

From: [Krugerrand Hollins](#)
To: [Regulatory Comments](#)
Cc: [Cleo Segovia](#)
Subject: Krugerrand Hollins – Comments on Proposed Rule: PCA – Risk-Based Capital
Date: Monday, May 12, 2014 1:13:44 PM

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:

I fully support the concept for risk-based capital for credit unions, but would like to express a few concerns that require rectification:

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 that may compromise there financial position.

- The increase in the MBL reserve percentages based on concentration of 150-200% when the banking industry is at 100% appears excessive. We inherently are more conservative and this will limit our ability to be competitive.

It appears that NCUA's risk-based capital ratio generally mirrors the Basel III model used by banks. However, the RBC proposal covers additional requirements aside from credit risk; it also inherits interest-rate risk, concentration risk, liquidity risk, operational risk, and market risk. This especially penalizes credit unions because unlike banks, they have no alternative methods to raise capital except by earnings.

I respectfully and respectively ask the NCUA to carefully review the proposed rule, to either eradicate or alter certain unhealthy guidelines for the improvement of all credit unions as we believe the proposal as written has technical flaws which may limit our ability to be competitive.

Sincerely,

Krugerrand Hollins

Director of Information Technology

Member/Owner since 2006

South Side

O: 214.565.5395

F: 214.292.0780

www.r1cu.org

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