



**southwest corporate**  
FEDERAL CREDIT UNION

7920 Belt Line Road • Suite 1100  
Dallas, TX 75240-8145

800-442-5763  
972-861-3000  
972-861-3349 fax  
www.swcorp.org

Letter of Comment No: 12  
File Reference: EITF03-1  
Date Received: 9/27/04

Mr. Lawrence W. Smith  
Director of Technical Application and Implementation Activities  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856-5116

**Re: FSP EITF Issue 03-1-b, Effective Date 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:

This letter is in response to the request for comment regarding FSP EITF Issue 03-1-b. Southwest Corporate Federal Credit Union owns more than \$5 billion of fixed income securities, and is a wholesale provider of investments and investment services to over 1,300 credit unions nationwide. We are very interested in the final outcome of EITF Issue 03-1, and the impact that it will have on our operations and the operations of our member credit unions.

FSP 03-1-b includes a delay in the effective date of paragraph 16 of EITF 03-1, for debt securities impaired due to interest rate and/or sector spread increases, until FSP EITF Issue 03-1-a is finalized. We believe that the effective date of all paragraphs of EITF 03-1 with an effective date of June 15, 2004 should be delayed because guidance resulting from the FSP 03-1-a comment process may extend beyond paragraph 16 and interest rate driven impairments.

One of the specific questions asked by the Board in Issue 2 of FSP 03-1-a is whether the notion of minor impairments should be limited to paragraph 16 or extended to paragraphs 10 through 15. Since the possibility exists that the notion of minor impairments will be extended to paragraphs 10 through 15, we believe that the effective date of most of EITF 03-1 must be delayed until Issue 2 of FSP 03-1-a has been decided.

We also feel that most of EITF 03-1 should be delayed because Questions 1 and 3 of FSP 03-1-a are relevant to investments within the scope of paragraphs 10 through 15. Finally, we feel that the Board should delay the effective date of most of EITF 03-1 until it has had the opportunity to consider all comments received on FSP 03-1-a. We believe it is likely that many extensive comments will be received due to the growing awareness of EITF 03-1 and its widespread impact.

I appreciate having the opportunity to comment on FSP 03-1-b, and I look forward to providing you with my comments on FSP 03-1-a. If you have any questions regarding this letter, please feel free to contact me at 972-861-3160.

Sincerely,

John P. Cassidy  
Senior Vice President, CFO