



March 24, 2009



LETTER OF COMMENT NO. 53

Mr. Russell G. Golden  
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401 Merritt 7  
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LETTER OF COMMENT NO. 44

File Reference: FSP FAS 157-e, FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

CUAO appreciates the opportunity to provide comments on the Financial Accounting Standards Board (FASB) proposals: FASB Staff Position (FSP), Financial Accounting Standards (FAS) No. 157-e, that provides additional guidance on determining whether a market for a financial asset is not active and a transaction is not distressed for fair value measurements under FAS 157, Fair Value Measurements, and the FSP issued to amend existing other-than-temporary impairment (OTTI) guidance. Specifically, this would amend FAS No. 115-a, FAS 124-a, and EITF 99-20-b.

The Credit Union Association of Oregon (CUAO) is a nonprofit, professional trade association representing Oregon's state, community, and federally chartered credit unions. Since 1936, CUAO has been at the forefront of credit union issues at the state, regional, and national level, and provides a voice for Oregon's 1.4 million credit union members on issues impacting credit unions at a local level.

It is our belief that the changes proposed acknowledge the exceptional circumstances within the marketplace today.

**Fair Value Measurements - FAS No. 157-e**

The proposed two-step process to determine whether a market is not active and whether a transaction is not considered distressed provides needed guidance to allow entities to determine the fair value of securities in a distressed market and is a significant improvement over the current position.

We support your recommendations to remove fair value accounting from the valuation of assets in illiquid markets and believe that this demonstrated flexibility will accomplish a great deal in helping to stabilize the financial system in the U.S. A liquid market assumes there is a ready and willing market of buyers and sellers at all times. Clearly, that market does not currently exist in the mortgage backed securities arena.

Fair value accounting makes perfect sense in a world where the assets on the balance sheet can be readily determined by an active and liquid marketplace. Given the events of the past two years in the mortgage market and the impact this has had on mortgage backed securities in particular, it is clear that mark-to-market or fair value accounting has its limitations.

Furthermore this is not a correct representation of the asset considering a large portion of MBS mortgages are performing as agreed. How can a performing asset require write-down in an illiquid market?

**Other-Than-Temporary Impairments - FAS No. 115-a and 124-a, and EITF 99-20-b**

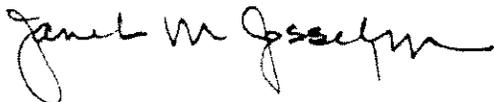
Additionally, CUAO supports the proposed OTTI assessment and recognition factors.

This is a substantial improvement over FASB previous position on OTTI by permitting the separation of impairment loss by recording through current earnings, and not requiring "exit value" pricing be used. The guidance permitting further flexibility in subsequent measurements is highly appropriate and will present a much more fair presentation of the value and impairment.

Finally, while not recognized in the proposal, it is our firm belief that fair value accounting and the OTTI application should be retroactively applied to December 31, 2008 financials, should an organization wish to do so. Based on the fact that these proposals present a clarification in position and not a new position statement, this would be a very appropriate step.

We appreciate your consideration of these comments and thank the Board for their timely proposals on these important issues impacting credit unions and affecting the confidence of our credit union members.

Respectfully Submitted,



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