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May 15, 2014

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

Re: Resource One Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

This letter represents the views of Resource One regarding the NCUA's proposal on PCA – Risk-Based Capital. Resource is based in Dallas, Texas and serves approximately 48,000 members. Although NCUA's Risk-Based Capital could prove to be beneficial, the proposed rule will have a negative impact on the credit union movement if implemented in its current form. I would like to make suggestions and comment in anticipation to improve its current limitations:

- 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 the cap be completely removed.
- Regarding the proposal's risk-based metrics for investment maturities. This measure eliminates credit unions from appropriately managing its own maturity and interest rate risk.
- Applying a 250% risk-weight to a CUSO investment will restrict credit unions from continuing business with CUSOs. Contingent on the success of the CUSO, there should be a lower tier depending on the type of CUSO. For example a small investment service or Home & Life insurance CUSO should be weighted less than one that deals in loan participation or other risky ventures.
- Changes to the information required in the call report will be needed in order to properly assign risk-weights. Such as loan-to-value information in order to assign risk weights to mortgage loans. Under the current proposal mortgages loans with LTVs of 50% and 150% have the same risk-weight.



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In summary, we believe the proposal as written has technical flaws as discussed, as currently written, the proposal would limit our ability to make loans to our membership. Thank you for your time and for allowing me to comment on the RBC proposal.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Rex Lowe', is written over a faint, light-colored signature line.

Rex Lowe
Board Member



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