SWB
SUN WEST BANK

**Letter of Comment No: 228**
**File Reference: EITF03-1A**

October 28, 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-a, 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,

My name is Jackie K. DeLaney, President and Chief Executive Officer of Sun West Bank, a community bank located in Las Vegas, Nevada. As a community banker, I appreciate FASB delaying the effective date of this matter to allow others and myself the opportunity to comment on the proposed Staff Position, issued on September 15, 2004 by the Financial Accounting Standards Board (FSP 03-1-a).

Sun West Bank is a Nevada-based community bank with approximately $275 million in assets. Our primary focus is on economic development and on serving the banking needs of small to medium-sized businesses throughout the state of Nevada.

As with all banks, ensuring adequate asset/liability management, liquidity funding and income resources are important facets of our daily operations and to the safety and soundness of financial institutions. Investments are an intrigal part of this and as a bank the proposed position would be difficult and potentially damaging to the true financial performance of institution such as ours.

Although I believe the proposal is a step in the right direction, I believe much more work is needed to ensure that it does not -

- Create increased income and capital volatility by requiring incorrect write-downs on assets that are classified as available-for-sale (AFS).
- Impair a bank's ability to practice day-to-day, prudent balance sheet and asset/liability management activities.
- Generate incorrect recognition of revenue/losses.

Currently banks are willing to accept a higher yield with a high mark-to-market unrealized loss knowing that the assets will be held until the market changes. Should these securities really be written down for changes in market values due solely to changes/increases in interest rates when we are already adjusting our capital position for the mark-to-market and losses would be recognized if the securities were sold? The mark-to-market advises the user of the financial statement that there is interest rate risk in the securities portfolio. Also, if forced to realize a loss, it will affect income and major banks with large portfolios will be less likely to include such assets on their books. This could then lead to a disruption in the marketplace, as banks are significant holders of these types of securities. Small banks like ours could be impacted further if the marketplace experienced this sort of disruption.

The proposal may create misleading financial results, as losses may be taken through earnings for debt securities, with no gains taken on the liability side of the balance sheet. I fear this could lead to unsound management strategies, as well as creative bookkeeping in an effort to enhance balance sheets and mitigate unrealized losses.

The proposed requirements will require an enormous amount of documentation for decisions on each individual security. Most community banks are not equipped to easily handle such documentation requirements. This in turn may lead to less effective portfolio management and banks may find it easier to maintain current investments, rather than be proactive in their investment strategies.

It is my opinion that the notion of "intent to hold" conflicts with SFAS 115 "available for sale", and that "ability" to hold the security should be the only test, especially as it is very difficult to prove "intent", whether it be to "hold" or "sell". Adjustments for credit risk and potential losses or impairment are another matter and should be the only reason for the loss recognition.

Again, I appreciate the opportunity to comment on this proposal. Thank you for considering my views. If you would like to discuss this letter in more detail, please feel free to contact me at 702/949-2265.

Sincerely,

Jackie K. DeLaney
President and Chief Executive Officer