

8500 Freeport Parkway South Suite 100 Irving, Texas 75063-2547

> P.O. Box 619026 Dallas, Texas 75261-9026

214,441.8500 fax 214,441.8552 www.fhlb.com

March 31, 2009

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

LETTER OF COMMENT NO. 283

File Reference: Proposed FSP FAS 157-e.

Dear Mr. Golden:

The Federal Home Loan Bank of Dallas (the "Bank") appreciates the opportunity to comment on the proposed FASB Staff Position FAS 157-e, Determining Whether a Market is Not Active and a Transaction is Not Distressed, (hereinafter referred to as the "proposed FSP"). While we commend the Board for their continued efforts to address practice issues related to Statement No. 157, Fair Value Measurements, we believe that further changes, as discussed in our responses to the questions below, are necessary if a final FSP is issued.

Question 1:

Is the proposed effective date of interim and annual periods ending after March 15, 2009, operational?

Response to Question 1:

If the proposed FSP is issued in its current form as a final FSP, the proposed effective date is not operational. The proposed date would not provide entities with sufficient time to evaluate their current valuation methodologies to determine if they will be in compliance with the final FSP. Further, entities may need substantial time to implement the guidance given that new valuation methodologies may need to be developed for entire portfolios.

Question 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?

Response to Question 2:

In the absence of certain modifications (see our response to question 3), we do not believe the amendments to Statement 157 would improve financial reporting. Further, if the amendments to Statement 157 are made, in addition to the modifications we suggest in response to question 3, we believe that paragraph A32F should be revised to clearly state that the entity uses judgment to select the discount rate within the range that results in management's best estimate of fair value (i.e., an exit price at the measurement date).

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Question 3:

Do you believe the proposed two-step model for determining whether a market is not active and a transaction is not distressed is understandable and operational? If not, please suggest alternative ways of identifying inactive markets and distressed transactions.

Response to Question 3:

We are concerned that the presumptive nature of Step 2 of the proposed FSP, which does not allow entities to apply judgment, could lead to measurements that do not faithfully represent an entity's best estimate of fair value (i.e., an exit price at the measurement date). For example, the Step 2 factors may not be readily evidenced in inactive markets and may not be evidenced on a reliable basis even in active markets (e.g., just the existence of multiple bids is not definitive evidence that a transaction is not distressed). This may result in the application of paragraphs 13 and 15 of the proposed FSP having the unintended consequences of requiring pricing information to be discarded even if the preparer considers those inputs to be relevant to the fair value measurement. Therefore, we recommend that the Board allow preparers to exercise judgment when evaluating whether a financial asset's price is associated with a distressed transaction rather than creating a presumption that may be impossible to overcome. In this regard, the final guidance could be modified such that the two conditions in paragraph 13 represent factors that should be considered when determining whether a price is distressed and also permit judgment to be applied in arriving at a final conclusion.

Question 4:

Are the factors listed in paragraph 11 of the FSP that indicate that a market is not active appropriate? Please provide any other factors that indicate that a market is not active.

Response to Question 4:

We believe the factors are appropriate.

Question 5:

What costs do you expect to incur if the Board were to issue this proposed FSP in its current form as a final FSP? How could the Board further reduce the costs of applying the requirements of the FSP without reducing the benefits?

Response to Question 5:

If the proposed FSP is issued in its current form as a final FSP, we would expect to incur additional costs if we are unable to support our current fair value methodologies based on the presumptive nature of the Step 2 factors. While we have not yet quantified this amount, we would expect these costs to be reduced if our recommendations in response to question 3 are implemented.

We thank the Board for its consideration of the Bank's views and welcome the opportunity to discuss this matter with the Board and its staff. Please do not hesitate to contact me at (214) 441-8535.

Sincerely,

I om Lewis

Senior Vice President and Chief Accounting Officer

cc: Robert H. Herz, Chairman, Financial Accounting Standards Board
Wanda DeLeo, Chief Accountant, Federal Housing Finance Agency