



March 26, 2009

Via Email: director@fasb.org

Mr. Russell G. Golden
FASB Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
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LETTER OF COMMENT NO. 304



LETTER OF COMMENT NO. 360

Reference: *Proposed FSP FAS 157-e and F*

Dear Director Golden:

On behalf of FORUM Credit Union, I would like to offer the following comments on the recently issued proposals by the Financial Accounting Standards Board (FASB) referenced above. We are supportive of both proposals.

FSP FAS 157-e

Regarding FSP FAS 157-e, we feel that this proposed guidance is a marked improvement to the approach presently in place. When FASB sought to clarify this guidance in October 2008 with the issuance of FSP FAS 157-3, the results were negative as they drove down the values of securities on institutional balance sheets to fire sale levels because they were based upon excessive liquidity risk premiums as viewed from a hypothetical buyer's perspective. The proposal before FASB at this time better reflects the current marketplace realities, establishes more appropriate guidance on determining whether a market for a security is active and the distressed nature of a transaction. This represents a significant and positive policy change.

Our only additional observation would be that we feel strongly that this proposal, if approved, should allow this guidance to be applied back to 2008 financial statements. We feel that this proposal is more than a mere change in an estimate that should be applied only going forward. In our view, this clarification would be more appropriately considered a correction to the October 2008 guidance. Substantial and materially different outcomes for first-quarter 2009 valuations being compared with 2008 year-end valuations is not good accounting practice, particularly when those differences stem from a clarification by FASB of its earlier guidance that was applied to 2008. Without the ability to apply this guidance back to 2008 financial statements, there will be unnecessary confusion that could have been avoided if the end of year 2008 financial statements could have been impacted by this revised guidance, if approved by FASB.

We also think it is worthy of note that this proposed change to FSP FAS 157-e is consistent with recommendations from the Security and Exchange Commission (SEC) as it relates to its enhanced focus on orderly transactions results in more normal rates of return when value is determined. We commend FASB for considering these recommendations and are supportive of this approach because it is considerably more appropriate and applicable to today's marketplace and valuations.

FSP FAS 115-1, FAS 124-a, and EITF 99-20-b

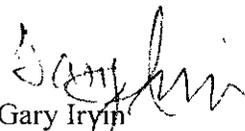
Regarding FSP FAS 115-1, FAS 124-a, and EITF 99-20-b, we likewise support the proposed changes to this set of guidance. Recording all expected credit losses and projected market losses through the income statement for hold-to-maturity securities that an institution does not have liquidity needs requiring sale, internal intent to sell, or the reasonable expectation to sell before maturity is a requirement that desperately needs to be reconsidered in this current economy and marketplace. We are in absolute agreement that the approach of this proposal, which reflects actual credit losses being run through the income statement and market losses being reflected as a balance sheet issue primarily, better reflects the economic reality of a financial institution in today's economy and marketplace. Many credit unions, banks, brokerage firms, insurance companies, auditors and leaders from other industries have called for a review of this guidance. The Center for Audit Quality, a trade association of 800 audit firms, likewise supports a more realistic approach to this matter. We concur.

From our perspective, this proposal is preferable to the current practice because the current guidance results in earnings charges in excess of actual projected losses. Likewise, the current practice needlessly reduces capital today but could result in dramatic reversals of excess charges in future accounting periods should these hold-to-maturity securities pay closer to their expected cash flows. The results could be convoluted financial results that will take a number of years to sort out.

As we stated on the FSP FAS 157-e, we again encourage you to allow the application of the revised guidance in this proposal back to 2008 financial statements. Because FASB states in the proposal that this guidance shall be effective for periods ending after March 15, 2009, we interpret this as intent that the revised guidance should only be applied going forward in 2009 and thereafter. We believe FASB should clearly indicate in the final guidance that this is a clarification of previous guidance issued in 2008 and that its application may be carried back to 2008 financial statements.

In closing, we want to repeat for the record that FORUM Credit Union is in support of both of these proposals. Our only caveat is that we are convinced that the effective date of each should be made applicable back to 2008 financial statements. We commend FASB for considering this issue and feel that a more reasonable approach to this issue will result in a truer accounting picture for the businesses of America. Thank you for the opportunity to comment on these important proposals that are so crucial to all industries in America, but particularly the financial services industry that our nation needs to be a healthy conduit for our national economic recovery.

Sincerely,


Gary Iryin
President and CEO

cc: NCUA Chairman Michael Fryzel
NCUA Vice-Chairman Rodney Hood
NCUA Board Member Gigi Hyland