

December 23, 2008



LETTER OF COMMENT NO. 2

Via Email: director@fasb.org

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

File Reference: Proposed FSP EITF 99-20-a

Dear Mr. Golden:

SunCorp Credit Union (“SunCorp”) appreciates this opportunity to comment on the proposed FASB Staff Position No. EITF 99-20a *Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20* (the “Proposed FSP”).

SunCorp is a state chartered corporate credit union whose principal activity is to provide investment, financial and payment products to 450 federal and state-chartered natural person credit unions as a liquidity provider. As such, our investments are generally comprised of marketable securities instead of a portfolio of unsecuritized loans to individuals. SunCorp 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.

There are 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 and balance sheet misstatement that is not reflective of the true economic impact of the holdings.

The FASB needs to get out of theory and get back to a real world benefit. Today’s abundance of caution and fear will create unnecessary financial disruption at year-end 2008.

Currently, there exists three impairment models which have different triggers and different economic results upon determination of impairment. You are well aware that these models are:

SFAS 114 Accounting by Creditors for Impairment of a Loan
SFAS 115 Accounting for Certain Investments in Debt and Equity Securities.
EITF 99-20 Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets.

SunCorp believe that it is imperative to address this whole issue of multiple models for the 2008 year-end reporting instead of only addressing one of the models in addition to fixing the exit-pricing rule when institutions clearly have the ability and intent to hold.

The Center for Audit Quality gets it right by suggesting the recognition of current income impact for only those impairments representing probable losses of contractual cash flows. This is an accurate representation of value from a “common man” position.

SunCorp believes that recording only the credit loss allows users of financial statements to distinguish between the valuation based on fair value recorded on the statement of financial condition and the impact of credit impairments recorded in the income statement. Even though this information can be communicated in management discussion and analysis or disclosure, most users primarily focus on the statements of financial condition and income statement for conclusions on the health of an institution. This change also allows the regulatory capital calculations to be properly impacted by expected losses not changes based on liquidity premiums in an illiquid market.

We respectfully request that in your deliberations on EITF 99-20-a that you also address the SFAS 115 impairment model and come to one standard whereby the impairment is recorded to expected credit losses instead of fair value. *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.* We believe that the changes to all of the impairment models should be made for annual reporting periods ending after December 15, 2008.

I appreciate your attention to this matter and to the points raised in this letter.

Sincerely,

Thomas R. Graham
President and CEO
SunCorp