









January 18, 2008

Re: Proposed FSP FIN 48-b



LETTER OF COMMENT NO. 39

We appreciate FASB's support of deferring FASB Interpretation No. 48 effective date for nonpublic entities and for the opportunity to comment on the FASB Staff Position (FSP) No. FIN

48-b, Effective Date of FASB Interpretation No. 48 for Nonpublic Enterprises. We are writing because of concerns about the implications to state chartered credit unions under this latest FSP.

We believe that FIN 48 should be deferred as it applies to credit unions. Credit unions are not-for-profit, tax-exempt organizations that can be organized as either federal or state

are not-for-profit, tax-exempt organizations that can be organized as either federal or state entities and which file financial statements on a GAAP basis with their applicable regulator. Those credit unions that are state chartered are required to pay unrelated business income tax (UBIT) if they engage in unrelated activities. During the first quarter of 2007, the IRS issued a series of Technical Advice Memorandums (TAMs) that address relatedness of certain activities. During the course of 2007, credit unions have been examining and continue to examine the taxability of their own activities in light of these TAMs and whether they need to begin to pay federal income tax.

FASB's most recent FSP on this topic that was issued January 8, 2008, provides that deferral is not allowed if the nonpublic entity has issued financial information prepared in accordance with U.S. GAAP to third parties. FASB's FSP issued December 19, 2007, provided that deferral is not allowed for nonpublic enterprise that adopted the provisions of Interpretation 48 before issuance of FSP FIN 48-X. Presumably the language was changed because FASB assumes that if GAAP statements were prepared during 2007 then the entity would necessarily have adopted or should have adopted FiN 48 prior to preparation of those statements. That is not the case for credit unions given (1) the unique tax interpretation issues arising from the 2007 TAMs that credit unions were facing in 2007, (2) the fact that most credit unions did not have to address tax reserves in the past, and (3) the fact that accounting firms did not emphasize to credit unions that they needed to view their UBIT exposure under the FIN 48 guidance.

Accordingly, we recommend either (1) deferral for any non-public enterprise that filed GAAP statements without an affirmative adoption of FIN 48; or (2) specific guidance that FIN 48 will be effective for credit unions for years beginning after December 15, 2007. We also believe it is critical that the Board finalize its position as soon as possible.

If you have any questions or would like to discuss our comments, please direct your questions to the undersigned at 608.231.7314.

Larry H. Blanchard Chairman UBIT Steering Committee