



STATE OF NEW YORK
BANKING DEPARTMENT
ONE STATE STREET PLAZA
NEW YORK, NY 10004

February 12, 2010

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

Re: File Reference No. EITF090I

By email

Dear Mr. Golden:

The New York State Banking Department (the "Department") has reviewed the Board's Exposure Draft, "Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset," and appreciates the opportunity to provide the following responses to your questions.

1. Do you agree that entities should not evaluate whether modifications of loans accounted for within pools under Subtopic 310-30 meet the criteria to be accounted for as troubled debt restructurings? If not, why not?

The Department agrees with the proposal, since it represents a pragmatic, straightforward approach which is likely to lead to less diversity in practice.

2. The Board has a separate project on its agenda relating to improving disclosures on loan losses. Are there specific disclosures that the Board should consider that would be helpful for users about pools of loans accounted for under Subtopic 310-30 or loans modified within those pools?

The Board should require disclosure of the total amount of modified loans within pools of loans.

3. Paragraph 310-30-40-1 requires a loan to be removed from a pool of loans at its carrying value if the investor sells, forecloses, or otherwise receives assets in satisfaction of the loan, or the loan is written off. The Task Force noted that there was diversity in practice regarding the determination of the carrying

amount of a loan removed from a pool. While the amendments in this proposed Update do not directly affect and are not affected by this diversity in practice, do you believe that additional guidance is needed to clarify how the carrying value of a loan should be determined upon removal from a pool? If so, do you have suggestions on what those clarifications should be?

No additional guidance is needed. We believe that diversity occurred from institutions using different effective interest rates when loans were removed from pools to record modifications that were troubled debt restructurings. This highlights the reasons for our response to Question 1.

4. Upon adoption of the amendments in this proposed Update, should entities receive the option to make a one-time election to change the unit of accounting from a pool basis to an individual loan basis? If not, why not? Entities that make this election would then be required to apply the troubled debt restructuring guidance to future modifications on an individual loan basis.

The Department recommends that a one-time election to change the unit of accounting not be permitted, since this would increase diversity of practice, reduce comparability, and move accounting away from the overall conclusion reached.

5. Do you agree with the proposed effective date and transition method?

We agree with the proposed effective date and transition method.

If you would like to discuss our letter, please call me at (212) 709-1532 or email me at john.mcenerney@banking.state.ny.us.

Very truly yours,

John McEnerney
Chief of Regulatory Accounting