

From: [Mike J Tambourine](#)
To: [Regulatory Comments](#)
Subject: Mike Tambourine– Comments on Proposed Rule: PCA – Risk-Based Capital
Date: Tuesday, May 13, 2014 5:37:35 PM
Attachments: [image002.png](#)
[image003.png](#)

Good Afternoon,

Although Resource One is well capitalized under both measures, our margin under the proposed risk based formula is reduced. I fully support the concept for risk-based capital for credit unions, but would like to voice my concern of the proposed draft and offer the following comments with the intent to improve the Proposal:

- The current system works, credit unions came through the last Recession, the worst financial crisis since the Great Depression, just fine. Resource One has long demonstrated consistent growth since it was originally chartered. Although I believe the NCUA is making motions to improve capital risk within the credit union movement, there seems to be flaws in its current state.
- The allowance for loan loss is capped at 125% of risk assets. Credit unions would be penalized for being conservative in funding their allowance. Given that the allowance for loan loss must comply with generally accepted accounting principles, it would seem that 100% risk weight would be more appropriate for the allowance for loan loss.
- Under the proposed Risk-Based Capital Rule, credit unions are being penalized for having unfunded commitments on non-business loans and business loans. In order to improve the RBC calculation, a credit union would look to either terminate or decrease those lines of credit to consumers or small business owners. Members need to be able to access those funds when they feel the necessity.

In summary, we believe the proposal as written has technical flaws as discussed, which could limit much needed credit to members. Thank you for your time and for allowing me to comment on the RBC proposal.



Mike Tambourine

Director of Sales & Service
Member/Owner since 2008
p: 214-565-5367 | f: 214-292-0732
www.r1cu.org | [f](#) [in](#)



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