

Sun West Bank
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Jackie K. DeLaney
President and Chief Executive

April 1, 2009

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



LETTER OF COMMENT NO. 284

Via email: director@fasb.org

File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b, *Recognition and Presentation of Other-Than-Temporary Impairments*

Dear Mr. Golden:

Sun West Bank appreciates the opportunity to comment on the Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b, *Recognition and Presentation of Other-Than-Temporary Impairments* ("proposed FSP"). Sun West Bank (SWB) is a Nevada-based community bank with seven branches and over \$440 million in assets. We appreciate that, with this FSP proposal, FASB acknowledges that equity securities are different from debt securities. Common stocks have no contractual cash flow and the market value of equity securities often directly affects the company's ability to raise capital to fund growth (which would provide for cash flow). With that said, we believe there are, indeed, circumstances in which the separation of credit losses should apply to equity securities

For example, SWB currently has investments in mutual funds (registered investment companies formed under the Investment Act of 1940) that invest solely in debt securities (mortgage securities). These funds are closed to new investors and they have implemented an "in-kind" redemption policy (shareholder redemption is satisfied through the distribution of a proportionate share of each security in the fund). These terms, which are disclosed in fund prospectuses, and made effective through approval by the Board of Trustees, also include the representation that the management company will not purchase or sell within these specific portfolios while these terms are in effect.

FSP FAS 115-1 disallows the "look-through" process to the underlying assets of mutual funds because of the lack of control over the individual investments. In this circumstance, however, where practical control of the underlying investments is retained, the identification and separation of credit

losses from market losses is appropriate for this equity security. We, therefore, also believe the guidance on intent or requirement to sell the security would be appropriate for these kinds of equity securities. This guidance would also be applied up to the time that such securities are opened to new investors or standard redemption policies are resumed.

We believe that an approach to consider is to utilize impairment tests similar to a debt model on specific equity securities is not without precedent, as the Securities and Exchange Commission's October 14, 2008 letter to FASB regarding perpetual preferred securities (PPS) recommended such treatment. As with our investment in these specific mutual funds, PPS provides periodic cash flows in the form of ongoing dividends, which are derived from the interest payments of the underlying mortgage securities. With the fund policies that are in place, we believe it is appropriate to separate the credit losses from other losses when determining OTTI in these circumstances.

Additionally, we believe it is important that the recognition of credit loss on these equity securities be handled the same as other equity securities to ensure there is not disparity in the accounting and reporting between organizations that in fact may hold a portion of the very same securities. By doing this we will ensure the reader and users of the financial statement can be assured they are understanding the actual credit risk of a portfolio of securities verses the fair market value in an illiquid market.

Thank you for your attention to these matters and for considering our views. Please feel free to contact me further about this issue.

Sincerely,

Jackie K. DeLaney
President and Chief Executive Officer

CC: ABA - Donna Fisher