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December 13, 2010

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

Via email: [director@fasb.org](mailto:director@fasb.org)

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

Dear Technical Director:

BOK Financial Corporation ("BOKF") appreciates the opportunity to comment on the exposure draft *Clarifications to Accounting for Troubled-Debt Restructurings by Creditors (the "ED")*. BOKF is a \$23 billion financial holding company headquartered in Tulsa, Oklahoma that offers full service banking and other financial services.

We understand that the current guidance for identifying and reporting troubled-debt restructurings ("TDR") requires significant judgment by management which may lead to diversity in practice. However, we do not believe that the ED will improve existing GAAP. Instead, we believe that the proposed clarification will result in increased disclosure of less relevant data.

The current diversity in practice is largely due to the expanding definition of concession. A practical definition of concession considers giving something of value that you already possess. Based on this definition, a concession would be based on a creditor's agreement to forego cash flows from a debtor. This definition would be consistent with the guidance for measuring impairment under ASC 310-10-35-10. Since the publication of Statement of Financial Accounting Standards No. 15, *Troubled Debt Restructurings*, in 1977, the definition of concession has expanded to include a creditor's giving of a theoretical fair value. Significant judgment is required to determine when a creditor is giving something that it never possessed which results in a diversity in practice.

The ED continues the expanded definition of concession to the extreme. Proposed addition 310-40-15-8A requires positive evidence that a debtor must have access to funds at market rates for restructured terms not to be considered below market rates and the restructuring a TDR. This evidence will rarely be available for modifications during the term of a loan. Further, this evidence may be difficult to establish in markets with a limited number of potential creditors. This addition will result in TDR classification of



substantially all modifications. Potentially, it could also result in TDR classification of a significant number of loan renewals regardless of the terms.

While this may be the intended result of the ED, we do not believe that an increase in the disclosed number of TDR will provide relevant data to investors. Many modifications, especially modifications that do not reduce interest rates or forgive principal or interest, have no measurable impairment. The creditor still expects to receive all amounts contractually due, though the timing of payments may differ. In order for financial statements to not be misleading, issuers may need to separately disclose TDR that result in a reduction of expected cash flows (a true concession) from TDR that did not result in a reduction of expected cash flows (a theoretical concession). These disclosures will largely be confusing to all.

We believe that consistent application of GAAP would be better enhanced by providing guidance about identification and timing of impairment recognition by creditors. This guidance should require timely reduction of loan balances based on measured impairments, including impairments that result from loan modifications. A change in focus from a theoretically-based TDR concept would also be a step toward convergence with IFRS which does not provide guidance on TDR.

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In response to specific questions in the ED, we provide the following:

Question 1: Would precluding creditors from applying the guidance in paragraph 470-60-55-10, create any operational challenges for determining whether a troubled debt restructuring exists? If yes, please explain why. We do not consider the debtor's effective interest rate when assessing a restructuring constitutes a concession and do not believe this guidance will create operational challenges.

Question 2: Do you believe that the proposed changes to the guidance for determining whether a troubled debt restructuring exists would result in a more consistent application of troubled debt restructuring guidance? If not, please explain why. As previously stated, we believe that the proposed changes will result in the consistent classification of substantially all loan modifications and potentially many loan renewals as troubled debt restructurings. We fail to see how this classification provides relevant information.

Question 3: The Board decided that a creditor may consider that a debtor is experiencing financial difficulty when payment default is considered to be "probable in the foreseeable future." Do you believe that this is an appropriate threshold for such an assessment? If not, please explain why. We believe that this is an appropriate consideration and complements judgments required to assess accrual status and impairment.



Question 4: Are the proposed transition and effective date provisions operational? If not, please explain why. The proposed dates are operational if the intended results are TDR classification for all modifications. Otherwise, additional time will be necessary to assess data sources.

Question 5: Should the transition and effective date be different for nonpublic entities versus public entities? If so, please explain why. The dates should not be different.

Question 6: Should early adoption of the proposed amendments in this Update be permitted? If so, please explain why. This Updated is presented as a clarification of existing accounting standards. Accordingly, early adoption should be permitted.

We appreciate the opportunity to provide comments on this Exposure Draft. If you wish to discuss this issue further, please contact me at 918-588-8673.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Morrow".

John C. Morrow  
Senior Vice President, Chief Accounting Officer