



First Corporate Credit Union

March 23, 2009



* F S P F A S 1 1 5 A *

LETTER OF COMMENT NO. 40



* F S P F A S 1 5 7 E *

LETTER OF COMMENT NO. 49

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

File Reference: Proposed FSP FAS 157-e

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

Dear Mr. Golden:

Thank you for the invitation to submit comments on the proposed FASB staff position for FAS 157-e and FAS 115-a, FAS 124-a, and EITF 99-20-b. While I am in agreement with the changes and believe the amendments will improve financial reporting for financial institutions, I ask that the Board consider the following:

Proposed FSP FAS 157-e

- The SEC provided its study to congress on December 30, 2008 which recommended changes on mark-to-market accounting. Thus the new guidance should permit retroactive application to December 31, 2008. Permitting, but not requiring, companies to use retroactive application to December 2008 will allow companies that are still undergoing audits to utilize the new guidance.
- The amendments to FAS 157-e are necessary and will improve financial reporting. The proposed amendments should be a clarification of the original FAS 157 and a correction to October 2008 guidance and not an accounting estimate. Additionally, it would be helpful for FASB to provide further guidance for determining when it's deemed that an active market has returned.

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

- The proposed changes for OTTI to be separated into two components better reflects the economic reality of financial institutions. The current guidance results in earnings charges in excess of actual projected losses, which needlessly reduces capital only to reverse the excess charges in future accounting periods as the securities pay their expected cash flows which thereby misstates financial results for many years. The difference in accounting treatment for year end 2008 and first quarter 2009 reduces financial statement comparability and consistency. This may skew the interpretation of financial statements of share holders, lenders, and potential investors. Thus the guidance should permit retroactive application to December 31, 2008 to avoid misrepresentation in financial statements.
- FASB should also consider adding guidance similar to loan accounting. This would allow for OTTI to be reversed when market conditions have improved.

Your consideration is greatly appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Denise Sierra".

Denise Sierra
Controller
First Corporate Credit Union

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