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LETTER OF COMMENT NO.

58

October 9, 2008

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

Via Email to: director@fasb.org

File Reference: Proposed FSP FAS 157-d

Dear Mr. Golden:

Fannie Mae appreciates the opportunity to comment on the proposed FASB Staff Position No. FAS 157-d, *Determining the Fair Value of a Financial Asset in a Market That Is Not Active*. We appreciate the Board's response to the concerns of constituents that the current market has created considerable challenges to preparers, auditors and investors in determining fair value of financial assets. However, we believe the application of SFAS 157 requires judgment and the proposed FSP does not provide guidance that is incremental to the principles articulated by the Board in FASB Statement No. 157, *Fair Value Measurements*.

The most significant aspect of the proposed example is that it highlights the critical importance of applying judgment in determining the fair value of financial instruments. As the example points out, determining whether a market is inactive is a key judgment that companies must make. Additionally, determining that an income approach will provide a measure that is "equally or more representative of fair value" and determining the point within a range of discount rates that is "most representative of fair value in the circumstances" are critical judgments in this example. The proposed FSP merely reiterates the principles in SFAS 157 and we do not expect that the proposed FSP will have a significant impact on our application of SFAS 157.

Thank you for considering our views.

Sincerely,

A handwritten signature in black ink, appearing to read "G. N. Ramsey".

Gregory N. Ramsey
Vice President – Accounting Policy