

43rd Street Office

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Advantage Center at 13th Street

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Haile Market Square

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Lake City Office

583 West Duval Street Lake City, FL 32055 (386) 755-4141 fax: (386) 752-4916

Ocala Office

2424 SW 17th Road Ocala, FL 34474 (352) 237-8222 fax: (352) 237-0876

Advantage Center at Silver Springs

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Starke Office

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Country Oaks

9680 SW 114th Street Ocala, FL 34471 (352) 237-8222 fax: (352) 861-1581

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> Outside Local Calling Areas

1-800-284-1144 www.flcu.org March 14, 2013

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

Dear Director,

Florida Credit Union is opposed to the exposure draft Issued December 20, 2012: Proposed Accounting Standards Update—*Financial Instruments—Credit Losses (Subtopic 825-15).* We are concerned about two core issues regarding the proposed changes. One of which would be an immediate impact to capital of all financial institutions and the second would be the complexity and inconsistency of forecasting losses over the life of the loans at the time of reporting.

Day one the impact of this would be dramatic for all financial institutions requiring an immediate increase to allowance for loan loss for projecting losses over the effective lives of their loan portfolio. As of today, most institutions have an approximate 12 month historical funding in their allowance for loan loss in addition to their environmental factors and troubled loan portfolio. The matching principle of accounting would not be maintained with this change. The expenses for funding this ALL over the life of the loan would be an immediate impact versus the prior ALL methodology.

The complexity of the forecasting methodology will cause inconsistency over all financial institutions in ALL methodologies. The basis for the forecast will vary per institution and per reporter unless a clear guide for determining the life of the loans and basis for the forecast is presented.

We would like to recommend that FASB withdraw or substantially modify this proposed change.

Thank You,

Wendy Koford

SVP/CFO

Florida Credit Union

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