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MAY19'14 PM 1:47 BOARD

May 12, 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 concerns regarding the proposed Risk-Based Capital Rule. Although I support the requirements for credit unions to be financially healthy, I feel the proposal would instead have a negative impact within the movement. I would like to offer the following suggestions with the anticipation to improve the proposal:

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. Even though the NCUA is making motions to improve capital risk within the credit union movement, there seems to be discrepancies in its current form.

When it comes to member business loans, the increase in reserve percentages based on concentration of 150-200% when the banking industry is at 100%, seems excessive. Credit Unions tend to be more conservative, which will limit our ability to be financially competitive.

Discounting the allowance for loan loss balances to a 125% risk rating does not parallel with the purpose of this regulation. The risk-based nature of a credit union is evident in allowance accounts. The RBC proposal takes control of credit risk management from the management team. The 125% risk rating premium will cause credit unions to change their business plans and manage their balance sheets around a ratio.

Regarding most investments, especially those with life in excess of five years, are normally classified as "available for sale" for accounting purposes. They require regular market value adjustments against the credit union's equity. Since those investments are already accounted for at fair market value, the 150% risk rate seems unwarranted.

NCUA needs to reconsider the deductions of the NCUSIF deposit from equity. The RBC proposal implies that the deposit is insignificant and should be expensed versus the current method of capitalizing the deposit. It becomes more difficult to prove the asset has economic value when it carries no value within the calculation.

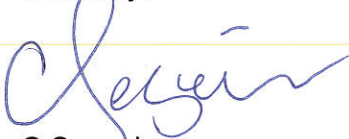
Additionally, the RBC proposal has a weight-risk of 150% for delinquent loans, while banks are only at 100% risk-rate. This discrepancy between credit unions and banks is simply unfair. Please consider that banks report delinquency after ninety days, whereas credit unions do it after sixty days.

Another item in the RBC 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. This is particularly disconcerting considering that the proposal is already more stringent than banks. 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.

Lastly, the 18-month proposal implementation period for such an impactful proposal is unjustly short. 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 decisions.

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 share my views.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C Segovia', written over a horizontal yellow line.

C Segovia
Financial Analyst