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LETTER OF COMMENT NO.

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Prior to the implementation of 157, I believe the International Accounting community warned us against using fair value accounting for financial reporting. I find it interesting that a body so hell bent on introducing such a concept is now treading water to keep from drowning in a pool of poorly conceived accounting standards. I never completely agreed with how fair value accounting would provide more useful information to users of financial information, but clearly this amendment muddies the water even further. Fair value accounting does seem to be useful from a balance sheet perspective, but from an income statement standpoint it has always been difficult to truly understand the financial performance of a company's core business line or lines.

In essence, as long as an entity documents how it determined fair value, the value assigned to a variety of financial assets is going to be deemed "justified." Accountants and their SEC attorneys will carefully craft language in disclosures that meet the requirements of the amendment and allow an entity to present itself in the brightest of lights. Your amendment does not address the delinquency or foreclosure rates within a pool of non-conforming mortgage loans. If certain asset classes no longer have an active market for which to rely on Level 1 or 2 evaluations, I agree that a Level 3 valuation is required, but it is more than just a simple discounted cash flow solution. There is permanent impairment that has occurred.

I would recommend suspending fair value accounting rules altogether and re-evaluate their usefulness. Strengthen the principle based language with regard to "other than temporary impairment" and help strengthen the usefulness of financial information rather than making it more difficult to interpret.

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