

March 26, 2009

Via: Email director@fasb.org

Mr. Russell G. Golden
FASB Technical Director
Financials Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5166



LETTER OF COMMENT NO. 181

File Reference: Proposed FSP FAS 157-e

Dear Mr. Golden,

Georgia Central Credit Union ("Georgia Central") greatly appreciates the opportunity to comment on the proposed FASB Staff Position No. FAS 157-e *Determining Whether a Market Is Not Active and a Transaction Is Not Distressed* (the "Proposed FSP").

Georgia Central is a retail corporate credit union providing, investment, liquidity and payments services to approximately 180 member credit unions. With a balance sheet of approximately \$2 billion in assets, Georgia Central holds approximately \$283 million in assets that qualify as "available for sale" under SFAS 115.

The Proposed FSP provides much-needed clarification regarding the application of the aforementioned pronouncements and allows for a more accurate presentation of the economic value of debt and equity investments valued under SFAS 157. We concur that this guidance provides the preparer much needed clarification in determining an inactive market. The current guidance causes the fair values, especially of SFAS 115 securities, to be under-valued in financial statements and cause undue impairment charges that do not reflect the economic reality of the investment. While this clarification of existing generally accepted accounting principals (GAAP) significantly improves the presentation of economic realities for financial statement users, the Financial Accounting Standards Board (the Board) must fervently consider the following responses to the questions they put forth to provide further transparency in financial statements.

1. *Is the proposed effective date of interim and annual periods ending after March 15, 2009, operational?*

Because it is a further clarification of existing guidance, application of the Proposed FSP should be allowed to financial statements for periods ending *prior to* March 15, 2009. If

this retroactive treatment is not allowed, financial results from prior periods will not be comparable. To ensure parity, all companies should be allowed to adopt this treatment for prior periods if they so choose, whether they have already completed the reporting for the prior period or not. In the current market, being able to make treatment parallel to each other improves reporting and transparency for investors and other users of financial statements.

- 2. Will this proposed FSP meet the project's objective to improve financial reporting by addressing fair value measurement application issues identified by constituents related to determining whether a market is not active and a transaction is not distressed? Do you believe the amendments to Statement 157 in this proposed FSP are necessary, or do you believe the current requirements in Statement 157 should be retained?*

The Proposed FSP does improve financial reporting through improved guidance on inactive markets and distressed transactions.

However, financial reporting would be improved if the Proposed FSP further defined an orderly transaction as it was defined in the March 16 Board handout. The standard for an orderly transaction should include all risks inherent in the asset, including a reasonable profit margin that would be considered by a willing buyer and willing seller in a non-distressed transaction. This standard would further the removal of the excessive liquidity risk premium from Level 3 valuation if the holder intends to and is able to hold the security to maturity

- 3. Do you believe the proposed two-step model for determining whether a market is not active and a transaction is not distressed is understandable and operational? If not, please suggest alternative ways of identifying inactive markets and distressed transactions.*

Overall, this model is understandable and operational, especially in a very pronounced distressed market. However, for bonds other than corporate bonds, the lack of availability of historical trade information poses a challenge in determining the level of trading and actual price of the last trade in the market. Longer term, if Level 2 of this structure were eliminated, it would be easier for preparers to present a fair value that reflects more accurate market conditions by preventing a step change in value as an entity moves from valuation under Level 3 to Level 2.

- 4. Are the factors listed in paragraph 11 of the FSP that indicate that a market is not active appropriate? Please provide any other factors that indicate that a market is not active.*

The factors indicated in the Proposed FSP are appropriate.

- 5. What costs do you expect to incur if the Board were to issue this proposed FSP in its current form as a final FSP? How could the Board further reduce the costs of applying the requirements of the FSP without reducing the benefits?*

The benefits of this FSP far outweigh the cost of compliance. Georgia Central is unaware of any actions that might further reduce the cost without reducing the benefits.

Georgia Central values the Board's recent efforts to provide clarification of existing GAAP to assist preparers and improve financial reporting. With the consideration and incorporation of the aforementioned adjustments, the Proposed FSP will further improve comparability and transparency in financial reporting.

Thank you in advance for the opportunity for comment and your time and consideration. If you would like to discuss any of the concepts presented above, please do not hesitate to contact me at 770-476-9704 x 361.

Sincerely,



Amy M. Fuller
Senior Vice President/Chief Operating Officer

CC: Congressman Barney Frank, Chairman, House Committee on Financial Services
Congressman Paul Kanjorski, Chairman, Subcommittee on Capital Markets, Insurance,
and Government Sponsored Enterprises
Senator Christopher Dodd, Chairman, Senate Committee on Banking, Housing, & Urban
Affairs
Richard Shelby, Ranking Member, Senate Committee on Banking, Housing, & Urban
Affairs
Brad Miller, Executive Director, Association of Corporate Credit Unions
Greg Moore, President/CEO, Georgia Central Credit Union