December 13, 2010

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

RE: File Reference No. 1880-100

Dear Technical Director:

We appreciate the opportunity to comment on the Financial Accounting Standards Board's (FASB) Proposed Accounting Standards Update, "Receivables (Topic 310), Clarifications to Accounting for Troubled Debt Restructurings by Creditors" (Proposed ASU). Shatswell, MacLeod & Company, P. C. provides audit, tax and consulting services to over 120 financial institutions in New England and New York state ranging in size from under \$100 million to over \$3 billion in assets.

Our clients agree that there is a certain amount of diversity in practice related to identifying troubled debt restructurings. However, in regard to the Proposed ASU, our clients oppose some of its key provisions in that they will require many changes in operational processes to identify troubled debt restructurings. Provisions within the Proposed ASU that are of significant concern include the following:

- ASC paragraph 310-40-15-8A, as contained within the Proposed ASU, states that a restructuring of a debt constitutes a troubled debt restructuring "if a debtor does not otherwise have access to funds at a market rate for debt with similar risk characteristics as the restructured debt..." This market-based trigger is of concern due to the difficulties creditors may experience in obtaining sufficient knowledge of the debtor's access to other funding sources. Depending on the situation, there may by limited or no known funding alternatives for certain types of borrowings. Also, due to the complexities related to specialized terms, collateral and personal guarantees applied to loans, it is difficult to determine a market rate on most loans.
- Due to the varying degrees of interpretation relative to impairment, ASC paragraph 310-40-55-10A, as stated within the Proposed ASU, should be clarified. Specifically, it indicates that "a creditor may conclude that a debtor is experiencing financial difficulties, even though the debtor is not currently in default, if a creditor determines that a payment default is probable in the foreseeable future."
- ASC paragraph 310-40-55-10C, as contained within the Proposed ASU, indicates that insignificant delays in contractual cash flows may result in a troubled debt restructuring. Further, it states "that factor should be considered along with other terms of a restructuring to determine whether a troubled debt restructuring exists." We and our clients recommend that enhanced clarity and guidance related to "insignificant delays" and the connection to "other terms of a restructuring" be provided. To ensure consistent application of the proposed guidance, we encourage the Board to provide examples of situations that would and would not result in a troubled debt restructuring.

Thank you for allowing us to comment on the Proposed ASU. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

Shatswell, Mac Good + Company, P.C.
SHATSWELL, MACLEOD & COMPANY, P.C.