



P.O. Box 5877
Cleveland, OH 44101-0877

216-241-1088 - 1-800-562-6029 Fax 216-241-3213
www.ofccu.com

2019-750
Comment Letter No. 13

September 4, 2019

Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update-Financial Instruments-Credit Losses (Topic 326)
File Reference No. 2019-750

To Whom It May Concern:

Ohio's First Class Credit Union appreciates the opportunity to submit feedback to the Financial Accounting Standards Board (FASB) regarding the current expected credit loss (CECL) standard and the delay of its effective date. We are a small, \$46 million credit union in Cleveland, Ohio with over 10,000 members.

Historically, financial institutions' accounting methods recognized losses based on actual defaults or specific events that anticipated a loss. Representing a significant shift, in 2016, FASB issued new accounting standards, which included CECL. CECL accounting is premised on both historical and current loss *and* loss that is *expected to occur in the future* over the entire lifetime of a loan.

Since FASB issued CECL, stakeholders and interested parties, like Ohio's First Class Credit Union, have submitted feedback to the agency regarding challenges with CECL implementation and compliance. Last year, FASB extended the effective date to January 2020. Since then, entities have continued to prepare for CECL implementation despite experiencing challenges, such as extracting data from core processors, overhauling accounting methods, determining the appropriate model, and adjusting internal controls and reporting systems.

We have been having vendors provide us demos to see which products would work for us, both functionally and financially. As of yet we have not selected a vendor to partner with for CECL calculations

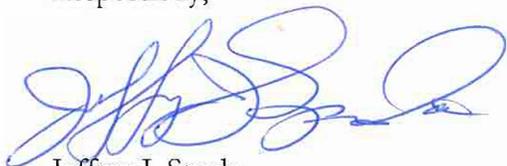
As such, it is necessary that FASB afford the maximum amount of time for credit unions to prepare for CECL, which is why Ohio's First Class Credit Union supports delaying the effective date for all other public business entities, including credit unions, until January 2023. Additionally, our comment in full support of the delay in no way represents concurrence with the notion that the new CECL standard is necessary and beneficial (we do not agree that it is) or that it should apply to financial cooperatives (we do not agree that it should).

While we appreciate FASB engaging with credit unions and laud the Board's proposal to ensure all other public business entities receive enough time to prepare for CECL, we urge FASB to continue

engaging with the financial services industry, especially credit unions and other community institutions which face challenges in preparing for CECL implementation.

We appreciate the Board's commitment to engage with interested parties, especially those impacted by the new standard. Thank for you the opportunity to respond to this proposed accounting standards update.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Jeffrey J. Spada', is written over a light blue circular stamp.

Jeffrey J. Spada
CEO