August 25, 2009

Russell G. Golden  
Director of Technical Application & Implementation Activities  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Via Email to: director@fasb.org

Re: File Reference No. 1700-100: Exposure Draft of a Proposed Statement of Accounting Standards: Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

Dear Mr. Golden:

Thank you for the opportunity to comment on the FASB's File Reference No. 1700-100: Exposure Draft of a Proposed Statement of Accounting Standards: Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses ("ED"). We support the Board’s overall efforts to enhance disclosures about the allowance for credit losses and the credit quality of financing receivables.

We have reviewed the ED and believe that it is operational in that the data required to prepare these disclosures is either available or can be obtained, given adequate time to implement the requirements. However, the process of producing the data disaggregated by portfolio segment and class of financing receivable will require modification of our existing systems. In addition, we are devoting a significant amount of time preparing for the adoption of FASB Statement of Financial Accounting Standards No. 166 and 167. As a result, we are concerned that the Board’s proposed effective date beginning with the first interim or annual reporting period ending after December 15, 2009, does not afford sufficient time to implement the processes required to both prepare that final set of disclosures and then to review, test, and, if necessary, remediate those processes as required by the Sarbanes-Oxley Act of 2002. Thus, we propose that the Board encourage the early adoption of the revised disclosures and require compliance with the final guidance beginning with the second interim reporting period ending after December 31, 2009. We believe this will provide sufficient time to place the necessary controls and procedures in operation for compliance with the new reporting requirements.
August 25, 2009
Page 2 of 2

Also, the ED requires a rollforward of financing receivables and related allowance by portfolio segment segregated by those that are individually evaluated for impairment and those collectively evaluated for impairment. We believe that segregating portfolio segments by impairment methodology does not provide financial statement users data that is relevant in assessing the risk underlying portfolio segments. Our systems are not designed to separately track receivables by impairment methodology. Reprogramming our systems will result in significant implementation costs to produce data that we believe provides little incremental benefit in assessing the risk associated with the portfolios.

Further, loans generally are evaluated collectively for impairment subsequent to origination or purchase. Many of these loans transition to being individually impaired prior to charge-off as is the case with loans that are modified in a troubled debt restructuring. The majority of charge-off’s and recoveries would therefore be disclosed in the individually impaired bucket which, in our view, would be misleading to financial statement users. This is the primary reason why management does not review this level of rollforward. We recommend the Board remove this requirement from the proposed statement.

*****

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.

We would be pleased to discuss any aspect of our letter with you to provide further assistance in your deliberations on the proposed guidance. Thank you for considering our views.

Sincerely,

Kirk C. Silva
Vice President, Accounting Policy