

SELECT

**Federal Credit Union
1914 N Interstate 35
San Antonio, TX 78208**

May 31, 2013

Technical Director
File Reference N. 2012-260
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

RE: Proposed Accounting Standards Update, Financial Instruments-Credit Losses
(Subtopic 825-15)

Dear Technical Director:

As a President/CEO of a small credit union I have several concerns I would like FASB to consider when finalizing the draft on the above referenced matter.

Of concern is the shift from the incurred loss model to the expected loss model. This will cause a significant increase in the amount that our credit union will need to expense and set aside in our allowance for loan losses. We currently use an actual historical loss review process that has worked very well for years. To move to this new methodology will cause the expense to increase, minimize capital and possibly force some credit unions into a less than satisfactory financial position.

I personally do not feel that the expected loss model will be subjective and unreliable at most. This will lead to inconsistencies within our Industry. Why even professional economists cannot predict the economy with any consistency.

Also of concern is the cost to implement and maintain the proposed methodology. The costs to evaluate current credit records at various times during the life of the loan will cost more in both time and money than we can possibly estimate.

I don't believe the proposed updates are meant for the majority of the credit unions, but rather, the big time banks that caused the financial crisis.

I believe the current FASB rules are more than adequate to provide a fair picture of the financial stability of a credit lender, including our Credit Union. I strongly recommend that this proposal be withdrawn.

Regards,

BELINDA BARRERA-MCDANIEL
President/CEO
SELECT FEDERAL CREDIT UNION
San Antonio, Texas