



October 19, 2020

Mr. Gerald Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: Transition to the Current Expected Credit Loss Methodology; RIN 3133–AF03

Dear Mr. Poliquin,

The Ohio Credit Union League (OCUL) represents the collective interests of Ohio’s 251 credit unions and their more than three million members. Of those 251 credit unions, 138 are federally-chartered; 67 state-chartered, federally insured; and, 46 state chartered, privately-insured.

OCUL appreciates the opportunity to comment on the National Credit Union Administration’s (NCUA) Transition to the Current Expected Credit Loss (CECL) Methodology proposed rulemaking. While we certainly welcome NCUA’s proposal allowing (1) for a phase-in period for credit unions to adopt CECL, and (2) an exemption from complying with accounting for loan losses in accordance with GAAP for credit unions with under \$10 million in assets, we still maintain, as do Credit Union National Association (CUNA) and Chairman Rodney Hood, that CECL should not apply to credit unions at all.

CECL is intended to address delayed recognition of credit losses resulting in insufficient funding of the allowance accounts of certain covered entities. However, underfunding of allowance accounts has not generally been an issue for credit unions. Further, the typical user of a credit union’s financial statements is not a public investor—such as with large, public banks—but instead is the credit union’s prudential regulator (i.e., NCUA). We also believe that implementation of CECL will result in increased compliance costs for credit unions during a time when they and their members are already struggling to cope with the economic devastation of COVID-19. We therefore urge NCUA to continue sharing the industry’s serious concerns regarding CECL with the Financial Accounting Standards Board. Further, we ask the NCUA to focus more on CECL compliance guidance and resources for credit unions.

OCUL appreciates the opportunity to comment on the proposed rule regarding CECL. Although we generally support the proposed rule, we feel that it is important to stress that the implementation of CECL will create a long-term compliance burden for credit unions without any discernable benefit. If you have further questions or would like to discuss OCUL’s comments in more detail, please feel free to contact us at (800) 486-2917.

Respectfully,

A handwritten signature in black ink, appearing to read "Paul L. Mercer".

Paul L. Mercer
President

A handwritten signature in black ink, appearing to read "Chris Noble".

Chris Noble
Regulatory Counsel