



OSU Federal
Your Community Credit Union®

April 18, 2011

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: NCUA Proposed Rule Regarding Alternative to the Use of Credit Ratings

I appreciate the opportunity to provide comment regarding NCUA's proposed rule changes. I recognize that NCUA had no choice but to propose an alternative to the use of NRSRO ratings due to the requirement in the Dodd-Frank bill. I understand that the financial services industry became over reliant on the ratings and coupled with the inaccuracies of the ratings themselves contributed to the economic downturn we've been experiencing. It's unfortunate that at the same time that pro-active measures are being taken to improve the practices of the rating organizations such as the required establishment of the Office of Credit Ratings that a bill would force regulators to abandon the use of these established rating systems.

It would be our preference to see the continued use of the ratings in conjunction with additional financial review and analysis. The proposed rule which substitutes the rating with the currently used descriptor (very strong, strong or adequate capacity to meet its financial commitments) requires credit unions to apply a very subjective guideline. The application of the rule is left open to a lot of interpretation not only by the credit unions but also examiners. NCUA has noted that they will follow up with additional supervisory guidance on the indicators that support the determination of the different descriptors. It seems that this guidance should be available to credit unions at the same time as the final rule is implemented.

In fact it might be appropriate for NCUA to wait until other Financial Industry regulators have come forward with guidance or rules in regard to the ratings alternatives to ensure that credit unions are not subjected to a more burdensome or less competitive methodology.

In particular, we strongly believe that NCUA should defer the final rule in regard to FCU's purchases of mortgage related securities until the SEC moves to specify the "standards of creditworthiness" for mortgage related securities. The proposed rule suggests that a FCU is prohibited from purchasing a collateralized mortgage obligation or other mortgage related securities unless the FCU has specific evidence that the SEC considers such a security to meet the requirements of the Securities Exchange Act, as determined by the SEC. This again leaves FCU's in a less competitive and more burdensome situation.

Thank you for your consideration.

Sincerely,

Bonnie Humphrey-Anderson
Executive Vice President/Chief Financial Officer

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