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*Extraordinary Service for Extraordinary Members*

December 13, 2010

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

**RE: No. 1880-100 Clarifications to Accounting for Troubled Debt Restructurings by Creditors**

Dear Technical Director:

The Nebraska Bankers Association (NBA) appreciates the opportunity to comment on the exposure draft *Clarifications to Accounting for Troubled Debt Restructurings by Creditors* (ED). The NBA is a trade association representing 223 of Nebraska's 225 commercial banks and 12 of the 13 savings and loans of Nebraska. The NBA understands the concerns with the identification and reporting of troubled debt restructurings (TDRs). However, we are opposed to the ED, as the ED proposes changes that will make the process to evaluate loan modifications unnecessarily difficult and complex, and it also misses the point on whether or not the related loans pose increased credit risk to the bank.

The changes proposed will, if implemented, require many changes to bank processes to identify TDRs. These processes are based on certain specific guidance issued by bank regulators and auditors in the past. For example, taking away past guidance provided by the Office of the Comptroller of the Currency and the Center for Audit Quality will add considerable complexity to that process. If banks do not provide the documentation required to support the evaluation of the loan modification, they will likely be required to, by default, report the modification as a TDR. The amounts reported will then contain many cases of legitimate loan modifications whereby no significant concession has been provided. We do not believe this will result in better financial reporting. Further, banks do not even have the information available to perform any kind of retrospective reporting of these modifications.

The ED also emphasizes the current standard's market-based trigger in identifying a TDR. The market trigger is the biggest problem in the current TDR analysis. Because of complexities related to specialized terms, collateral and personal guarantees applied to loans, it is very difficult to determine a "market" interest rate on most loans. However, even when a market rate is available, when the rate is not increased to the current "market", we do not agree that a TDR

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should be reported when additional collateral and/or guarantees have been provided and the resulting loan terms add no more credit risk to the bank.

Thank you for your attention to these matters and for considering our views.

Sincerely,

A handwritten signature in cursive script that reads "George Beattie".

George Beattie  
President & CEO

[george.beattie@nebankers.org](mailto:george.beattie@nebankers.org)

tjm