

Letter of Comment No: Sile Reference: 1225-001

October 17, 2005

Via E-Mail at director@fasb.org

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

RE: File Reference No. 1225-001. Exposure Draft, "Accounting for Transfers of Financial Assets," an amendment of FASB Statement No. 140.

Dear Director Bielstein:

The Wisconsin Bankers Association (WBA) is the largest financial institution trade association in Wisconsin representing over 310 state and nationally chartered banks, savings and loan associations, and savings banks located in communities throughout the State. WBA appreciates the opportunity to comment on the Exposure Draft issued by the Financial Accounting Standards Board (PASB), containing proposed amendments on the accounting for transfers of financial assets.

WBA wishes to raise a couple of concerns with the Exposure Draft on behalf of its members. First, WBA believes the language on obtaining a true sale opinion in Appendix A of the proposed standard is ambiguous. WBA is particularly concerned with the implementation guidance provided in Appendix A, particularly the language in paragraphs 27 and 27A with regard to participations being deemed a "true sale at law." WBA members extensively rely on loan participations as a vital, important option in their loan portfolio. If the ambiguity in Appendix A remains, it will only have the effect of making loan participations more complex and costly for community banks. WBA strongly recommends that FASB revise the language in Appendix A such that the imposition of an "expectation" that all banks would need to obtain a true sale legal opinion for loan participations be removed.

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In addition, WBA believes the Exposure Draft, if adopted, would negatively impact the ability of our members to sell loans to the Federal Home Loan Bank of

Chicago's Mortgage Partnership Finance (MPF) Program. WBA members rely on the MPF Program as a vital, important option in their mortgage loan portfolio. Specifically, the MPF Program's structure allows many community bankers the ability to offer their customers long-term fixed-rate mortgages preferred by many homebuyers.

The effect of the language in the Exposure Draft would be to require WBA members who sell mortgage loans to the Federal Home Loan Bank of Chicago MPF Program to use a qualifying special purpose entity (QSPE) in order to obtain true sale accounting treatment. The requirement of a QSPE would unnecessarily raise the cost of selling loans to the MPF Program and add an additional layer of complexity to these transactions. In addition to the increased costs and burdens to such transactions for community banks, the use of a QSPE will add no further accounting clarity to what is already a straightforward sale transaction. The result of the language in the Exposure Draft, without further modifications, may be to severely impede access to this important secondary mortgage market alternative by community bankers in Wisconsin and around the country.

In conclusion, WBA strongly recommends removal of any "expectation" that a true sale legal opinion be obtained for loan participations. Moreover, WBA strongly recommends revisions to paragraph 8a such that the requirement to utilize a QSPE be limited to only those cases where a "legal" ownership interest in an individual financial asset does not qualify as a participating interest. Finally, WBA endorses the dissent by Board members discussed in paragraphs A51 and A52.

WBA greatly appreciates the opportunity to comment on the FASB's Exposure Draft and your consideration of these comments. Please do not hesitate to contact me at 608/441-1205, if there are any questions on this letter.

Sincerely,

Rose M. Oswald Poels

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Vice President - Legal