



U.S. CENTRAL

SUITE 100
9701 RENNIE BLVD
LENEXA, KANSAS 66219
TEL: (913)227-6000
TOLL FREE: (888)872-0440
FAX: (913)438-1564
WWW.USCENTRAL.COOP

March 27, 2009

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



LETTER OF COMMENT NO. 110

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

Dear Mr. Golden:

U.S. Central Federal Credit Union (“U.S. Central”) appreciates the opportunity to comment on the proposed FASB Staff Position FAS 115-a, FAS 124-a, and EITF 99-20-b (the “FSP”).

U.S. Central is a wholesale corporate credit union providing investment and financial products and services to its 26 member corporate credit unions. U.S. Central and its corporate credit union members comprise the Corporate Credit Union Network, which provides investments and financial products and services to the nation’s more than 8,000 retail credit unions. U.S. Central, as a primary liquidity provider to the Corporate Credit Union Network, manages a balance sheet of approximately \$30 billion.

Thank you for taking this long-awaited action.

Specific Responses to Your Questions

1. Does separate presentation of the credit and noncredit components of unrealized losses provide decision-useful information?

Yes. For “buy-and-hold” institutions, the credit loss is the only real loss.

2. Is the guidance clear and operational for estimating the impairment related to credit losses?

Yes. We appreciate that the FASB is not prescribing exact methodologies, but rather pointing to guidance that could be considered. There are many ways to project future outcomes—and no one view is necessarily “correct”.

Do you agree with the requirement to recognize the credit component of an other-than-temporary impairment in income and the remaining portion in other comprehensive income?

Yes, as stated above, the only real loss relates to credit unless the investor intends to sell the security before it recovers in value. As such, only the credit component should be reflected in earnings.

3. Is the modification to the “intent and ability” language more operational?

Yes. Currently, the prevailing interpretation surrounding intent and ability has transformed the “available-for-sale” classification to an “available-for-sale at gains” classification. Investors need some flexibility in portfolio management without risking dire OTTI consequences with regard to the remainder of their assets in unrealized loss positions. The modifications appropriately address this issue.

4. Do you agree with not allowing adjustment for subsequent recoveries in the fair value of a held-to-maturity impaired security, similar to the accounting for available-for-sale securities?

No. This is the time to fix the problem of irreversible OTTI charges. The Board has already stated OTTI recovery would be a FASB agenda item in 2009 as part of a move toward international convergence. Rather than approaching OTTI incrementally, why not just resolve that issue now?

5. Is the proposed effective date after March 15, 2009 operational?

We believe that an effective date after December 15, 2008 is more appropriate. Presumably, the Board believes that the proposed changes outlined in the FSP represent the correct course of action and better reflect the financial positions of entities with affected securities. If so, then the effects of the changes should be applicable to fourth quarter 2008 results.

There was a groundswell of support from preparers and practitioners for this proposal last fall coming out of the SEC Roundtables, and changes should have been made at that time. Because the Board has delayed action until now, additional excessive write-downs beyond actual credit losses were recorded in the fourth quarter of 2008. But please remember that the vast majority of your constituents are not SEC registrants, and many companies have not yet released audited 2008 financials. As such, there is still the opportunity to correct the OTTI guidance for 2008. SEC registrants should have the the option to restate their 2008 results if they chose to do so.

Additional consideration

The FASB’s March 16 meeting handout materials stated that some constituents had recommended consideration of language similar to that included in loan loss accounting, to the effect that “an insignificant delay or insignificant shortfall in amount of payments does not require application of this Statement.” However, the FASB accepted staff’s recommendation to exclude this language

Mr. Russell G. Golden
March 27, 2009
Page 3 of 3

without discussion. This would be an important provision to prevent the increasing number of nonsensical outcomes, such as the oft-quoted situation of the Federal Home Loan Bank of Atlanta, in which \$44,000 of expected principal losses resulted in an \$87,000,000 OTTI loss in third quarter of 2008. Reconsideration of this language would bring common sense back to the table.

Conclusion

In general, the proposed language is an improvement over current guidance and practice as written. However, we urge you to consider the three additional points explained in our letter:

- Permit application after December 15, 2008
- Allow reversals of excessive OTTI charges when fair values recover
- Include immateriality language within the FSP

I may be reached at 913-227-6159 if you have questions.

Respectfully,



Kathryn E. Brick
Senior Vice President and Chief Financial Officer
kbrick@uscentral.coop