

From: [Bill Before](#)
To: [Director - FASB](#)
Cc: [Steve Dahlstrom](#); [Rohne, Dean M.](#); "[Stacy Augustine](#)"
Subject: File Reference No. 1700-100
Date: Friday, August 21, 2009 8:02:45 PM

To Director@fasb.org

Re: File Reference No. 1700-100

Proposed FAS – Disclosure about the credit quality of financing receivables and the allowance for credit losses

As a state chartered credit union which already has a state and federal examination and external CPA opinion on the fair presentation of the allowance for loan loss, we don't feel that the excessive detail requested in the proposed statement measurably improves the financial statement user's ability to understand the entity's financial receivables and allowance for credit losses.

Under 13(b)2, the proposal suggests that if a regulated creditor discloses a class of financing receivables on the basis of internal risk ratings, the creditor **must update** the consumer credit risk scores on an annual basis and disclose the date last changed! This **would create an excessive amount of cost and for what benefit?** The member has a contractual obligation to pay their loan as agreed. Changes in their credit risk score has no affect on their legal obligation if they are paying as agreed so why create all the excessive costs?

We obtain annually audited financials and receive and opinion on the fair presentation of our financial statements in conformity with GAAP. The proposed statement suggests that we have to disclose in great detail how we used the related FASB statements, greatly increasing the cost and impairing the readability of our financial statements and footnotes. That's why we seek an opinion from an independent CPA that the financials are presented fairly.

The examples in Appendix A are also problematic. The allowance for credit losses (paragraph 11c) would be doable and provides good information. Analysis of the Activity (paragraph 11d) and (paragraph 12) would also be possible.

The Credit Quality Indicator tables are very problematic since we only grade large FAS 114 loans in that way but not consumer or residential loans.

Age Analysis of Past Due receivables was OK except for the last column "considered current that have been modified in the previous year". That type of tracking is very difficult and inconsistent between institutions. The fact that a loan may have been modified is of no consequence, the impact is shown in the yield of the portfolio and any related charge-offs.

I also **do not support the effective date being December 15, 2009**. That is too soon to change systems to manually track activity that has already passed. It would be OK to allow early adoption by this date but should be given until December 15, 2010 for those that have to significantly modify reporting systems.

Sincerely

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