

Gregory N. Ramsey

Vice President Accounting Policy

3900 Wisconsin Avenue, NW Washington, DC 20016-2892 202 752 6549 202-752-5201 (fax) gregory\_n\_ramsey@fanniemae.com

May 29, 2009

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

Via Email to: director@fasb.org

File Reference: Proposed FSP FAS 157-f

## Dear Mr. Golden:

Fannie Mae appreciates the opportunity to comment on the proposed FASB Staff Position No. FAS 157-f, *Measuring Liabilities under FASB Statement No. 157* (the "proposed FSP"). While the proposed guidance offers practical and helpful advice in measuring the fair value of liabilities, we believe that the Financial Accounting Standards Board ("FASB") should clarify the application of the proposed FSP with respect to how the bid-ask spread should be considered in measuring the fair value of a liability.

Paragraph 31 of FASB Statement No. 157, Fair Value Measurements ("SFAS 157"), states that "if an input used to measure fair value is based on bid and ask prices (for example, in a dealer market), the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value, regardless of where in the fair value hierarchy the input falls (Level 1, 2 or 3)."

However, according to paragraph 9 of the proposed FSP, when "a quoted price in an active market for the identical liability is not available," the reporting entity is to measure fair value through one of several approaches, including using "the quoted price of the identical liability when traded as an asset in an active market." It is not clear how the FASB intended the proposed FSP to align with the existing language in paragraph 31 of SFAS 157. In order to avoid diversity in practice, we believe the proposed FSP should specifically address this issue.

\*\*\*\*\*\*\*\*\*\*

The opinions expressed in this comment letter are solely those of Fannie Mae and do not purport to represent the views of the Federal Housing Finance Agency.

May 29, 2009 Page 2 of 2

Thank you for considering our views. Please feel free to contact me at (202) 752-6549 if you have any questions.

Sincerely,

Gregory N. Ramsey Vice President, Accounting Policy