

October 27, 2008

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LETTER OF COMMENT NO. 3

Russell G. Golden, FASB Technical Director
FASB
401 Merrit 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Other-than-temporary impairment (OTTI)

Dear Mr. Golden:

It is our understanding that the SEC has asked FASB to reconsider current guidance related to other-than-temporary impairment. We have significant concerns with the current guidance and ask FASB to reconsider that current guidance.

Southwest Corporate is a federally chartered corporate credit union whose principal activity is to provide investment, financial and payment products to 1,500 federal and state-chartered natural person credit unions. Southwest Corporate manages a balance sheet of approximately \$10 billion, of which approximately \$5 billion is invested in marketable securities that are classified as available-for-sale. Southwest Corporate is a liquidity provider to natural person credit unions. As such, our investments are generally comprised of marketable securities instead of a portfolio of unsecuritized loans to individuals. Southwest Corporate is a buy and hold institution, however, we historically classify all securities as available-for-sale in order to fulfill our role as a liquidity provider.

The unprecedented market conditions that currently exist highlight the inherent flaws in fair value accounting as a basis for recognizing other-than-temporary impairments. The current guidance requires other-than-temporary impairment charges to be recorded based upon exit prices that are currently materially lower than net realizable value. This results in volatility in earnings that is not reflective of the true economic impact of the holdings.

Southwest Corporate submitted a comment letter regarding the valuation and other-than-temporary impairment guidance. In the comment letter, we noted that the impairment guidance for securities should be similar to the guidance for loans. Currently there is an inconsistency in the valuation and impairment treatment for securitized loans and unsecuritized loans. The difference in valuing unsecuritized loans and securitized loans

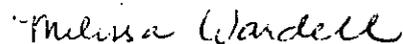
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was discussed in SFAS 115. At that time, the FASB Board recognized that a principal difference between securities and unsecuritized loans is the relatively greater and easier availability of reliable market prices for securities. The current credit market has highlighted that such reliable market prices do not always exist. As such, holders of securitized loans which have additional credit enhancements and excess spread inherent in the structure are subject to much harsher valuation requirements and other-than-temporary impairment results. We believe that net realizable value should be used as the basis for other-than-temporary impairments instead of fair value based on exit values. Securitized loans should not be treated differently than unsecuritized loans when there exists the intent and ability to hold securities to recovery or maturity.

We respectfully request that you reconsider current guidance that requires write downs to fair values when other-than-temporary impairment exists. The write-down to fair value in the current distressed market does not represent the true economic condition of an entity which has no plans to sell securities.

I appreciate your attention to this matter and to the points raised in this letter. I welcome a discussion at your convenience. Please feel free to contact me at 214-703-7890.

Sincerely,



Melissa Wardell
SVP-Chief Financial Officer
Southwest Corporate Federal Credit Union