



September 9, 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:

KH Network 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. KH Network Credit Union serves the employees and family members of the Kettering Health Network in the Dayton, Ohio region.

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 KH Network 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.

KH Network Credit Union is currently searching for a cost-effective solution to assist with compliance with this new standard. Being a small credit union (\$56 million in assets), it is imperative that whatever solution we find, be economical and efficient. We also continue to collect and prepare data for whatever model we chose.

As such, it is necessary that FASB afford the maximum amount of time for credit unions to prepare for CECL, which is why KH Network 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 black ink, appearing to read 'B. Mader', with a long horizontal flourish extending to the right.

Bradley C. Mader
President
KH Network Credit Union