

**From:** Armando Martinez [mailto:amartinez@kingsvillefcu.org]  
**Sent:** Tuesday, May 14, 2013 4:57 PM  
**To:** Director - FASB  
**Subject:** 825-15

Dear FASB Director,

Thank you for the opportunity to comment on the proposed rule change. I currently have full oversight of operations for a \$12.8M credit union located in South Texas. We offer a full range of products and services to our membership with a loan portfolio comprised of low to moderate income members. Due mainly to the need of our borrowers to obtain funds, our loan to share ratio is progressively greater than most credit union's experience today. Our loan losses have been moderate to small over the last three years though a very difficult economic environment. From time to time, the ALLL methodology in use by most financial institutions today is a good model for us. The use of peer ratios to identify industry losses does in fact work when applied to general, economic and underwriting conditions in the methodology for the different loan products with in our loan portfolio and has provided the GAAP accounting required to maintain an adequately reserve financial position for our credit union.

The change from the historical loss model to an expected loss model will force us to estimate and assume what the potential loss for the loan portfolio will be without any definable numerical measure as currently utilized in the historical loss model. Additionally, with a small staff of 8 employees the new rule change will pose an unnecessary burden of time which results in added payroll cost and potential staff burden. We rather not estimate or assume what the expected loss will be month to month for each loan under the proposed rule change but rather ask you to consider carefully the cost, the estimate/assumption requirement and the burden this will have on smaller financial institutions. Our mission is to serve our membership and market and to do so as effectively and proactively as possible rather than become conservative in our lending for fear of the unknown "expected" loss potential of our loan portfolio rather than the current definable historical loss model in use today that has served the reserve position well. I thank you for your consideration of this communication and comment.

*Armando A. Martinez, CUDE*  
*President/CEO*  
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*Kingsville Community Federal Credit Union*  
*"Building Family Wealth Together"*

*"Human Service really is the only reason for the existence of our credit unions."*  
*Charles F. Eikel, Jr.*

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