

From: [Patrick Beste](#)
To: [_Regulatory Comments](#)
Subject: Patrick Beste - Comments on proposed Rule: PCA - Risk Based Capital
Date: Wednesday, May 14, 2014 12:11:51 PM
Attachments: [image002.png](#)
[image003.png](#)

Dear Mr. Poliquin:

As an employee of Resource One, I would like to take the time to address my personal concerns regarding the proposed Risk-Based Capital Rule. While I support the requirements for credit unions to be financially healthy, the proposal would instead have an adverse effect on the movement. I would like to express my concerns and offer the following comments with the intent to improve the proposal:

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.

Mortgage loans made to borrowers with low LTV ratios are treated in the same manner as loans made to borrowers with high LTVs. The proposed regulation should expand when dealing with credit and collateral risks

Member business loans and mortgage concentrations do not appear to be aligned with the actual risk for credit unions. A home equity loan would carry a higher risk weight (100% to 150%) than a credit card loan (75%). As arbitrary, although obvious, as it may seem, should to be reassessed and reclassified

I conclude that although the proposal is admirable in theory, but modifications need to be made. I ask that the proposed rule be reexamined and be refined to allow all credit unions to continue serving their members' needs.

Regards,



Patrick Beste

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