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Technical Director
Financial Accounting Standards Board
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Letter of Comment No: 66
File Reference: 1201-100
Date Received: 9-8-04

RE: File Reference No. 1201-100

To Whom It May Concern:

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on Financial Accounting Standards Board's (FASB's) proposed Statement of Financial Accounting Standards regarding fair (market) value measurements. The Exposure Draft (proposal) would establish a framework for measuring fair value that would apply to financial and nonfinancial assets and liabilities. The Statement would not establish requirements for when to measure assets and liabilities at fair value; rather, it would provide guidance as to how to measure fair value when required under FASB's pronouncements. The proposed Statement is intended to clarify the prescribed approach for estimating fair values and provides for enhanced footnote disclosures. This proposed Statement is especially important to credit unions because under the purchase method of accounting in FASB's Business Combinations project, the credit union deemed to be the "acquiring" credit union in a merger would have to determine and reflect on its financial statements the fair value of the acquired credit union's balance sheet (including goodwill and intangible assets).

GCUL is the state trade association and one of the network of state leagues that make up the Credit Union National Association (CUNA). The Georgia League serves approximately 210 credit unions that have over 1.7 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

SUMMARY OF GCUL's POSITION:

- GCUL applauds FASB for its efforts to bring together existing guidance on fair value measurement from a range of FASB pronouncements and provide a framework to assist users in making fair value calculations.

- GCUL encourages FASB to provide more concrete guidance in measuring the fair market value of the core deposits of financial institutions to improve consistency.
- GCUL believes that requiring credit unions to include enhanced disclosures on their financial statements using fair market value would not add value to the management or membership of credit unions.
- GCUL has concern for smaller credit unions' ability to comply due to the lack of expertise on staff.
- GCUL urges FASB to delay for one year the effective date of the Statement for credit unions.

DISCUSSION:

GCUL believes that consolidating and standardizing existing fair value-measurement guidance in one place will improve the consistency, comparability and reliability of fair value measurements. However, the lack of the "handbook" regarding the calculation of fair value beforehand leaves the door open for inconsistencies in the meantime while waiting for its compilation and subsequent production.

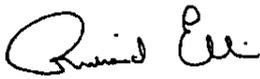
GCUL does not support the proposed Statement's expanded disclosures about the use of fair value. The proposed Statement would require entities to re-measure assets and liabilities recognized in the statement of financial position. Further, entities are encouraged to make disclosures about other similar measurements that, like fair value, represent current amounts. FASB indicates that expanded disclosures are important in order to provide useful information about the condition of the entity to present and potential investors, creditors and others in making decisions such as whether to invest in the entity or extend credit to the entity. GCUL does not believe that such disclosures would be valuable in the case of credit unions. First, credit unions are private entities that are owned and run by their members; they are not publicly traded. The members who look at their credit union's financial statements with such disclosures may become confused if it is difficult for them to understand the disclosures and how the fair values were calculated. Second, the National Credit Union Administration, the federal government agency that charters and supervises federal credit unions, has implemented ALM (asset liability management) review as part of its examination procedures. The review requires credit unions to perform thorough analysis of interest rate risk and liquidity risk on their balance sheets. If the final Statement includes these disclosure provisions, GCUL encourages FASB to clarify that assets recorded at cost or fair market value when acquired and depreciated do not have to be re-measured every accounting period.

GCUL has concerns regarding application of the proposed Statement to smaller credit unions. Smaller credit unions do not have the expertise on their staff to apply the fair value calculations. Staff would have to receive additional training or, more likely, pay an outside consultant or appraiser. Both options would be time consuming a potentially expensive, putting a burden on those credit unions.

Lastly, GCUL suggests an extension of the effective date of the application of the Statement for a period of at least one year in order to allow all of the pieces of the guidance (i.e. handbook) to be prepared and also to allow all financial institutions, especially smaller ones, the opportunity to obtain training or outside assistance.

We appreciate the opportunity to provide these reactions to the proposal and will be happy to discuss any of the related issues at your convenience.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard Ellis". The signature is fluid and cursive, with the first name "Richard" and the last name "Ellis" clearly distinguishable.

Richard Ellis
Vice President/Credit Union Development
Georgia Credit Union League