MEDINA COUNTY
FEDERAL CREDIT UNION

September 16, 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:

Medina County Federal 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. Medina County Federal is located in northern Ohio and maintains a community charter for Medina County, Ohio. We have three branches and currently have assets of 80 million dollars representing over 9,500 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 Medina County FCU, 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 made significant strides within the last year in developing our CECL model and have begun running a three-prong analysis at month end: ALLL under existing policy, ALLL with CECL model variables for a one-year loss estimate and also a full life of loan CECL model ALLL. The intent of this triple analysis is to begin to review the data for reasonableness and to make sure that we have data integrity. This being said, we have yet to have an NCUA examination that would give us feedback. This has been a challenging process for our institution and having extra time to receive regulator feedback, adjust the model and develop a final ALLL policy would certainly assist us in ensuring we have a policy that is reasonable and reflects the risk that is inherent in our lending portfolio.

As such, it is necessary that FASB afford the maximum amount of time for credit unions to prepare for CECL, which is why Medina County FCU 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,

Pete Grimm
President