

May 9, 2013 4527 Speight Ave. Waco, TX 76711

Technical Director
Financial Accounting Standard Board
Credit Losses Proposal
File Reference No. 2012-260

Dear Director:

Thank you for the opportunity to comment on your proposal. As a CEO of a small credit union, I am concerned that the Credit Losses Proposal could severely increase our impairment allowance resulting in a reduction of the credit union's retained earnings and ultimately a reduced capital position. This could trigger prompt corrective action implications for numerous credit unions that do not currently have these concerns.

My concerns also revolve around the way the proposal changes the approach to losses from a historical and possible incurred loss projection based on facts relative to the loan, to one that would require speculative forecasting on all loans based on economic cycle. Attempting to predict credit loss over the life of a loan with any accuracy upfront would be very difficult and could possibly lead to volatility in provision expense and earnings. Predicting the future is subjective and predicting cash flow that you do not expect to collect is unjustified. You can have a room full of economists and they will not agree with each other on financial outcome. This crystal ball approach is disturbing and defending our calculations to regulators would be in the mystic realm.

Moreover, the cost of compliance and ultimately the cost that will be passed on to our member-owners would be unfair. Current FASB rules are adequate for providing a fair picture of financial stability of a credit union. Therefore, I respectfully ask FASB to exempt credit unions from the proposed changes based on their structure as private, not-for-profit co-op financial institutions.

Sincerely.

President and CEO

Marva Frazier

Linkage Credit Union