233 South 13th Street, Suite 700
Lincoln, Nebraska 68508
Phone: (402) 474-1555
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www.nebankers.org

NBA Nebraska Bankers Association

Extraordinary Service for Extraordinary Members

July 19, 2019

The Honorable Jeff Fortenberry
U.S. House of Representatives
1514 Longworth Office Building
Washington, DC 20515

Dear Congressman Fortenberry:

I write to request your consideration of co–sponsoring legislation (H.R. 3182), that would delay implementation of the Financial Accounting Standards Board's (FASB) new current expected credit loss (CECL) standard until regulators can properly assess the affect this new standard will have on financial institutions, their customers and the broader economy.

FASB's new CECL standard poses significant operational challenges for the banking industry. CECL, which is scheduled to go into effect in January 2020 for some banks and later for others, will change the economics of lending and the unintended consequences are likely to result in adverse changes to credit availability, product mix and cost of credit, particularly for consumers and small businesses. The implementation of CECL will change the way banks account for credit/loan losses, replacing the current "incurred loss" approach with the requirement at the time of origination to forecast the future and assess potential losses over the lifetime of a loan. Implementation of the standard may not only require dramatic and immediate increases to a bank's loan-loss reserves, it will also be quite costly and challenging from a compliance perspective.

Dramatic changes to bank accounting standards such as those proposed by FASB should be studied and analyzed – before implementation – in order to fully understand the implications and impact it will have on the availability of credit in our communities.

We would appreciate your assistance in co–sponsoring H.R. 3182 to delay CECL until it's full affect can be assessed.

Sincerely,

Richard J. Baier
President & CEO

RJH/jh

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July 19, 2019

The Honorable Adrian Smith
U.S. House of Representatives
320 Cannon House Office Building
Washington, DC 20515

Dear Congressman Smith:

I write to request your consideration of co–sponsoring legislation (H.R. 3182), that would delay implementation of the Financial Accounting Standards Board's (FASB) new current expected credit loss (CECL) standard until regulators can properly assess the affect this new standard will have on financial institutions, their customers and the broader economy.

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July 19, 2019

The Honorable Don Bacon
U.S. House of Representatives
1516 Longworth House Office Building
Washington, DC 20515

Dear Congressman Bacon:

I write to request your consideration of co–sponsoring legislation (H.R. 3182), that would delay implementation of the Financial Accounting Standards Board's (FASB) new current expected credit loss (CECL) standard until regulators can properly assess the affect this new standard will have on financial institutions, their customers and the broader economy.

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Sincerely,

Richard J. Baier
President & CEO

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July 19, 2019

The Honorable Ben Sasse
United States Senate
136 Russell Office Building
Washington, DC 20510

Dear Senator Sasse:

I write to request your consideration of co–sponsoring legislation (S.B. 1564), that would delay implementation of the Financial Accounting Standards Board's (FASB) new current expected credit loss (CECL) standard until regulators can properly assess the affect this new standard will have on financial institutions, their customers and the broader economy.

FASB's new CECL standard poses significant operational challenges for the banking industry. CECL, which is scheduled to go into effect in January 2020 for some banks and later for others, will change the economics of lending and the unintended consequences are likely to result in adverse changes to credit availability, product mix and cost of credit, particularly for consumers and small businesses. The implementation of CECL will change the way banks account for credit/loan losses, replacing the current "incurred loss" approach with the requirement at the time of origination to forecast the future and assess potential losses over the lifetime of a loan. Implementation of the standard may not only require dramatic and immediate increases to a bank's loan-loss reserves, it will also be quite costly and challenging from a compliance perspective.

Dramatic changes to bank accounting standards such as those proposed by FASB should be studied and analyzed – before implementation – in order to fully understand the implications and impact it will have on the availability of credit in our communities.

We would appreciate your assistance in co–sponsoring S.B. 1564 to delay CECL until it's full affect can be assessed.

Sincerely,

Richard J. Baier
President & CEO

RJH/jh

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July 19, 2019

The Honorable Deb Fischer
United States Senate
454 Russell Office Building
Washington, DC 20510

Dear Senator Fischer:

I write to request your consideration of co–sponsoring legislation (S.B. 1564), that would delay implementation of the Financial Accounting Standards Board's (FASB) new current expected credit loss (CECL) standard until regulators can properly assess the affect this new standard will have on financial institutions, their customers and the broader economy.

FASB's new CECL standard poses significant operational challenges for the banking industry. CECL, which is scheduled to go into effect in January 2020 for some banks and later for others, will change the economics of lending and the unintended consequences are likely to result in adverse changes to credit availability, product mix and cost of credit, particularly for consumers and small businesses. The implementation of CECL will change the way banks account for credit/loan losses, replacing the current "incurred loss" approach with the requirement at the time of origination to forecast the future and assess potential losses over the lifetime of a loan. Implementation of the standard may not only require dramatic and immediate increases to a bank's loan-loss reserves, it will also be quite costly and challenging from a compliance perspective.

Dramatic changes to bank accounting standards such as those proposed by FASB should be studied and analyzed – before implementation – in order to fully understand the implications and impact it will have on the availability of credit in our communities.

We would appreciate your assistance in co–sponsoring S.B. 1564 to delay CECL until it's full affect can be assessed.

Sincerely,

Richard J. Baier
President & CEO

RJH/tjm