

March 31, 2009

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



165

Via email: <u>director@fash.org</u>

LETTER OF COMMENT NO.

RE: Comments on Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b: Recognition and Presentation of Other-Than-Temporary Impairments

Dear Mr. Golden:

We represent Heritage Bank of Central Illinois located in Peoria, Illinois. We have \$380 million in total assets and have six branches located throughout Central Illinois. As a community-based financial institution, we appreciate the interest you have shown in this important matter.

We appreciate 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"). We commend the FASB's efforts to improve guidance relating to other than temporary impairment: ("OTTI") and we wish to provide comments on the Proposed FSP.

Overall, we support the Proposed FSP. Specifically, we believe that the threshold to recognize marketrelated OTTI based on the lack of intent to sell (management asserts that it does not have the intent to sell the security, and it is more likely than not that it will not have to sell the security before its recovery) is certainly more operational than the current requirement. We also strongly agree with the proposal to recognize only credit losses through earnings.

We believe that the Proposed FSP is more consistent with the "ongoing-enuty" principal than the current guidelines of recognizing through earnings losses that would be more consistent with a "liquidation" model. We also believe that the recognizion is parallel to the treatment of loans in that only the credit impaired amount would be recognized through earnings. We believe that it is crucial that the guidance be made effective for the periods after March 15, 2009. If it is possible to consider these changes to be effective retroactive to 12/31/2008, that would be even better.

Thank you for the opportunity to comment on these important matters.

Yours truly,

Paul E. Heucrinan, CPA

EVP-CFO

Heritage Bank of Central Illinois

Jackie L. Overstreet, CPA

VP-Controller

Heritage Bank of Central Illinois