

March 4, 2009

The Honorable Mark W. Olson
Chairman
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Dear Chairman Olson:

Our business organizations and institutions represent entities from all sectors of the economy and areas of the financial services arena. We write to you today to urge the Public Company Accounting Oversight Board (“PCAOB”) to issue guidance and standards as to how it will inspect the audits of fair value accounting in light of recent actions by the Securities and Exchange Commission (“SEC”) and the Financial Accounting Standards Board (“FASB”).

It is vital that the guidance and standards for auditors acknowledge and conform with the SEC report to Congress, issued in December 2008, as well as the guidance given by the SEC and FASB for illiquid and inactive markets. These actions by the PCAOB are necessary to avoid further unnecessary market dislocations.

The economy continues to suffer from the shocks emanating from the ongoing financial crisis. While it is clear that accountants and auditors did not cause the crisis, accounting standards may have had a procyclical effect. This effect has sparked a full-fledged debate on the fair value accounting portion of financial reporting and on whether financial statements are providing useful information.

On September 30, 2008, the Chief Accountant of the SEC and FASB staff issued a joint press release with a clarification of valuing assets in an illiquid market under SFAS 157. On October 10, 2008, FASB approved staff position SFAS 157-3, which provided additional guidance on fair value measurements. On October 14, 2009, the SEC wrote to FASB requesting a review of “other than temporary impairment (“OTTI”) and that it is done expeditiously. The SEC, on December 30, 2008, released a study on fair value accounting pursuant to the Emergency Economic Stabilization Act of 2008. In this study the SEC recommended improvements to fair value accounting, including improvements in the application of fair value, further guidance to foster sound judgment, and simplification of the accounting for investments in financial assets. On January 12, 2009, FASB approved changes to

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EITF 99-20 to assist with the application of fair value accounting for certain types of assets. Finally, on February 18, 2009, FASB announced two projects in accordance with the recommendations of the SEC study, one for completion by the end of the second quarter, and the other to be completed by the end of 2009.

While many, including several of the signatories of this letter, have been critical of the narrow scope and lack of speed of these actions, the efforts listed above do represent positive incremental changes in the application of fair value accounting. However, these changes and any future beneficial changes to the use and application of accounting standards during the current economic crisis will go for naught if the auditing profession is not given appropriate guidance and standards for auditing the application of fair value, particularly when there is an inactive or illiquid market.

In part, because all components of the financial reporting community are not on the same page, drastic write-downs of certain illiquid assets that are not required to be written down under the literature continue and the credit markets remain frozen, further accelerating the downward spiral of the overall economy. Furthermore, the ramifications of this misapplication of existing standards will be felt for years to come, hampering efforts for economic recovery and the restoration of long-term growth.

Simply put, the left hand should not use a club to remove the instrument of reasonable accounting reforms from the right hand. For investors and businesses to have reasonable and reliable information on which to base sound decisions, auditing standards must keep up with accounting principles. It is important that guidance for auditors keep pace with the actions by the SEC and FASB.

Accordingly, we respectfully request that the PCAOB undertake the necessary actions to provide auditors with guidance on the use and review of fair value measurements. This guidance should be prepared in conjunction with the SEC and FASB and correlate with existing and likely future actions. Furthermore, this guidance should encourage auditors to take a balanced, as opposed to the most pessimistic, view of fair values. This guidance will ensure the transparency needed for investors and businesses and the use of sound judgment by preparers in these difficult times.

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Thank you for your consideration of this matter and we stand by to assist in any manner.

Sincerely,



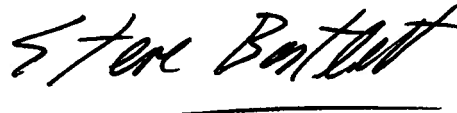
Richard Murray
Chairman
U.S. Chamber of Commerce
Center for Capital Markets
Competitiveness



Michael Monahan
Director, Accounting Policy
American Council of Life Insurers



John A. Courson
Chief Operating Officer
Mortgage Bankers Association



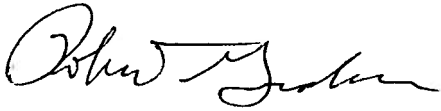
Steve Bartlett
President and Chief Executive
Officer
Financial Services Roundtable



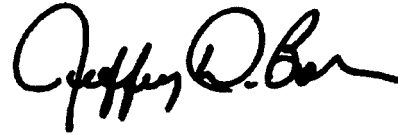
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American Bankers Association



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John von Seggern
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Council of Federal Home Loan
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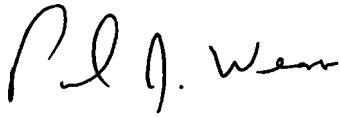
Rob Nichols
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Financial Services Forum



Roger D. Lundstrom
Executive Vice President and
Chief Financial Officer
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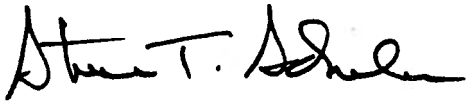
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Accounting Officer
Federal Home Loan Bank of
Indianapolis



Richard M. Riccobono
President and Chief Executive
Officer
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Steven T. Schuyler
Executive Vice President and
Chief Financial Officer
Federal Home Loan Bank of Des
Moines

cc: The Honorable Mary Schapiro, Chairman, U.S. Securities and Exchange
Commission
The Honorable Luis Aguilar, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Kathleen Casey, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Troy Paredes, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Elise Walter, Commissioner, U.S. Securities and Exchange
Commission
Robert Herz, Chairman, Financial Accounting Standards Board
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