



April 16, 2007

Attention: Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Via email: director@fasb.org



LETTER OF COMMENT NO. 57

Re: Valuation Guidance for Financial Reporting
File Reference No. 1520-100

Dear Director:

America's Community Bankers (ACB)¹ is pleased to offer comments to the Financial Accounting Standards Board (FASB) on the Invitation to Comment (ITC) concerning Valuation Guidance for Financial Reporting. Various valuation standards are currently issued by a number of organizations for many different types of asset categories. These standards provide guidance on a range of issues related to the various assets they address. FASB is requesting comments as a starting point for public discussion on potential guidance that would specifically address the measurement attribute for financial reporting purposes. The purpose of this ITC is to solicit initial comments about the need for valuation guidance, what organization(s) should be responsible for providing such guidance, and the process that should be used to issue valuation guidance.

ACB Position

As requested in the ITC, we have offered feedback on specific questions as noted below.

Question 1: Is there a need for valuation guidance specifically for financial reporting?

In general, ACB believes that appropriate guidance is always appreciated, provided it is understandable, easily applied, and useful for those to which it is relevant. Assuming these circumstances are met, valuation guidance for financial reporting from FASB could properly facilitate consistency, comparability and transparency among financial statements of all business types.

¹ America's Community Bankers is the national trade association committed to shaping the future of banking by being the innovative industry leader strengthening the competitive position of community banks. To learn more about ACB, visit www.AmericasCommunityBankers.com.

Question 1a: Should valuation guidance include conceptual valuation guidance, detailed implementation guidance, or a combination of both?

Valuation guidance should be primarily flexible and conceptual in nature, allowing for management's judgment and expertise when considering certain assets or transactions unique to a specific business type. For example, due to the distinctive nature of the assets and liabilities on a banking organization's balance sheet, valuation guidance must allow an institution to consider tangible and intangible factors that are both defined and undefined in the guidance when valuing these items.

ACB remains concerned that any future valuation guidance associated with fair value measurements will present a great deal of potential intellectual and conceptual problems when applied to loans and deposits held at banking organizations. Our member banks place a great deal of value on customer relationships, and many of these institutions are not publicly traded and therefore readily attainable or verifiable market price. We continue to believe that fair value measurements as currently defined in FAS 157 would not properly reflect the full value of customer relationships and that fair value accounting is less relevant where no active market for the financial instruments exists. We would not support valuation guidance that was unsupportive of a banking organization's ability to fully value all their business assets, including those that are unique to their business model such as customer relationships.

Question 1b – What should be the duration of any valuation-guidance-setting activities?

In order to keep pace with the changing attributes of all types of business operations, valuation guidance should be in a constant state of evolution. Without periodic updates, any guidance released would quickly become out of date and therefore make implementation difficult or result in inaccuracies. FASB should prioritize the areas particularly in need of guidance and undertake these issues in order of importance, scope and necessity. ACB recognizes that this will be a large undertaking; however, if FASB is to move forward with the valuation guidance project, it should be done so in away that would ensure available guidance is at all times understandable, easily applied, and useful.

Question 2 – What level of participation should existing appraisal organizations have in establishing valuation guidance for financial reporting?

ACB believes that FASB should utilize the expertise of existing appraisal organizations as well as other industry groups to establish valuation guidance. Such collaboration will promote a more comprehensive analysis of the necessity as well as the appropriateness of all issued valuation guidance. This will work to ensure that unintended consequences are kept to a minimum.

Question 3 – What process should be used for issuing valuation guidance for financial reporting?

ACB strongly believes that FASB should continue to invite public comment prior to issuing any final valuation guidance and that each portion of the guidance as it relates to particular asset or liability categories should be released for comment as it becomes available. Assuming the

expertise of industry groups are utilized as suggested above, the comment period for each portion would not need to be a lengthy period, thereby encouraging finalized portions to be made available in a timely fashion. This process would provide financial statement preparers with guidance much sooner than if FASB holds off on issuing the full final valuation guidance.

Conclusion

ACB applauds FASB for seeking constituent views on all accounting issues as well as continually working in a transparent manner. We appreciate the opportunity to comment on the potential Valuation Guidance for Financial Reporting and look forward to future dialogue with the Board on this very important issue. Should you have any questions, please do not hesitate to contact the undersigned at (202) 857-3158 or via email at jgoff@acbankers.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Jodie G. Goff". The signature is written in a cursive style with a large initial "J" and "G".

Jodie G. Goff
Manager – Accounting and Financial Management Policy