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September 7, 2010

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

Via email to director@fasb.org

Reference: File Reference No. EITF100C, Proposed Accounting Standards Update, Plan Accounting – Defined Contribution Pension Plans (Topic 962)

Dear Mr. Golden:

Freddie Mac appreciates the opportunity to comment on the Exposure Draft for the proposed Accounting Standards Update of Topic 962, *Plan Accounting – Defined Contribution Pension Plans* (the "proposed Update").

Freddie Mac was chartered by Congress in 1970 to increase the availability of funds for home ownership by developing and maintaining a secondary market for residential mortgages. We provide defined contribution pension plans to our employees.

We support the Board's efforts to amend Topic 962, *Plan Accounting – Defined Contribution Pension Plans* to clarify how loans to pension plan participants should be classified and measured by defined contribution pension benefit plans and fully agree with the amendments in the proposed Update.

Included in Appendix A are Freddie Mac's responses to each of the individual questions posed by the Board in the proposed Update.

The views expressed in this comment letter are solely those of Freddie Mac, and do not purport to represent the views of the Federal Housing Finance Agency, as Conservator.

Freddie Mac appreciates the opportunity to provide our comments on the proposed Update. If you have any questions about our comments, please contact Timothy Kviz (703-714-3800).

Freddie Mac Page 1 File Reference No. EITF100C Sincerely,

Timothy Kviz

Vice President, Accounting Policy

cc:

Mr. Charles E. Haldeman, Jr., Chief Executive Officer

Mr. Ross J. Kari, Executive Vice President - Chief Financial Officer

Mr. Robert D. Mailloux, Senior Vice President - Corporate Controller and

Principal Accounting Officer

Ms. Wanda I. DeLeo, Senior Associate Director and Chief Accountant, Federal

Housing Finance Agency

Appendix A

This appendix includes our responses and comments to the specific questions posed by the Board in the proposed Update.

Question 1: Do you agree that participant loans should be classified by defined contribution pension plans as notes receivable from participants, separately from plan investments? If not, why not? What alternative classification would you prefer and why?

Response: Yes. This classification acknowledges that participant loans are similar to a traditional loan and it appropriately reflects the transaction's legal form as a loan to the participant from the plan. Further, as nearly all participant loans are repaid (to avoid penalty and additional tax payments) and are not defaulted upon (which would result in a reduction in the participant's account in the plan), this classification reflects the economic substance of the transaction.

Question 2: Do you agree that participant loans should be measured at their unpaid principal balance plus any accrued but unpaid interest? If not, why not? What alternative measurement would you prefer and why?

Response: Yes. This measurement principle is useful as it best reflects the economic substance of the transaction. We agree with the proposed Update as fair value is not relevant or meaningful measurement attribute for participant loans for a number of reasons. For example, individual credit risk is not factored into the terms of a participant loan; however, as a consideration in fair value measurement, it would be factored into the loan's reported amount on the face of the balance sheet under current GAAP. This inconsistency yields misleading results and does not reflect the economic substance of the transaction. Further, the "exit price" concept from ASC 820 is not relevant as participant loans cannot be sold and the loans are fully collateralized by amounts in the participants' accounts. Accordingly, the "value" of the loan is the contractual amount owed by the participant. These examples, in combination with the other unique features of participant loans (e.g., a participant borrows the participant's own funds, the loan is typically repaid through payroll deductions, the plan and other participants are not affected by the loan or its fair value), support the conclusion that fair value is not relevant or meaningful as the measurement attribute for these loans.

Question 3: The Task Force concluded that no additional disclosures specific to participant loans would be required as part of the amendments in this proposed Update. Do you agree? If not, what additional disclosure do you believe would be necessary?

Response: Yes. As indicated above in the response to Question 2, we believe that additional quantitative disclosures about participant loans would not be relevant or

Freddie Mac Page 3 File Reference No. EITF100C meaningful. Further, we believe that any additional qualitative disclosures should not be required, but rather only made at management's discretion

Question 4: Do you agree that the amendments in this proposed Update should be applied retrospectively, with early adoption allowed? If not, why not?

Response: Yes, we agree that the amendments should be applied retrospectively and early adoption should be permitted. The information required to retrospectively adopt the proposed Update is available and, as it is contractual accounting data, modification of, or calculations using, that information would not be required for purposes of implementing the proposed Update. Accordingly, the incremental cost of applying the proposed Update to prior years would be minimal.

Question 5: How much time do you believe would be necessary for you to efficiently implement the amendments in this proposed Update?

Response: As indicated by our response to Question 4 above, implementing the proposed Update would not present us with any significant challenges. If the effective date were the end of the first fiscal quarter beginning after issuance of the proposed Update, we believe we would be able to implement the amendments in an efficient and controlled manner.