October 28, 2008

Via Email: rule-comments@sec.gov

Secretary
Securities and Exchange Commission
100 F. Street NE
Washington, DC 20549-1090

File Reference: File No. 4-573

Corporate One Federal Credit Union (Corporate One) appreciates this opportunity to comment on the proposed agenda for the upcoming roundtable discussions on fair value accounting.

Corporate One is a wholesale corporate credit union providing investment, financial and payment products to its approximately 800 member credit unions. Corporate One, as a liquidity provider to the credit union network, manages a balance sheet of approximately $3.8 billion of which over $2.5 billion is invested in marketable securities that are classified as available-for-sale under SFAS No. 115. While not a SEC registrant, we are impacted by SEC actions. We are aware that the SEC has asked FASB to revisit current guidance related to other-than-temporary impairment under SFAS 115.
We are concerned with the use of fair values based upon exit values in an inactive market. Of even greater concern is the use of these fair values when impairment exists that is deemed to be other-than-temporary.

The FASB has stated that they have obtained extensive input from various constituents, including financial statement users, preparers, and auditors, on determining fair value in accordance with FAS 157 and many believe that it has improved the quality and transparency of financial information. As a member owned institution we strongly believe in being open, honest and transparent with our member credit unions. So while we agree that the additional disclosures required under FAS 157 may be advantageous to readers of the financial statements, we do **not** believe that using a fair value based upon an exit price in an inactive market promotes higher quality financial information. Additionally, we believe that the requirement under FAS 115 to write an other-than-temporarily impaired security down to an exit price in an inactive market even further distorts financial statements. We think that this has caused much of the fear and confusion in the market place, as users of financial statements try to decipher the true quality of investments on a companies' balance sheet.

It is our recommendation that the SEC and the FASB should consider amending the definition of fair value for available-for-sale securities to approximate net realizable value. The net realizable value should reflect an appropriate adjustment for the credit risk inherent in the security, but should not include the severe liquidity risk premium used in FASB's example in FSP 157-3. This would make financial statements more comparable across institutions that hold either debt securities or loan portfolios for

investment. In other words, securitized loans should not be treated differently than unsecuritized loans when the intent to hold the investments is present in both cases. We are also recommending that the SEC and FASB consider amending FAS 115 so that a net realizable value be utilized when recording losses that are deemed other-than-temporary in held-to-maturity and available-for-sale securities.

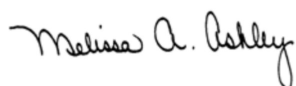
To more fully express our concerns, we would like to give the following examples of how the current rules are creating significant and unnecessary confusion for the reader of financial statements.

We own a Federal Family Education Loan Program (FFELP) guaranteed Sallie Mae asset-backed security with 2 years of seasoning that has 0% aged claims rejected. In addition to the 97% federal government guarantee, this security has a 3.70% subordinate note that coupled with the guarantee exhibits minimal credit risk. However, due to the demise of the auction rate securities market during this crisis, many firms were forced to fund student loans on balance sheet as opposed to through the capital markets. As a result, many financial institutions were not interested in adding additional student loan collateral to their balance sheet; hence, the illiquidity premium for this security caused the “exit price” to fall 17 points on an otherwise very strong "AAA" rated credit. Although this bond is paying principal and interest as expected and we fully expect to receive par for the bond, we have recorded 17 points of unrealized losses through other comprehensive income on our financial statements. This is clearly an example of a security where the unrealized loss is due to the extreme illiquidity of fixed-income securities during this credit crisis and not due to impairment in the underlying collateral performance. However, most readers of our financial statements assume that the unrealized loss is due to deterioration in the credit quality of the bond. In contrast, an institution that originated a loan under the FFELP and held the loan on its balance sheet would not reflect the same penalty for the illiquidity in the market place.

Although there are no bright line tests as to when a security is considered other-than-temporarily impaired, should the “exit price” of this particular security remain less than its cost for several years with no indication of returning to its cost value we could be forced to recognize this unrealized loss through our income statement. Recording a loss through our income statement on a bond that would pay back to par over time would further confuse readers of our financial statements.

Corporate One appreciates the opportunity to comment on these important issues. If you would like to discuss any of the points, please feel free to contact me at 614-825-9200.

Sincerely,



Melissa Ashley
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