

Valley National Bank

Alan D. Eskow

Senior Executive Vice President & Chief Financial Officer

December 10, 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:

Valley National Bancorp ("Valley") appreciates the opportunity to comment on the exposure draft *Clarifications to Accounting for Troubled Debt Restructurings by Creditors* (ED). Valley is a regional bank holding company with over \$14 billion in assets, headquartered in Wayne, New Jersey. Valley is the bank holding company of Valley National Bank, a national banking association providing a full range of traditional commercial, retail and trust and investment services primarily through its branch and ATM network located throughout northern and central New Jersey, as well as in the New York City boroughs of Manhattan, Brooklyn and Queens. Valley 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 our processes to identify TDRs. These processes are based on certain specific guidance issued by our 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 we do not provide the documentation required to support the evaluation of the loan modification, we 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, we 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 rate" trigger in identifying a TDR. The market rate 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. A further difficulty in the application of the "market rate" trigger approach to identifying TDRs is that many TDRs, though performing to their new terms, must be reported and accounted for as TDRs for the remainder of the loan's life.

We believe investors and other users of the financial statements are primarily concerned with the adequacy of the allowance for credit losses. In addition to the TDR disclosures, preparers already provide separate disclosures of impaired loans (which already includes TDRs), purchased credit-impaired loans, and loan credit quality information, which will be significantly expanded by the newly issued ASU on credit quality and the allowance

for credit losses. Therefore, we believe the separate disclosure of loan modifications designated as TDRs is confusing, sometimes redundant, and is incrementally useful to the evaluation of the adequacy of the allowance for credit losses.

Thank you for your attention to these matters and for considering our views. Please feel free to contact me at 973-305-4003 if you would like to discuss our views.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alan D. Eskow', with a long horizontal flourish extending to the right.

Alan D. Eskow

Senior Executive Vice President
and Chief Financial Officer