

★ LUFKIN ★
FEDERAL CREDIT UNION

2012-260
Comment Letter No. 108

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TO WHOM IT MAY CONCERN:

I am writing to voice my opposition to the FASB Proposal. I understand this could possibly cause the credit impairment allowance for Lufkin Federal Credit Union to double or triple. This would result in a great reduction in the retained earnings of my credit union

A decrease in earnings could lead to a reduced capital ratio which could trigger prompt corrective action for numerous credit unions that do not currently have PCA concerns.

The "expected Loss" approach would require use of speculative forecasting of an asset over the remainder of the assets' life. The expected credit loss approach has the potential to lead to quarterly adjustments in expected in expected loss projections, possibly resulting in more volatility in provision and earnings.

I am urging FASB to exempt credit unions from the proposed changes based on our unique structures as private, not for private, cooperatively owned, financial institutions.

Sincerely,



Linda Smith, CEO

LUFKIN FEDERAL CREDIT UNION