



LETTER OF COMMENT NO. 308

Vernuccio; Kristofer Anderson; Mark Trench; Meghan Wade Fanning  
S 124-a, EITF 99-20-b



LETTER OF COMMENT NO. 356

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To: Director  
Subject: Proposed FSP FAS 115-a, FAS 124-a, EITF 99-20-b

David Funk  
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Reno, NV 89511-2119

April 1, 2009

Comments To FASB

Dear Comments To FASB:

As President of a publicly traded community bank in Reno Nevada, I strongly support the changes proposed in FSP FAS 115-a, FAS 124-a, EITF 99-20-b that would amend Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities to make other-than-temporary impairment guidance more operational and to improve the presentation of other-than-temporary impairments in the financial statements.

I agree that separating other-than-temporary losses into two components, (a) those due to credit losses and (b) those due to other factors will provide better information to financial statement users. The credit component of other-than-temporary impairment should be recognized in earnings, while the remaining portion should be reflected in other comprehensive income as proposed. This would treat impairments of debt securities due to credit problems in the same manner as loan impairments. The non-credit impairment for held-to-maturity securities should be reflected in the footnotes to financial statements to disclose the fair value of the securities.

I strongly support changing the management assertion about the ability to hold a security to one focused on the intent to sell (with an assertion as to whether it is more likely than not that the security will be sold before its recovery). I believe this should apply to both debt and equity securities (such as mutual funds that are composed of debt securities).

In our view this change better reflects management's perspective and decision process regarding investment holdings.

I agree that the effective date for changes should be for interim and annual periods after March 15, 2009. However, I strongly urge the FASB to allow restatement of financial statements or an opportunity to "true-up" other-than-temporary impairments recorded in prior periods to enable users to more easily compare statements for different periods.

I urge the FASB to permit the recognition or valuation adjustment of subsequent recoveries. If securities may be written down when impairments occur, reversals through earnings should be permitted when it becomes clear that an impairment has decreased or no longer exists. This would more accurately reflect an instrument's true fair value. Otherwise, an institution may be understating its financial position.

I and the rest of our Board of Directors and Executive management greatly appreciate the FASB's efforts to improve accounting guidance on other-than-temporary impairments to more accurately reflect the valuations of debt and equity securities and urge the FASB to take quick action and approve the new guidance.

Sincerely,

David A. Funk  
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