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May 2, 2011

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

Re: Proposed Changes to 12 CFR Parts 703, 704, 709 and 742

Dear Ms. Rupp:

On behalf of the management and Board of EasCorp, I thank you for the opportunity to comment on NCUA's Proposed Regulations "Removing References to Credit Ratings in Regulations; Proposing Alternatives to the Use of Credit Ratings."

NCUA is proposing rules to implement certain statutory provisions in Title IX of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Proposed Rules replace or remove references to credit ratings in NCUA regulations.

Where the current rules require a particular rating in order for it to be a permissible investment, the Proposed Rule replaces the minimum rating with a narrative standard that is focused primarily on credit quality. The proposal requires an internal analysis demonstrating that the issue or issuer of a security has a certain, specified capacity to meet its financial commitments. For each section of the rule, the necessary capacity to meet financial commitments is correlated to narrative descriptions provided by the nationally recognized statistical rating organization (NRSRO) rating agencies. The proposal uses an example of two of the larger NRSROs, Standard and Poor's and Fitch. These NRSROs state that an "AA" issuer rating means the obligor has a "very strong" capacity to meet its financial commitments. Accordingly, where the NCUA regulations currently require an investment to have an "AA" rating or equivalent, the proposal requires the determination that the issuer of the security has a "very strong" capacity to meet its financial commitments. The proposal contains similar translations for other ratings.

The proposal states that NCUA will provide additional supervisory guidance on the indicators that support a determination that an issue or issuer has the necessary capacity (e.g., adequate, strong, very strong, etc.) to meet its financial commitments.

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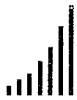

It is difficult to provide constructive comments on the Proposed Regulation when the additional supervisory guidance is not available for review. The comment period should be extended to allow for the simultaneous review of the supervisory guidance.

In addition, we are concerned by the amount of subjectivity presented in the proposal to the assignment of an issuer's capacity to meet its financial commitments. There is the possibility that one credit union may classify the same investment differently than another. This has implications in the regulation and supervision of corporate credit unions for which we are justifiably concerned, i.e. for how classification triggers regulatory reporting requirements and the discrepancy in supervision based upon individual judgments across the corporate credit union community, due to the fact that it classified the investment differently.

In closing, we thank you once again for this opportunity to comment on the Proposed Regulation.

Sincerely,

Jane C. Melchionda
President/CEO

JCM/cmg