



LETTER OF COMMENT NO.

338

**To:** Adrian Mills; Diane Inzano; Joseph Vernuccio; Kristofer Anderson; Mark Trench; Meghan Clark; Russell Golden; Vita Martin; Wade Fanning

**Subject:** FW: Proposed FSP FAS 157-e

**Attachments:** FASB Mark-to-market.pdf

**From:** Carrie B. Rice [mailto:CBRice@hebfcu.org]  
**Sent:** Wednesday, April 01, 2009 2:35 PM  
**To:** Director - FASB  
**Subject:** Proposed FSP FAS 157-e

1. Is the proposed effective date of interim and annual periods ending after March 15, 2009, operational?  
Yes
2. Will this proposed FSP meet the project's objective to improve financial reporting by addressing fair value measurement application issues identified by constituents related to determining whether a market is not active and a transaction is not distressed? Do you believe the amendments to Statement 157 in this proposed FSP are necessary, or do you believe the current requirements in Statement 157 should be retained? The current guidance is sufficient. Just because the market has frozen up on some toxic assets does not mean that the fair value can not be determined from market prices and is different from a "fire sale price". The current market price might be 30 cents on the dollar or even close to zero because no one wants to buy a particular security but that is the fair value and should be reflected in the balance sheet and income statement of financial institutions. This concept is not much different than when Lehman Brothers filed bankruptcy and investors were forced to write down their holdings because the market was "illiquid" for Lehman investments or when a bank is required to write off a loan because it is not performing according to the contract. Why should investment accounting be any different?

Investors need to know the true value of a bank's securities so they can determine the true value of the bank's stock. Investors will lose faith in the numbers if management is allowed to "determine" the fair value of an asset. If that is the case, then I think I will stop funding the Allowance for Loan Loss account because I am pretty sure we will collect the full balance of all of our loans. I have determined that their fair value is book value and boy, that sure helps my bottom line and capital ratio too.

The Chairman's own testimony before Congress addresses the sufficiency of current accounting guidance and the need for transparency in financial statements (see attached). I agree with the Chairman: the current guidance is sufficient and should be left alone.

Thanks,

Carrie Rice  
 Chief Financial Officer

4/1/2009



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