



FannieMae

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LETTER OF COMMENT NO. 234

March 31, 2009

Russell G. Golden
Director of Technical Application & Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Via Email to: director@fasb.org

Re: File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

Dear Mr. Golden:

Fannie Mae appreciates the opportunity to comment on the Proposed FASB Staff Position No. FAS 115-a, FAS 124-a, and EITF 99-20-b, *Recognition and Presentation of Other-Than-Temporary Impairments* (the "Proposed FSP"). We are supportive of the Financial Accounting Standards Board's overall efforts to make the other-than-temporary impairment guidance more operational and to improve the presentation of other-than-temporary impairments in the financial statements. However, the new guidance outlined in the Proposed FSP is not operational in our current environment. Consequently, we will need a reasonable period of time to modify our process with appropriate internal controls to implement this new guidance. We have several additional comments which are noted below.

Proposed Effective Date

We do not believe that the proposed effective date of the interim period ending March 31, 2009 allows sufficient time for us to implement this new guidance in a manner that complies with the requirements of the Sarbanes-Oxley Act of 2002 as well as the timely reporting requirements of the Securities and Exchange Commission. Our current process, which we use to measure and recognize other-than-temporary impairment of available-for-sale debt securities, does not include quantification of the amount of total impairment related to credit losses. In order to allow sufficient time for us to make the necessary modifications to our operational process with appropriate internal controls to meet the requirements of this new guidance, we recommend that the Board defer the effective date of adoption of the requirements of the Proposed FSP to the interim and annual reporting periods ending after June 15, 2009 with early adoption permitted.

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Model to Estimate Credit Losses

We are supportive of the Board's proposal to reflect only the portion of an other-than-temporary impairment of a debt security that relates to credit losses as a charge to earnings. We believe this change reflects an improvement to the presentation of other-than-temporary impairments in the financial statements. We are also supportive of the principle-based guidance in the Proposed FSP that provides management with the ability to use judgment in determining the most appropriate model for estimating the amount of credit losses expected to be incurred on debt securities.

Management's Assertion

We believe there is an inconsistency in the language in the Proposed FSP that should be clarified by the Board. Paragraph 12 of the guidance specifies that "[i]f ... the entity intends to sell the security or it is more likely than not that an entity will sell the debt or equity security before recovery of its cost basis, an other-than-temporary impairment exists." Paragraph A3b of the guidance states that "[a]n other-than-temporary impairment of a debt or equity security has occurred if the investor intends to sell the security or it is more likely than not that the investor will be required to sell the security before recovery of its cost basis." We believe that an assertion of "will sell" is different from an assertion of "will be required to sell" and recommend that the Board amend the Proposed FSP to clarify its intent with regard to this assertion.

Financial Statement Presentation

We do not believe that the amount of total impairment offset by the amount of total impairment that is recognized in other comprehensive income should be presented on the face of the statement of earnings. We believe that only the amount of total impairment that is charged to earnings should be presented on the face of the statement of earnings, if material, with disclosure in the notes to the financial statements of the amount of total impairment that is reported in earnings separately from the amount reported in other comprehensive income.

The opinions expressed in this comment letter are solely those of Fannie Mae and do not purport to represent the views of the Federal Housing Finance Agency.

Thank you for considering our views. Please feel free to contact me at (202) 752-6549 if you have any questions.

Sincerely,



Gregory N. Ramsey
Vice President, Accounting Policy