



LETTER OF COMMENT NO.

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Vernuccio; Kristofer Anderson; Mark Trench; Meghan Wade Fanning
termining Whether a Market Is Not Active and a

-----Original Message-----

From: J. Mike McGowan [mailto:jmmcgowan@premiervalleybank.com]
Sent: Wednesday, April 01, 2009 2:22 PM
To: Director - FASB
Subject: Proposed FSP FAS 157-e: Determining Whether a Market Is Not Active and a Transaction Is Not Distressed

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Fresno, CA 93720-1541

April 1, 2009

Russell Golden
Technical Director
Financial Accounting Standards Board
301 Merritt 7, P.O. Box 5116
Norwalk, CT 06856

Dear Mr. Golden:

I am the President and Chief Executive Officer of Premier Valley Bank, which operates seven branches in Central California with approximately \$500 million in total assets. I write to support FASB's proposal to develop and issue a FASB Staff Position (FSP) to provide additional guidance on determining whether a market for a financial asset is not active, and whether a transaction is distressed for purposes of fair value measurements under FASB Statement No. 157. The current guidance assumes that the value of a financial asset is exchanged in an orderly transaction between market participants. The guidance is not helpful with regard to whether a market is inactive and whether a transaction is conducted in distressed circumstances.

Premier Valley Bank supports in concept the proposed FSP, which lists specific factors that the reporting entity should consider when determining whether a market for a financial asset is inactive and whether a transaction is distressed. If these conditions exist, then the reporting entity could use another method of valuation, such as a present value technique to estimate fair value. The FSP gives banks a means to demonstrate the need to use a valuation method other than mark-to-market.

Our bank operates in markets that are clearly distressed, making determination of appropriate fair values of assets, including loans, extremely judgemental at this point in the economic cycle. Because of this, industry service providers and overseers, including accountants, appraisers and regulatory authorities, tend to take a worst case scenario approach in the absence of true "market comparability" data. The result is that banks are under extreme pressure to escalate write downs and increase reserves to unrealistic levels, further exasperating the already dire economic conditions in our area.

Once again, Premier Valley Bank appreciates FASB's efforts on this issue that is very important to our bank and to the financial services industry.

Sincerely,

J. Mike McGowan
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