

May 28, 2013

Technical Director
Financial Accounting Standards Board (FASB)
401 Merritt 7
P O Box 5116
Norwalk, CT 06856

RE: File Reference No. 2012-260

Proposed Accounting Standards Update, Financial Instruments-Credit Losses (Subtopic 825-15)

Submitted via email to: director@fasb.org

Dear Director,

Please accept this letter as input to the above noted FASB proposal relating to credit losses associated with financial instruments.

The current accounting "incurred loss" model I believe adequately discloses and applies credit loss recognition and I don't see how a forward looking "expected loss" model will improve the credibility and reliability of financial statements. In fact I believe trying to predict expected losses will make the financial statements less credible and less reliable.

My job is to report the financial records, not to predict them. I do not believe accountants or financial statement prepares can predict economic events and it doesn't make sense to have us do so. As we have all seen Economists have a difficult time predicting economic events and their outcomes. It will be difficult if not impossible to forecasts cash flows or losses on loans years into the future.

In trying to do so this could significantly impact not only our Credit Union but many financial institutions. As a financial institution we are required to maintain reserves to cover losses which are based on current loss activity. If we are required to predict what losses "may" occur in the future and have to recognize them now; booking loan losses up front, for our situation would cause us to fall below our Well Capitalized level of 7%. This would cause an unnecessary burden not only us but for our regulators. Our focus would then need to be turned to rebuilding our capital instead of focusing on improving and adding new products and services that benefit Credit Union members.

Booking loan losses up front based on a "prediction" would be very detrimental to the financial industry and I recommend that this proposal be withdrawn.

Respectively submitted,

Juna M. Nutt

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