From: Tina Cross [mailto:tina.cross.ctwfcu@hot.rr.com]

Sent: Friday, May 31, 2013 6:44 PM

To: Director - FASB **Cc:** Yashewski, Suzanne

Subject: FASB Proposal: File Reference No 2012-260

May 31, 2013

Technical Director
Financial Accounting Standards Board
File Reference No 2012-260

Dear Director

Thank you for this opportunity to this FASB proposal. I have been in the credit union industry for twenty-two years, all in small credit unions. I have been involved in lending for nineteen years. For the last five years I have served as CEO of CT Waco Federal Credit Union, which has \$6 million in assets. Small credit unions play a unique role in bringing financial services to specific groups of people who come to depend upon us to help them meet their needs.

I have a strong concern related to the changes to ALLL. I feel that the proposed method is far too speculative, and would require the ALLL to be heavily and unnecessarily overfunded. This would be a burden to any credit union, but may be particularly difficult for small credit unions with smaller incomes.

This process could cause a loss of income, and therefore a reduction in capital. If a credit union's net worth ratio falls below 7% the credit union would be faced with Prompt Corrective Action. This could further erode the stability of those credit unions, and possibly lead to liquidation.

Our current ALLL methodology is based on historical losses, analysis of loans currently delinquent, and is also influenced by growth of the total portfolio. This method is based on facts that we can document as opposed a method that feels speculative.

Just yesterday, the NCUA provided a press release. The following is an excerpt from that release:

• Delinquency and Charge-Off Declines Continue
The delinquency ratio of federally insured credit unions declined in the first
quarter, shedding 14 basis points to 1.02 percent. Credit unions' net chargeoff ratio also dropped significantly by 12 basis points, to 0.61 percent. The
declines reflect significant improvement from the highs of 1.84 percent for
delinquencies and 1.21 percent for charge-offs reached in 2009.

This information from the NCUA is compiled from data taken directly from credit union call reports. Based on this I don't understand how we would need to increase our ALLL accounts as much as three fold. Our current method, using GAAP, appears to reflect our members and our portfolios accurately.

I would ask that FASB reconsider this proposal, or exempt credit unions from the requirement.

Sincerely,

Tina Cross
Manager
CT Waco FCU
P.O. Box 20245
Waco, TX 76702
254-772-2774
254-772-2848 fax

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