May 29, 2013

Technical Director
Reference No. 2012-260
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Dear Sir,

Thank you for the opportunity to comment on the Exposure Draft on Financial Instruments and Credit Losses. As one of the managers at a credit union serving over 24,000 members, I have concerns with the impact this proposal would have on our credit union and the credit union industry as a whole, and the 96 million members we represent. These concerns include the financial impact on the following areas:

- The proposal could double or triple a credit union’s impairment allowance resulting in a reduction in many credit unions’ retained earnings.
- A decrease in earnings can lead to reduced capital ratio which could trigger prompt corrective action (PCA) implications for numerous credit unions that do not currently have PCA concerns.
- The proposed “expected loss” approach would require use of speculative forecasting of the performance of an asset over the remainder of the asset’s life.
- The expected credit loss approach has the potential to lead to quarterly adjustments in expected loss projections, possibly resulting in more volatility in provision expense and earnings.
- The cost of compliance to the credit union and ultimately to credit union members.

Our industry serves 96 million members, and this methodology has the potential to bring about a negative impact on the credit union industry and all our members in reduced services, reduced loans, and reduced competition. I respectfully request the board reconsider this proposal or provide an exemption for Credit Unions and other not-for profit Cooperatives.

Sincerely

Doris Daniel
SVP/Audit and Compliance