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

May 15, 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:

The Risk-Based Capital regulation is an admirable notion, however I anticipate some flaws and discrepancies as it is proposed. I would like to express my concerns and offer the following comments with the intent to improve the proposal:

Credit unions have long survived various economic adversities, for example, the last Recession. Why is more capital required, if with the Recession, we demonstrated that the movement had satisfactory capital? The overabundance capital will come on at the expense of our members.

I also 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.

The proposed agreeability date of year and a half is not sufficient time. Basel III permits banks five years to consent. Delay the institution to December 31, 2017, permitting Credit unions three years to get ready and adapt viably. Allow management and the board be better prepared for the potential proposal without settling on reactive and impulsive decisions.

I presume that in spite of the fact that the proposal is commendable in principle, changes need to be made. I ask that the proposed standard be reconsidered and be refined to permit all credit unions to keep serving their members' needs.

Sincerely,

Chris Degelia
Board Member

NCUA

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