

From: [Rachel L. Novak](#)
To: [Regulatory Comments](#)
Cc: [Cleo Segovia](#)
Subject: Rachel Novak - Comments on Proposed Rule- PCA Risk Based Capital
Date: Thursday, May 15, 2014 11:27:23 AM
Attachments: [image004.png](#)
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May 09, 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:

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:

Current System:

- The current system works, credit unions came through the last Recession, the worst financial crisis since the Great Depression, just fine. Resource One has long demonstrated consistent growth since it was originally chartered. Although I believe the NCUA is making motions to improve capital risk within the credit union movement, there seems to be flaws in its current state.

Member Business Loans:

- Regarding member business loans, assigning more risk for member business lending in excess of 15% of assets has no basis considering credit unions are capped at 12.50%, unless the proposed regulation implies the waiver process serves no benefit to address the additional perceived risks in the eyes of the NCUA.

ALLL:

- 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.

Thanking you again for allowing me the opportunity to convey my comments concerning the proposal.

Sincerely,

Rachel Novak
Branch Lead



Rachel Novak

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