

BridgewaterSavings

Technical Director
Financial Accounting Standards Board
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December 9, 2010

Via email: director@fasb.org

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

Dear Technical Director:

Bridgewater Savings Bank, a community bank with \$490MM in assets based in southeastern Massachusetts, appreciates the opportunity to comment on the exposure draft *Clarifications to Accounting for Troubled Debt Restructurings by Creditors* (ED). We understand the concerns with properly identifying and reporting troubled debt restructurings (TDRs). However, we are opposed to the ED as it proposes changes that will make the process to evaluate loan modifications unnecessarily complex. It also misses the point on whether or not the modifications increase credit risk.

The changes proposed in the ED will require us to modify our process to identify TDRs, which is currently based on specific guidance issued by our regulators and auditors. 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 fail to obtain documentation that supports the evaluation of the loan modification, we will by default be forced to report the modification as a TDR. The amounts reported will likely contain many cases of 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-based trigger in identifying a TDR. The market trigger is the biggest flaw in the current ED. Because many loans have specialized and unique terms, collateral and personal guarantees, it is very difficult to determine a "market" interest rate on most loans. However, even when a market rate is available, we believe there can be situations when the rate is not increased to the current "market" and the modified loan should not be reported as a TDR if additional collateral and/or guarantees have been obtained and the modifications in total improve the Bqnk's credit risk position.

Thank you for your attention to these matters and for considering our views. Please feel free to contact me at mingalls@bridgewatersavings.com or (508) 884-3312 to discuss further.

Sincerely,



Mark C Ingalls, EVP/CFO

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