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**From:** Dick Degen [GRDegen@hillcrestbank.com]  
**Sent:** Tuesday, October 26, 2004 9:51 AM  
**To:** Director - FASB  
**Subject:** Proposed FASB Staff Position, EITF Issue 03-01

Hillcrest Bank  
11111 W. 95th Street  
Overland Park, Kansas 66214

**Letter of Comment No:** 56  
**File Reference:** EITF03-1A

October 26, 2004

Mr. Lawrence Smith  
Director and Chairman of the Emerging Issues Task Force Financial Accounting Standards Board 401 Merritt 7 Norwalk, Connecticut 06856

Re: Proposed FASB Staff Position, EITF Issue 03-1, Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"

Dear Mr. Smith,

Hillcrest Bank appreciates the opportunity to comment on the proposed Staff Position, issued on September 15, 2004 by the Financial Accounting Standards Board (FSP 03-1-a). Hillcrest Bank is a \$1.1 billion independently owned financial institution with offices in the Kansas City metropolitan area (Kansas and Missouri) and Wichita, Kansas.

We appreciate the FASB for delaying the effective date and taking more time to consider the views of the industry.

We are concerned about the change proposed not only for our bank, but also for our industry. Debt securities held in AFS should not be written down for changes in market values that are due solely to increases in interest rates. In addition, requiring an "intent-to-hold" in AFS is inconsistent with AFS. Instead, the focus should be on "ability to hold".

In our opinion, financial institutions should be able to sell available-for-sale securities. Declines in market values of debt securities that are solely due to increases in interest rates should be excluded from EITF 03-01.

Again, we appreciate the opportunity to comment on this proposal. Thank you for considering our views. If you would like to discuss this letter in more detail, please contact me.

Sincerely,

G. Richard Degen  
Executive Vice President and Chief Financial Officer  
(913) 324-6161 or grdegen@hillcrestbank.com