Countrywide Financial.

April 16, 2007



Ms. Suzanne Q. Bielstein Director—Major Projects and Technical Activities Financial Accounting Standards Board 401 Merritt 7 Norwalk, CT

Re: File Reference No. 1520-100: Invitation to Comment, Valuation Guidance for Financial Reporting

Dear Ms. Bielstein:

Countrywide Financial Corporation (Countrywide) is a diversified financial services company that is involved in mortgage lending, banking, and insurance with approximately \$200 billion in total assets. Because we are involved in the origination, purchase, securitization, sale and servicing of mortgage related products as well as a variety of capital markets and hedging activities, we are required to apply many fair value measurements for accounting and financial reporting purposes. As such, we want to share our thoughts on the Invitation to Comment (ITC), Valuation Guidance for Financial Reporting.

Generally, we support the Board's proposal to provide valuation guidance for financial reporting. We believe that such guidance would improve the consistency and reliability of information reported based on fair value measurements. As the future direction of accounting is to record an increasing proportion of assets and liabilities at fair value, it will be important to establish fundamental measurement guidelines to ensure quality financial reporting. Our specific comments to your questions follow below.

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

Yes. We believe that there is a strong need for valuation guidance specifically for financial reporting. With the issuance of FASB Statement Nos. 155, 156,157, 159, and others, the direction of accounting is headed steadily towards a fair value model. The Board has made it clear that this trend will not stop in the future. Consequently, fair value measurements will become an increasingly dominant part of financial reporting in the near future. Therefore, we believe that valuation guidance specifically for financial reporting would be very useful to

preparers and auditors of financial statements. Such guidance also would improve consistency in the application of fair value accounting and help ensure quality financial reporting.

2. Should valuation guidance include conceptual valuation guidance, detailed implementation guidance, or a combination of both?

We believe that such valuation guidance will need to consist of a combination of both concepts and detailed implementation guidance. The concepts will be the foundation necessary to permit preparers to understand how to conduct valuations in situations that cannot reasonably be covered in detail without extreme effort and cost (which would outweigh the benefits). Nevertheless, detailed guidance for certain valuations with broad application (e.g., mortgage loans held for sale, interest rate lock commitments, and residual interests in securitizations) would be very beneficial and necessary to ensure consistency and integrity of fair value accounting. The analysis underlying the decisions reached would also provide examples on how to apply the conceptual guidance to unique situations.

3. What should be the duration of any valuation guidance setting activities?

We believe that there should be a finite duration to any valuation guidance setting activities. Similar to the implementation activities related to FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, the benefits of implementation guidance begin to diminish at some point to the extent that the costs outweigh the benefits. While it is difficult to provide any specific duration before all of the potential valuation issues have been identified, we generally would not expect the effort to require more than 1-2 years.

4. What level of participation should existing appraisal organizations have in establishing valuation guidance for financial reporting?

We believe that in order to provide useful valuation guidance, the FASB should involve external valuation experts in the process. Such experts should include not only appraisal organizations but also representatives from private industry who perform such valuations on behalf of market participants. The input provided from such valuation experts is necessary to ensure that any valuation guidance makes sense, is consistent with market practice and is operationally practical. Nevertheless, the final valuation guidance should be decided or ratified by the Board, as the primary purpose of the valuation guidance would be to facilitate better financial reporting.

5. What process should be used for issuing valuation guidance for financial reporting?

We believe that a process similar to the one used currently to develop and issue accounting standards and that was used to develop the Statement 133 Implementation Issues guidance should be followed. That process would include developing an agenda or list of issues, research and identification of viable alternatives, public discussion of those alternatives, and developing recommendations for consideration and final approval by the Board at public meetings. The Board also might consider having roundtable or informal discussions with certain knowledgeable parties to become educated about the issues that need to be addressed.

6. Should the process of valuation guidance be on an international or national level?

Initially, we believe that the process of valuation guidance should be kept on a national level. While we support the concept of international convergence in the long run, we believe that it is much more important to issue valuation guidance in an expedient manner, particularly with the recent issuance of Statements 157 and 159. Our perception is that the international convergence process often takes much longer to complete due to logistical challenges, competing priorities, and the fact that more decision makers and constituents are involved. We believe that once all of the important valuation issues have been addressed at a national level, an international convergence process could commence at that time.

We appreciate the opportunity to comment and would be glad to discuss any of our comments in more detail. If you have any questions, please contact me at 818/225-3536 (anne_mccallion@countrywide.com) or Larry Gee, Managing Director of Technical Accounting at 818/871-4211 (larry gee@countrywide.com).

Very truly yours,

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Countrywide Financial Corporation