April 30, 2013

Financial Accounting Standards Board
Norwalk CT
director@fasb.org

Thank you for the opportunity to comment on the proposed ASU Subtopic 825-15.

We are a $100 million SEG credit union. Over 85% of our loan paper originates with an A or A+ credit score. We risk-base our loan pricing to compensate us for additional risk. We do no commercial lending, and have no investments with credit risk. The proposed changes to the credit loss model would place excessive burden on us.

We do understand that we are not immune to downturns in the economy and we have worked closely with our audit firm over the last several years to incorporate better methodology into our Allowance for Loan Loss calculation. We have segregated pools of loans by type; we have applied loss factors based on both historical information and an analysis of environmental factors. We have identified impaired loans and estimated losses on those loans. We have completed several analyses of our real estate loans to isolate any significant degradation in credit scores and collateral values. We have included all of the required footnotes in our most recent audited financial statements. We are confident that our reserve today is a good representation of the risk in our loan portfolio.

In all my years (over 30) in credit union accounting, I have heard dozens of consultants, auditors and regulators caution against predicting interest rates or the future state of the economy yet it seems that's what we would be forced to do under these new standards.

I am also concerned about the resources and expense it would take to comply with the standards. We are working diligently to keep our costs down in this time of tight margins. With these standards in place I can already envision our regulators insisting that we incur additional expense to do further evaluation of our loan portfolio.

I urge you to reconsider the proposal.

Thank you for your consideration.

Sharon Hansen
Vice President / CFO

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