Massachusetts Bankers Association

December 30, 2008

LETTER OF COMMENT NO. 265

Technical Director
Financial Accounting Standards Board
301 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Via email: director@fasb.org

File Reference: Proposed FSP EITF 99-20-a (*Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*)

Dear Technical Director:

We appreciate the recent focus of the Financial Accounting Standards Board (FASB) on the important issue of "other than temporary impairment" (OTTI) and the opportunity to comment. The Massachusetts Bankers Association represents approximately 200 commercial, savings, and cooperative banks and savings associations throughout Massachusetts and New England with member banks including community banks, as well as regional and national banks.

While more needs to be done, we support the Proposed FASB FSP EITF 99-20-a, *Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*, which would amend EITF Issue No. 99-20 *(Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets)*. We strongly encourage you to issue the proposal in final form, to be effective for December 31, 2008 financial reporting.

We agree with the letter from the American Bankers Association to the FASB on the proposal, dated December 28, 2008, which supports the proposal and requests that additional OTTI concerns be addressed for year-end 2008 reporting. OTTI has been controversial for many years, and we believe it would be more meaningful to use a model based on credit impairment rather than on market values. Because of the significance of the problems with the application of OTTI in the current market environment, we believe changes to these practices are critical for year-end 2008 financial reporting.

We would urge you to recognize this proposal as a first step toward improving the application of OTTI, and we appreciate the FASB's recent decision to examine additional problems relating to OTTI. We believe that without a proactive approach to re-examining some of these accounting policies, the lessons learned from overzealous regulations in the 1990s, such as determinations on performing, non-performing loans, will have been wasted.

Thank you for your consideration.

Sincerely,

Daniel J. Forte
President

Massachusetts Bankers Association, Inc.
73 Tremont Street, Suite 306
Boston, Massachusetts 02108-3906
Tel. 617-523-7595 / Fax. 617-523-6373
http://www.massbankers.org