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B. Dan Berger
President & Chief Executive Officer

National Association of Federally-Insured Credit Unions

June 5, 2017

The Honorable Russell G. Golden
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

RE: Suspend Implementation of Accounting Standard Update on Credit Losses

Dear Chairman Golden:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I am writing to you to express our continued concern regarding the forthcoming implementation of the Financial Accounting Standards Board (FASB or Board) Accounting Standards Update (ASU) on Financial Instruments—Credit Losses (Subtopic 825-15), also known as the "current expected credit losses" (CECL) standard. NAFCU recommends the Board indefinitely suspend implementation of the ASU on credit losses while the Board thoroughly reassesses the requirements of the standard.

NAFCU still strongly believes that credit unions – as member-owned, not-for-profit cooperatives – should never have been included within the scope of the ASU on credit losses. Credit unions' primary objective is to provide members with high-quality financial products and services. The fundamental structure of a credit union ensures that it is not publicly traded and its financial statements are examined by the National Credit Union Administration (NCUA), not individual or institutional investors. Therefore, accounting standards developed in order to remedy the errors of publicly-held entities are inappropriate, costly, and resource-intensive as applied to credit unions. However, since the FASB has chosen to extend the ASU to credit unions, NAFCU urges the Board to consider all available options to ease the burden of this complex accounting standard.

When the Board adopted the current implementation timeline during its meeting on April 27, 2016, NAFCU greatly appreciated the FASB's leadership and willingness to listen to credit unions' concerns. However, at the time, we also suggested the Board issue an updated exposure draft so that the entire industry could have another opportunity to provide public comments prior to finalization. Our hope was to mitigate the likelihood of unintended consequences appearing in the eleventh hour. Unfortunately, a Final ASU on credit losses was issued on June 16, 2016. Since that time, financial services stakeholders from all corners of the market have evaluated the actual requirements of the standard and there is a growing consensus that the standard could negatively impact lending and the overall economy.

In light of these developments, NAFCU and our members believe the FASB should immediately suspend implementation of the ASU in order to redeliberate the underlying foundation of its approach to credit losses, issue an amended ASU for public comment, and integrate the comments received into a new ASU. NAFCU believes an amended ASU is necessary and would not only benefit the nation's credit unions but also provide all stakeholders, large and small, with a critical opportunity to share their perspective on an accounting standard that will necessitate the expenditure of considerable resources. However, should the Board decline to take this approach, NAFCU strongly recommends the FASB approve at least a two-year delay of the ASU on top of the presently-adopted effective dates.

NAFCU appreciates the opportunity to share its thoughts. Should you have any questions or if you would like to discuss these issues further, please feel free to contact me or Alexander Monterrubio, Director of Regulatory Affairs, at (703) 842-2244 or amonterrubio@nafcu.org.

Sincerely,

B. Dan Berger
President and CEO