

LETTER OF COMMENT NO.

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Vernuccio; Kristofer Anderson; Mark Trench; Meghan Wade Fanning S 124-a and EITF 99-20-b and Proposed FSP FAS 157-e



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Subject: Proposed FSP FAS 115-a, FAS 124-a and EITF 99-20-b and Proposed FSP FAS 157-e

1 April 2009

Via email: director@fasb.org

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

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

Proposed FSP FAS 157-e

Dear Mr. Golden,

Navy Federal Credit Union appreciates the opportunity to comment on the above-mentioned FSPs.

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

We commend the FASB for issuing these proposals to improve the accounting for other-than-temporary impairment (OTTI). The effect this FSP will have in today's environment will be to identify the true values of securities that are now considered impaired. It will allow institutions currently reporting "hypothetical" paper losses to show the true intrinsic value of assets based upon their actual performance. However, we also recommend the FASE consider amending this guidance to include provision for reversing OTTI impairments if conditions improve. The estimation of credit losses is based upon many assumptions which can change quickly in today's economic environment.

We further recommend that the FASB consider allowing, but not requiring, retroactive application of this FSP to December 31, 2008. This will allow for much higher quality financial reporting for the year ended December 31, 2008.

Proposed FSP FAS 157-e

We believe it is appropriate and necessary for the FASB to provide clearer guidance and more flexibility for entities in determining market value given current market conditions. Under today's market conditions, the current transaction price may not be in an active market or it may represent a distressed sale. Instead of determining market value based upon inactive markets or distressed sales, allowing entities to exercise judgment will provide a better estimate of market value. We believe the

two-step approach is both understandable and operational and we support the ${\sf FASB}$'s proposed Staff Position.

Thank you for your consideration.

Respectfully,

Joel M. Polster Sr. Vice President, Financial Operations Navy Federal Credit Union