



LouisianaBankers

A S S O C I A T I O N

December 13, 2010

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

Via email: director@fasb.org

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

Dear Technical Director:

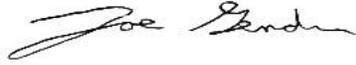
The Louisiana Bankers Association (LBA) appreciates the opportunity to comment on the above referenced exposure draft. The LBA is Louisiana's sole banking association, which serves 165 member banks, thrifts, and trust companies, including state and federally chartered institutions of all sizes. While LBA understands the concerns with the identification and reporting of troubled debt restructurings (TDRs), LBA is opposed to the exposure draft, as the exposure draft 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.

Practices regarding TDRs have evolved over many years through discussions with both auditors and regulators. We believe the changes proposed will, if implemented, eliminate various "bright lines" that have developed to streamline processes to identify and document TDRs, and require many changes to bank processes to identify TDRs. Such changes may mean that banks will report all loan modifications as TDRs. 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.

The exposure draft 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 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.

We thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink that reads "Joe Gendron". The signature is written in a cursive style with a large, sweeping initial "J".

Joe Gendron
Director of Government Relations
Louisiana Bankers Association