



May 28, 2013

FASB
Technical Director
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2012-260

Dear Technical Director:

The financial professionals of Altier Credit Union are writing to reflect our general disagreement with the Proposed Accounting Standards Update for Financial Instruments – Credit Losses (Subtopic 825-15).

Specifically, we are referencing to **825-15-50-9** “Reasonable and Supportable Forecasts about the Future”. The subjectiveness of such a requirement in a highly regulated environment such as a financial institution will require us to defend a forecast about the future, rather than applying the known accounting performance to the ALLL. The regulators and auditors will be further burdened with having to determine who has a valid forecast and who does not. If the intent of the Proposed Accounting Standards Update for Financial Instruments – Credit Losses is to bring all those reporting under GAAP closer to a uniform estimate of losses this provision in the update will not achieve that goal without establishing a standardized method pronouncement in the update. Additionally, **825-15-25-3** “Estimation of Expected Credit Losses” instructs the entity to not incur undue cost or efforts and to utilize available information. This limited guidance will result in hundreds if not thousands of varying forecasts and economic data assumptions. Are we to average all available data points to create a forecast? Should we subscribe to one general forecast? Perhaps the U.S. Department of Commerce, Bureau of Economic Analysis? Should we look locally at the W.P. Carey School of Business, The Department of Economics? The use of a forecast needs clear boundaries to ensure the intent is properly applied.

Albeit, “Forecasts” embedded in a financial statement are of little use to the end user of those statements if the forecast is flawed, and who amongst us can really predict consistently with reasonable accuracy? The role of the financial statement is going to shift dramatically if this provision were to be retained in the final version of **825-15**. Additionally, the temptation to “shop” for a favorable forecaster will certainly be an unintended consequence of this requirement. Where does the liability of a bad forecaster get assigned? Should management be responsible for the forecast they subscribe to or should the forecaster get the blame?

We suggest the board define the source or sources of the forecasts or exclude this requirement all together. The end user of the financial statement has some responsibility to apply their own expectation of the future upon the financial statements; management is in no better position than the reader at “forecasting” the future and what its impact might be on the presentation of the financials at that point in time.

Sincerely,



David L. Skilton
SVP / CFO



Amanda Theisen
Accounting Manager