previously noted, we also question the need to expedite these disclosure requirements in light of the Board and the IASB’s current projects regarding the methodologies used in determining the allowance for credit losses or the current project that may result in all loans being measured at fair value. Given the potentially dramatic changes that may result, the Proposed Statement could become obsolete or require significant modification within a short period after its effective date. Thus, we do not believe that the benefits of the Proposed Statement exceed the costs of implementation.

The impact of the effective date is further exacerbated by the pervasive systems and operational changes that we, and other financial statement preparers, are undergoing in an effort to implement other new standards with January 1, 2010 effective dates, particularly FAS 166/167. The impact of implementing FAS 166/167 may result in the consolidation of legal entities previously held off-balance sheet. These consolidations may result in a sizable increase in the number and balance of loans on our balance sheet as well as changes in the allowance for credit losses. Further, many large financial services companies are currently undertaking large projects requiring significant resource commitments and system changes to prepare for the 2010 parallel implementation of the Basel II capital rules.

We recommend that, at a minimum, the Board delay the effective date of the Proposed Statement to financial statements for the first annual reporting period ending on or after December 15, 2010.