



March 30, 2009

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



* F S P F A S 1 5 7 E *

LETTER OF COMMENT NO. 212

File Reference: Proposed FSP FAS 157-e, *Determining Whether a Market Is Not Active and a Transaction Is Not Distressed*

Dear Mr. Golden:

The management of United Commercial Bank (“UCB”) appreciates the opportunity to comment on the Proposed FSP 157-e, *Determining Whether a Market is Not Active and a Transaction Is Not Distressed*. As an SEC registrant, UCB supports transparency in financial reporting. In this regard, we applaud the FASB staff’s efforts to address the improvements that we feel are sorely needed in the fair value accounting area, particularly in light of the fact that most of the markets for mortgage-related and other securities are currently dysfunctional and/or illiquid.

We believe that, under the existing accounting framework, the use of “exit” price and the application of three levels of inputs in the fair value hierarchy have resulted in a significant increase in the research, analysis and debate with external auditors relating to individual securities that reside in dysfunctional and/or illiquid markets. Significant amounts of time and resources have been spent on substantiating and supporting mark-to-market estimates and assumptions. Our hope is that the FASB will keep focused on the fact that the Proposed FSP needs to not only assist in the improvement of the definition of fair value, but to also allow for a streamlining of the substantiation work that is currently required.

We have some recommendations for the proposed FSP:

The final FSP should provide further guidance on the use of discount rates and risk premiums. We are in favor of modifying the description of “orderly transaction” to ensure that risk premiums used in Level 3 valuations reflect those of a normally active and functioning market.

The final FSP should provide further guidance to clarify issues associated with “inactive market.” Differentiation is essential to properly evaluate bid price quotes in a normally inactive market and a dislocated market. Also, differentiation assists a preparer to determine whether certain bid prices should be disregarded in Level 3 valuations.

FINANCE DEPARTMENT

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The final FSP should allow entities to use reasoned judgment as to whether reliance on Level 3 is a more appropriate indicator of fair value than Level 2.

Thank you for your attention to these matters. Please feel free to contact me at (415) 315-3171 or at craig.on@unitedcb.com if you would like to discuss our views further.

With best regards,

A handwritten signature in black ink, appearing to read 'Craig S. On', with a stylized flourish at the end.

Craig S. On
Executive Vice President and Chief Financial Officer