

From: [Doug Bedner](#)
To: [Regulatory Comments](#)
Subject: Doug Bedner - Comments on Proposed Rule: PCA - Risk-Based Capital
Date: Friday, May 09, 2014 6:28:17 PM
Attachments: [image002.png](#)
[image003.png](#)

Dear Mr. Poliquin-

As an employee of the Resource One, this letter represents my views regarding the NCUA's proposal on PCA – Risk-Based Capital. Although it is commendable in theory, it would leave detrimental outcomes. I fully support the concept for risk-based capital for credit unions, but would like to voice my concern and offer the following comments with the intention on improvement:

- The proposed compliance date of 18 months is not sufficient time. Basel III allows banks 5 years to comply. Delay the enactment to December 31, 2017, allowing Credit unions 3 years to prepare and adjust their balance sheets effectively. Allow management be better prepare for the potential proposal without making rash and ineffective decisions.
- The increase in the MBL reserve percentages based on concentration of 150-200% when the banking industry is at 100% appears excessive. Credit unions require have personal guarantees on their business loans when this is an option for the banks. We inherently are more conservative and this will limit our ability to be competitive.
- We disagree with the proposed rule limiting the allowance for loan losses in the numerator calculation to no more than 125% of risk assets. The ceiling seems arbitrary at best, and given the likely accounting rule changes in estimating the allowance, credit unions will be unfairly penalized.
- An item in the proposal that is very troubling is the concept that an Examiner can arbitrarily increase the required capital that a credit union will need to maintain. The is particularly troubling considering that the proposal is already more stringent than the banks and allowing the Examiners to require additional capital could result in unrealistic and inconsistent capital guidelines with no ability to know how to measure that additional required capital.

I appreciate your willingness to allow me to express my comments on this impactful regulatory proposal. I respectfully encourage you to consider improvements to the proposed Risk-Based Capital Rule in accordance with my views included in this letter. Thank you again for the opportunity to voice my opinions and comments on the proposal.



Doug Bedner

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