



September 16, 2019

Technical Director
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856

Re: Proposed ASU to Delay Effective Dates of Financial Instruments Standards; File Reference No. 2019-750

On behalf of the MD| DC Credit Union Association and the 125 Credit Unions and their 2.2 million members that we represent in the State of Maryland and District of Columbia, we appreciate the opportunity to submit comments on this proposed accounting standards update.

Credit Unions are member-owned, not-for-profit financial cooperatives whose mission is to promote thrift and provide access to credit for provident and productive purposes for our members. It is our position that the application of Current Expected Credit Losses (CECL) to credit unions is inappropriate. CECL is intended to address delayed recognition of credit losses resulting in insufficient funding of the allowance accounts of certain covered entities. However, underfunding of allowance accounts has not generally been an issue for credit unions. Further, the typical user of a credit union's financial statements is not a public investor—such as with large, public banks—but instead is the credit union's prudential regulator, the National Credit Union Administration (NCUA).

In addition to the direct impact, the upcoming changes will have on credit unions' financial positions, credit unions are very concerned with the compliance burden of the changes. These changes will require extensive resources to analyze the loan portfolio on a granular level to calculate and project life of loan losses. Even those credit unions able to allocate the resources necessary to comply are encountering significant challenges since the level of data analytics required is less common among credit unions, unlike much larger, complex banks. Unlike banks, these extra costs are borne solely by our members, not outside shareholders.

While we recognize that the proposed delay of the effective date will of course provide credit unions with additional time to implement necessary changes, it does nothing to the onerous substantive requirements within the standard. Thus, we urge the Board to search for any opportunities to provide real relief to credit unions, which consistently cite CECL as one of, if not the, biggest compliance challenge they are facing.

Finally, we ask FASB to collaborate with the NCUA to assist in the development of compliance resources. Even with the proposed delay.



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Credit Union Association
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Please do not hesitate to contact me at 443-325-0774 or jbratsakis@mddccua.org, should you have any questions. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "John Bratsakis". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Bratsakis
President/CEO
MD|DC Credit Union Association
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