

From: Stephen Marshall [mailto:SMarshall@mccu.com]
Sent: Friday, September 20, 2013 4:32 PM
To: Director - FASB
Cc: Steve Gilman
Subject: Definition of a Public Business Entity – File Reference No. 2013-310

To Whom it May Concern,

I am the President and CEO of a \$450 million state-chartered, federally-insured credit union in Houston, Texas. I would like to take this opportunity to provide feedback regarding your recent proposed amendment to the Master Glossary; File Reference No. 2013-310: Definition of a Public Entity.

Specifically, we support the concept of recognizing the unique nature of cooperative, member-owned, financial institutions; the structure of the nation's credit unions. We believe it would be appropriate to allow credit unions to be eligible for accounting and financial reporting alternatives that would still be within U.S. generally accepted accounting principles.

It is extremely important for our financials to properly reflect the condition of our organization for the benefit of our board of directors, members, auditors, and regulatory examiners. However, it is also important to recognize the differences between cooperative financial institutions vs. for-profit institutions. In the case of for-profit institutions, certain requirements may be necessary for the benefit of their shareholders or potential buyers, which are not appropriate or required for not-for-profit credit unions.

An example of this would be the current proposed change in the loan and lease loss methodology recommended earlier this year by the Board. While this change may be beneficial to the shareholders or potential buyers of a U.S. bank, the change would be harmful to the nation's credit unions and would potentially misrepresent the true condition of the cooperative. In addition, unlike for-profit banks, credit unions have no access to shareholder or supplement capital, so we would be at a marked disadvantage in meeting our regulatory capital requirements in short order if the new ALLL standards are applied across the board to both for-profit and not-for-profit institutions.

We recognize that our federal regulator, the National Credit Union Administration (NCUA) has statutory authority under the Federal Credit Union Act to deviate from GAAP when appropriate. However, the agency has used this authority sparingly. By approving changes to the FASB standards that recognize the unique characteristics of credit unions, we believe more flexibility could be achieved, thus encouraging the NCUA and FASB policymakers to delve more deeply into the appropriateness of applying each new FASB standard to credit unions.

Thank you for the opportunity to provide input on this issue. We appreciate the ability to have a voice on this issue, which could have very positive impact if approved by the Board.

Regards,

Steve Gilman
President
Chief Executive Officer

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