

October 9, 2008

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



LETTER OF COMMENT NO. 77

File Reference: Proposed FSP FAS 157-d

Dear Mr. Golden:

Corporate One Federal Credit Union ("Corporate One") appreciates this opportunity to comment on the proposed FASB Staff Position No. FAS 157-d, *Determining the Fair Value of a Financial Asset in a Market That Is Not Active* (the "Proposed FSP").

Corporate One is a wholesale corporate credit union providing investment, financial and payment products to its approximately 800 member credit unions. Corporate One, as a liquidity provider to the credit union network, manages a balance sheet of approximately \$3.8 billion of which over \$2.6 billion is invested in marketable securities that are classified as available-for-sale under SFAS No. 115. As such we are particularly interested in the discussions surrounding the determination of fair value for these instruments in today's illiquid market. We would also like to point out that although this letter could be construed as being self-serving; we are equally interested in these discussions as it relates to all institutions. On any given day we invest, partner and deposit money with various institutions all over the nation and we believe that the suggestions we are proposing in this letter would provide us more consistent and comparable financial information as we evaluate these counterparties.

The Proposed FSP states that the FASB staff has obtained extensive input from various constituents, including financial statement users, preparers, and auditors, on determining fair value in accordance with FAS 157 and many believe that it has improved the quality and transparency of financial information. As a member owned institution we strongly believe in being open, honest and transparent with our member credit unions. We work hard to give them timely financial statements, with meaningful disclosures, so that they may have the necessary information to make informed decisions about us. So while we agree that the additional disclosures required under FAS 157 are advantageous to readers of the financial statements, we do **not** believe that using a fair value based upon an exit price in an inactive market promotes higher quality financial information. In fact, we believe that this has caused much of the fear and confusion in the market place, as users of financial statements try to decipher the quality of investments on a companies' balance sheet.

It is our recommendation that the FASB should consider amending the definition of fair value for available-for-sale and held-to-maturity securities to approximate net realizable

value. This would make financial statements more comparable across institutions that hold either debt securities or loan portfolios for investment. In other words, securitized loans should not be treated differently than unsecuritized loans when the intent to hold the investments is present in both cases.

To more fully demonstrate our point, we would like to give the following example of how the current rules are creating significant and unnecessary confusion for the reader of financial statements. We own a Federal Family Education Loan Program (FFELP) guaranteed Sallie Mae asset-backed security with 2 years of seasoning that has 0% aged claims rejected. In addition to the 97% federal government guarantee, this security has a 3.70% subordinate note that coupled with the guarantee exhibits minimal credit risk. However, due to the demise of the auction rate securities market during this crisis, many firms were forced to fund student loans on balance sheet as opposed to through the capital markets. As a result, many financial institutions were not interested in adding additional student loan collateral to their balance sheet; hence, the illiquidity premium for this security caused the "exit price" to fall 17 points on an otherwise very strong "AAA" rated credit. Although this bond is paying principal and interest as expected and we fully expect to receive par for the bond, we have recorded 17 points of unrealized losses through other comprehensive income on our financial statements. This is clearly an example of a security where the unrealized loss is due to the extreme illiquidity of fixed-income securities during this credit crisis and not due to impairment in the underlying collateral performance. However, most readers of our financial statements assume that the unrealized loss is due to deterioration in the credit quality of the bond. In contrast, an institution who originated a loan under the FFELP and held the loan on its balance sheet would not reflect the same penalty for the illiquidity in the market place.

Although the issue described in our example is concerning as it relates to accumulated comprehensive income, it is even more critical as it relates to the accounting for a security that is deemed to be other than temporarily impaired.

If you would like to discuss any of the points we have raised, please feel free to contact Melissa Ashley, Chief Financial Officer or Denise Brown, Controller at 614-825-9200.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee Butke", with a long horizontal flourish extending to the right.

Lee. C. Butke
President/CEO