

March 26, 2007

Technical Director
Financial Accounting Standards Board
of the Financial Accounting Foundation
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06855-5116



LETTER OF COMMENT NO.



Re: File Reference No. 1520-100, Comment on Valuation Guidance for Financial Reporting

Dear Technical Director:

Navy Federal Credit Union provides the following comments in response to Financial Accounting Standard Board's (FASB) request for comment on valuation guidance for financial reporting. Navy Federal is the largest natural person credit union in the world with over \$28 billion in assets and nearly 3 million members.

Navy Federal believes that valuation guidance for financial reporting is useful in facilitating consistency and comparability in financial reporting. Due to the unique nature of financial products, we recommend flexibility in fair value measurement to allow for the consideration of specific product and transaction information. Valuation guidance may be conceptual and high level in nature; however, where reporting inconsistencies are evident, more detailed guidance may be appropriate. Such guidance would benefit from the input of subject matter experts and should be flexible enough to have broad application.

Credit union financial products and transactions are similar in nature to those of other financial institutions, and guidance directed toward financial institutions more than likely would apply to credit unions. However, Navy Federal would appreciate the opportunity to comment, along with all other financial institutions, before such guidance is finalized. Moreover, FASB should be cognizant that smaller credit unions may require exceptions to compliance, or the timing of compliance, with such guidance, to the extent their resources are limited.

We believe that the FAS 157 definition of fair value, as a measurement based on assumptions used by market participants in pricing an asset or liability, is appropriate. We

further support the use of an exit price, i.e., the price at which to sell an asset or transfer a liability in an active market, as the best indicator of value.

Existing appraisal organizations, as subject matter experts, are able to provide valuable input to the fair value measurement process. However, in keeping with FASB's view of other aspects of standard setting, and to avoid the implications of a conflict of interest, we believe that these organizations should not be the principal standard setters. Rather, we suggest that FASB continue to be the issuer of valuation guidance, aided by the formation of a new organization with appraisal expertise, e.g., one similar to the Emerging Issues Task Force. Members of such an organization ideally would be composed of industry experts in fair value measurement and would be consulted on emerging issues or when consensus of opinion is lacking. This arrangement would be useful until the specific guidance was established, but would not necessarily be required on a permanent basis.

With respect to the appropriate level or scope of guidance, we believe that FASB should focus on providing national level guidance, yet stay abreast of international developments and work with the International Accounting Standards Board, as appropriate and feasible. This would obviate the potential for complications arising from any timing or process differences between FASB and the IASB for issuing guidance that an international level approach might entail.

We appreciate the opportunity to provide comments to FASB on valuation guidance for financial reporting. If you have any questions with respect to our comments, please contact Anita Marchion, Assistant Vice President, Regulatory Compliance, at (703) 206-4758.

Sincerely,

Cutler Dawson President/CEO

CD/am