



Information Technology Center ■ 24 McKinley Avenue ■ Endicott, NY 13760-5491 ■ (607) 754-7900 ■ FAX (607) 754-9772
Credit Union Center (607) 786-2000 ■ FAX (607) 786-5718

March 30, 2009

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



LETTER OF COMMENT NO. 202

Ref: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

Dear Mr. Golden:

We appreciate 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*.

We commend the Financial Accounting Standards Board ("FASB") for providing greater clarity to investors about the credit and noncredit component of an OTTI event and to more effectively communicate when an OTTI event has occurred.

I am writing on behalf of the Board of Directors and management team of Visions Federal Credit Union which is headquartered in Endicott, New York and serves 120,000 members in southern New York and northern Pennsylvania. Our comments follow:

1. ***Does this separate presentation provide decision-useful information?***

Separate presentation of credit and non-credit other than temporary impairment will provide useful information if such a difference can actually be calculated in practice. Users of the financial statements would be able to identify the portion of debt securities that are not expected to be paid under the original contractual terms of the security (ie. the estimated credit loss). Such knowledge would have more use to investors and regulators since such losses are probable.



2a. ***Do you believe this guidance is clear and operational?***

The guidance is not clear and consistent application of measuring credit losses on debt securities is the real difficulty with the proposal. Holders of debt securities do not have easy (readily attainable) access to the performance of the underlying assets of such securities. Such information often lags current performance and must be provided by servicers or trustees of asset backed debt securities.

For smaller, less sophisticated investors, the ability to analyze available data and fully support measurement of credit loss may be impossible. In my reasoning, less sophisticated investors include multi-billion dollar financial institutions that do not have available or cost effective resources to evaluate potential future credit losses of debt securities. As such, unless the debt security held by the investor is not paying expected interest or principal, the investor should not report a credit loss. We do not think that this is consistent with the intent of FASB.

2b. ***Do you agree with the requirement to recognize the credit component of an other-than-temporary impairment in income and the remaining portion in other comprehensive income?***

We agree with the requirement to recognize the credit component of an OTTI in retained earnings (as a reduction in income) and the remaining portion in OCI. However, as stated previously, it will be difficult for smaller, less sophisticated investors to separately measure the two components.

2c. ***Under what circumstances should the remaining portion be recognized in earnings?***

The portion of impairment allocated to OCI should be recognized when it is determined that the impairment can not be fully recovered. This might not occur until maturity.

3a. ***Does this modification make this aspect of the other-than-temporary impairment assessment more operational?***

Modification of the indicator is unnecessary by FASB. The proposed indicators appear to mean the same thing and we actually think that the proposed wording is more confusing. The issue has always appeared to be that auditors of reporting entities have ignored the intent and assertions of reporting entities. The majority of auditors have solely looked at the length of time that the fair value of a financial asset has been below cost and if such a financial asset has been 'under water' for more than a year, then the conclusion is that the impairment is other-than-temporary. Therefore, FASB can re-write the indicator as many times as it wants, but if accountants/auditors do not properly interpret the rules, the same conclusions will be reached.

3b. *Should this modification apply to both debt and equity securities?*

The modification should not apply to equity securities. Equity securities do not normally have cash flow requirements. Also, it would be difficult to assert that the value of equity securities could recover their original cost.

3c. *Will this change result in a significant change to the assessment of whether an equity security is other-than-temporarily impaired?*

There would be a significant change in the assessment of an equity security. If the proposal is applied to equity securities, holders of equity securities would not be able to effectively measure the potential credit loss of such securities and as a result, would record OTTI impairment as other comprehensive income, which would not impact reported income.

4. *Do you agree with this requirement?*

We do not agree with this requirement. Impairments recognized in OCI should be adjusted as market changes or valuation occurs. Recognizing a portion of OCI against retained earnings (and therefore income) is unwarranted for a security that by nature is to be held until maturity.

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

As currently drafted the proposal would be applied prospectively for interim and annual reporting periods ending after March 15, 2009. Therefore, this guidance would not allow any noncredit losses to be included in OCI, rather than in retained earnings, prior to the first quarter of 2009.

Also, the proposal does not provide for a more uniform system of impairment testing standards for financial instruments because an entity would have applied one accounting treatment for OTTI on or before year-end 2008, and a different accounting treatment for OTTI beginning in 2009. This difference in accounting treatment greatly reduces financial statement comparability and transparency. Therefore, we believe that it would be more consistent for the proposal to be made retroactive to year-end 2008 or alternatively, include a one-time cumulative "catch-up" adjustment between OCI and retained earnings in the first quarter of 2009.

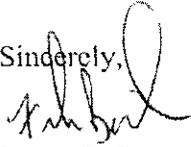
Other Comments

Overall, the proposal is short on providing usable guidance. Our opinion is that the proposal is being done in an attempt to appease the investment community, but lacks any real change in the fundamental flaws of fair value accounting. Fair value accounting is fundamentally flawed because there is no consistent, easily documented approach to valuations. Using current and proposed fair value accounting guidance, separate holders of exactly the same debt security can calculate different fair values. As a result, we do not think that any investor can be confident in the values that are being reported, especially in an inactive or distressed market.

To fix this, we believe that servicing agents, trustees or issuers of debt securities (only the one that has the most knowledge of credit and non-credit gains or losses) should be required to calculate the fair value of debt securities and report these values to investors. This would result in consistent reporting of the fair values of debt securities by reporting entities that can be accepted by their auditors.

We thank the Board for its consideration of our views and welcome the opportunity to discuss this matter with the Board and its staff. Please do not hesitate to contact Kenneth Burt, VP/CFO at (607) 786-2000 ext. 525 with any questions.

Sincerely,



Frank E. Berrish
President & CEO