

From: [Rick Rhoads](#)
To: [Regulatory Comments](#)
Subject: Risk Based Capital Proposed Regulation
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I want to express my comments regarding the proposed risk based capital requirements. I believe in uniform standards across various types of financial institutions. I am glad that most other regulators are adopting the core components of the Basel Accord.

In particular, I have great concern with the inequality that will exist between banks and credit unions regarding capital requirements on mortgages as a percentage of assets. If a credit union has a portfolio of mortgages that exceeds 35% they will have to carry a 100% capital requirement whereas banks only have to carry 50%. This variance does not appear logical.

Any additional capital required will ultimately come from the members of the credit union. Barring other variances, this could result in the demise of the industry as members can simply walk across the street to meet their needs at a lower cost.

Although given the proposed regulation, walking across the street with the same member and loan will result in a lower perceived risk to the bank. Go figure....

Thanks for the opportunity to comment.

Rick Rhoads