

March 31, 2009



LETTER OF COMMENT NO. 241

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

Via Email: director@fasb.org

Re: Proposed FSP FAS 115-a, FAS 124-1, and EITF 99-20-b, Recognition and Presentation of Other-Than-Temporary Impairments

Dear Mr. Golden:

Thank you for the opportunity to comment on the proposed guidance referenced above. While the proposal represents significant improvements, certain modifications to the proposal would aid in implementation, better align the proposal with existing guidance and improve the consistency of its application.

Recommendation for the proposed FSP :

- The final FSP should apply to securities with OTTI at the effective date. The FSP should include a “true-up” for securities with OTTI by recording a one-time beginning balance cumulative adjustment between retained earnings and other comprehensive income. This will help to avoid confusion and will increase consistency and comparability in the accounting for securities. It is also consistent with the approach taken for many other new accounting standards.
- OTTI for HTM securities should be based on credit losses rather than mark to market losses. It is agreed that probable credit losses represent actual economic losses of a security and should be recorded in earnings. However, non-credit losses on HTM debt securities should not be part of OTTI at all. Recording non-credit losses in other comprehensive income for an HTM debt security, only to accrete that loss back to the security, will confuse users both at the time of impairment as well as over the holding period.

- Further guidance is needed on “intent to sell” and impaired security (and “more likely than not that it will not sell the debt security prior to recovery”). More guidance will be needed to avoid confusion that has arisen from the current practice over the past several years, especially related to “tainting”.
- Clarification is needed on the meaning of “credit losses”. The final FSP should clarify that the amount of OTTI to be recognized through earnings is credit loss rather than “credit risk”.
- Recoveries of OTTI should be reversed. OTTI should not be permanent, if, in fact, the impairment is not permanent. Recoveries of OTTI should be immediately reversed through earnings in order to more accurately reflect performance of the borrower of the underlying assets and provide consistency with other impairment accounting.

Your attention to this matter and consideration of our concerns is greatly appreciated.

Sincerely,

ROCKLAND TRUST COMPANY

A handwritten signature in black ink, appearing to read "Barry H. Jensen", with a long horizontal flourish extending to the right.

Barry H. Jensen
Senior Vice President and Controller
Chief Accounting Officer

BHJ/mjs