



May 14, 2013

Technical Director
File Reference No. 2012-206, FASB, 401 Merit 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear FASB Director:

Thank you for the opportunity to respond to the proposed rule change. As a young professional with six years of experience in the credit union industry, I can easily identify several drawbacks with this proposed change.

First and foremost, it violates one of the basic rules that most of us learned in our Accounting 101 classes. The matching principle states that expenses related to earned revenues during an accounting period should be recognized in the same period. This proposed change would force credit unions to expense future losses that may occur over the life of the loan in one period based upon a "guesstimate" while the income may not be recognized for years to come. It is virtually impossible to predict what potential losses may occur over the life of long term assets, such as a 15 or 30 year mortgage.

If this new CECL model was to be implemented, credit union's financials and bottom lines would take an immediate hit. The allowance for losses could potentially double or triple in essence overnight. For credit unions, these losses would come directly from our retained earnings. Credit unions are member owned not for profit entities, and by those standards we essentially have only two ways to generate income to build or replenish capital. Those means are through fees and interest income, with loan interest income accounting for over 95% of interest income for my credit union 8 out of the last 10 years.

With the previous statements in mind, credit unions exist to help its members, basic common everyday people that have financial needs, but potentially cannot have them met at other financial institutions. This new proposal threatens the very reason credit unions exist, to help its members. There are two feasible outcomes that can occur in order for credit unions to maintain required capital levels to keep their doors open. One is to set much stricter lending guidelines in order to mitigate potential losses. Or raise interest rates and fees significantly higher to offset losses. In either case, the member loses.

With these factors in mind, I ask that you withdraw this current proposal, or allow for exemptions for credit unions.

Sincerely,

A handwritten signature in black ink that reads 'Edric Joor'.

Edric Joor,
Accounting Manager

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