



OKLAHOMA BANKERS ASSOCIATION

We make bankers better!

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Via email: director@fasb.org

Mr. Russell Golden
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LETTER OF COMMENT NO. 203

RE: Preliminary Comments on Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

Good Morning:

On behalf of the 260 member institutions of the Oklahoma Bankers Association, I appreciate the opportunity to encourage you to continue your efforts to clarify how banks should be allowed to proceed with reporting for other than temporary impairment (OTTI).

Rather than re-invent the wheel, **we agree with the letter from the American Bankers Association in general. A copy of that letter is included with this e-mail.** But the key point for traditional bankers in states like Oklahoma can be summed up fairly easily: it's one thing to record OTTI for a loan that's at risk or is impaired. Virtually no banker in Oklahoma would assert that this rule is unfair.

It's entirely something else, however, for traditional community banks to be forced to write other assets like debt securities down to a value that's based on a market's perception that most likely has no connection to the bank's view of whether it intends to hold the security until maturity. Such phantom losses often exceed losses on loans and other credits while performing in precisely the manner that was intended when purchased, and recognizing them serves to destroy capital needlessly.

Like the ABA, the OBA supports the idea that market-related losses on debt securities should not be a part of OTTI at all (unless there is the intent to sell or it is more likely than not the company will be required to sell prior to recovery). The results of using OTTI rules on held-to-maturity debt securities in the current environment are particularly troubling for traditional, community banks because it will unduly impact lending and significantly reduce the ability of the bank to serve its customers and its communities.

Thanks again for the opportunity to comment.

Sincerely,

We Make Bankers Better!

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