Resource One
CREDIT UNION
Member owned. Not-for-profit.

May 20, 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:

Although NCUA's Risk-Based Capital could prove to be beneficial, the proposed rule will have a negative impact on the credit union movement if implemented in its current form. I would like to make suggestions and comment to potentially improve its current limitations:

- The RBC proposal has a weight-risk of 150% for delinquent loans, while banks are only at 100% risk-rate. This excessive discrepancy between credit unions and banks is simply unfair. Keep in mind that bank report delinquency after 90 days while credit unions do it after 60 days.

- Performing collateralized consumer loans with collateral should have lower risk weight than unsecured consumer loans. The proposed rule seems to punish credit unions for quality loans.

- The allowance for loan loss is capped at 125% of risk assets. Credit unions would be penalized for being conservative in funding their allowance. Given that the allowance for loan loss must comply with generally accepted accounting principles, it would seem that 100% risk weight would be more appropriate for the allowance for loan loss.

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

Sincerely,

Larry J Jimenez
Collections Manager