



February 5, 2008



LETTER OF COMMENT NO.

Ms. Teresa S. Polley Chief Operating Officer Financial Accounting Foundation 401 Merritt 7 Norwalk, CT 06856-5116

> Re: Comment on Proposed Changes to Oversight, Structure, and Operations of the FAF, FASB, and GASB

Dear Ms. Polley:

Navy Federal Credit Union provides the following comments in response to Financial Accounting Foundation's (FAF) request for comment on the proposed oversight, structure, and operations of the FAF, Financial Accounting Standards Board (FASB), and Governmental Accounting Standards Board (GASB). Navy Federal is the largest natural person credit union in the world with over \$33 billion in assets and over 3 million members.

Credit unions are not for profit, member-owned, financial services organizations that exist to serve the needs of members by way of better rates and lower fees. As of September 30, 2007, approximately 8,200 credit unions served 87 million members. We are commenting on aspects of the proposal that relate to the FAF and FASB that we believe may impact the representation of credit unions and other private sector companies on the Boards of these entities.

We endorse changes proposed to the FAF that would expand the pool of nominees for the FAF Board of Trustees, introduce flexibility in Board size, from a static 16 members to a range of 14 to 18 members, and that could limit the term structure for members at one five-year term, rather than allow a cross-over from one to two three-year terms, as currently possible. We believe these changes might provide credit unions a greater opportunity for representation on the FAF Board.

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We do not, however, support changes proposed for the FASB that reduce the size of the FASB from seven to five members, and reduce or limit to one the number of representatives from each area of experience, i.e., auditor, industry/preparer, academic, and financial statement user. We believe these changes could undermine the already limited potential for credit union representation on the FASB. Also, while a reduction in Board size and scope might slightly enhance the Board's decision-making process, we ask the FAF to consider whether this benefit would outweigh the loss of representation, perspective, and contribution to the FASB that would result from this proposal.

In summary, we support changes that could increase the potential for credit union representation in the accounting standards decision-making process, and oppose changes that could have a detrimental effect on the currently limited potential for credit union and other private sector representation. We appreciate the opportunity to comment on the oversight, structure, and operations of the FAF, FASB, and GASB. If you have any questions with respect to our comments, please contact Anita Marchion, Assistant Vice President, Regulatory Compliance, at (703) 206-4758.

Sincerely,

Cutler Dawson President/CEO

CD/am