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February 5, 2019

The Honorable J. Mark McWatters
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Chairman McWatters:

On behalf of America's credit unions, I am writing regarding the National Credit Union Administration's (NCUA) efforts to prepare credit unions for the Financial Accounting Standards Board's (FASB) updated accounting standard on credit losses. The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members.

Adopted in June 2016, the amended standard, *Financial Instruments—Credit Losses (Topic 326)*, will require use of a current expected credit loss (CECL) model, which represents a significant change in how entities account for credit losses. Given your background in accounting, we are fortunate to have a regulator that understands the magnitude of the change credit unions will encounter under CECL, not only in terms of its potential financial impact but also the compliance burden it is already presenting.

Therefore, I would like to echo the request from our June 25, 2018, meeting that NCUA increase its focus on credit union preparedness regarding CECL. As we discussed, we urge the agency to provide additional resources for credit unions, including an interactive resource, such as a webinar. CUNA is ready and willing to assist with this effort in any way we can.

In February 2018, the Federal Deposit Insurance Corporation and the Federal Reserve Board hosted a webinar that was very well received by their regulated banks that focused on how smaller, less complex community institutions can implement CECL. Perhaps that webinar can serve as a model for NCUA.

The CECL effective date for credit unions and other non-public business entities (PBE) is not until fiscal years beginning after December 15, 2021. While this may appear to some to be far off, when you consider the amount of work required to adopt necessary changes—even if using a vendor—it is much closer than many credit unions may realize. We have heard from credit unions in every asset size category that CECL remains a top concern to them. However, some have not yet elevated CECL preparation to a top priority simply because of a lack of information and understanding of how the standard will change current practices and how to begin implementing necessary changes.

On behalf of America's credit unions, thank you for considering our concerns regarding CECL resources for credit unions. I reiterate my comment from above, that we are very interested in working with NCUA to ensure credit unions have the resources necessary to comply with CECL.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle", is written over a printed name and title.

Jim Nussle
President & CEO