



**ST JAMES PARISH CREDIT UNION**  
6195 CHEVIOT RD  
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September 13, 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:

St James Parish 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. I hesitate in saying that I represent small credit unions because sometimes that is interpreted to mean a credit union of \$100 million or less. I do, however, proudly represent the smallest of small --- a credit union of \$6 million which better fits into the once categorized asset size for credit unions of \$10 million or less as being identified as small. The purpose of making this point is that there is an enormous differential in the simplicity of accounting between a \$6 million dollar credit union and a \$100 million credit union and in many cases the profitability/ROA of the two. In addition, I would venture to say that those less than \$10 million have single sponsors, far less members but better known members and a small loan portfolio of perhaps 500 loans or less at any given time.

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. Being small does not negate the need to continually have a pulse on the loan portfolio, to identify any losses, or to take into account any predictability of loss. Examiners have commented how detailed and in depth our credit union goes to seek out any patterns within our portfolio – a portfolio which runs on average 200-250 loan at any given time. I sometimes question myself if a portfolio of this size would even be considered a sampling large enough to gather reliable data from to use for predictability using our current method. Since we may go sometimes more than five years without any loss data it seem to be a frugal attempt with intense labor and expense for a small credit union that may not yield reliable or useable results.

Since FASB issued CECL, stakeholders and interested parties, like St. James Parish 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. I have attended no less than 4 conference sessions and webinars on this topic. While still confusing and unclear to the majority attending, my main takeaways are as simple as “who” will help us, “what” will this accomplish, “when” can we get this done and “how” can we possibly absorb the expense. When you compare the risk of a small credit union with that of a much larger one you still have losses but pattern, variables and predictability are different. Small credit unions refer to most losses as “one off” losses. I can view over 80 years of losses at our credit union on an 8.5 x 11 two-sided piece of paper and give you specifics, at least during my 20+ year tenor, of unique circumstances of those loans and why the losses occurred.



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As such, it is necessary that FASB afford the maximum amount of time for credit unions to prepare for CECL, which is why St. James Parish Credit Union, Inc. 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). **As a matter of fact, this correspondence has more of a hope and desire to focus more attention on the small credit union sector and to plea for an exemption for small credit unions either based on asset size or small portfolios of either dollars or numbers.** I cannot honestly see a positive outcome for a credit union our size. I'd like to see the "accountability" lie with a small credit union to support with a methodology to properly manage their portfolios as they have done historically and not an accounting term which will bring about a level of time, effort and expense that drains already strained profitability.

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 "Julianne Bruzina", written in a cursive style.

Julianne Bruzina  
St. James Parish CU