new york state society of
NYSSCPA
certified public accountants

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February 8, 2010

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

By e-mail: director@fasb.org

Re: Comments on FASB Proposed Accounting Standards Update
Receivables (Topic 310): Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset; a consensus of the FASB Emerging Issues Task Force
(File Reference No. EITF090I)

The New York State Society of Certified Public Accountants, representing 28,000 CPAs in public practice, industry, government and education, submits the following comments to you regarding the above captioned release. The NYSSCPA thanks the FASB for the opportunity to comment.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed standard and drafted the attached comments. If you would like additional discussion with us, please contact Mark Mycio, Chair of the Financial Accounting Standards Committee, at (212) 372-1421, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

David J. Moynihan
President

Attachment

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NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

FASB PROPOSED ACCOUNTING STANDARDS UPDATE RECEIVABLES (TOPIC 310): EFFECT OF A LOAN MODIFICATION WHEN THE LOAN IS PART OF A POOL THAT IS ACCOUNTED FOR AS A SINGLE ASSET; A CONSENSUS OF THE FASB EMERGING ISSUES TASK FORCE (FILE REFERENCE NO. EITF090I)

February 8, 2010

<u>Principal Drafter</u>

John McEnerney

New York State Society of Certified Public Accountants

Comments on FASB Proposed Accounting Standards Update Receivables (Topic 310): Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset; a consensus of the FASB Emerging Issues Task Force

We have reviewed the Financial Accounting Standards 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 we appreciate the opportunity to provide our comments. We have included our responses to the Board's questions below.

Question 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?

Response
We agree with the proposal because it represents a pragmatic, straightforward approach that is likely to lead to less diversity in practice.

Question 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?

Response
The Board should disclose the total amount of modified loans within pools of loans.

Question 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?

Response
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.

Question 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.

Response
We recommend that a one-time election to change the unit of accounting not be permitted because this would increase diversity in practice, reduce comparability, and move accounting away from the overall conclusion reached.

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

Response
We agree with the proposed effective date and transition method.