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

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:

Thank you for allowing me the time to voice my opinion regarding the anticipated Risk-Based Capital Rule. I support the credit union movement and would like to comment on the potential upcoming Risk-Based Capital Rule. I hope my comments will aid potential improvements on the proposal:

- The current system works, credit unions came through the last Recession, the worst financial crisis since the Great Depression, just fine. Frankly, credit unions didn't precipitate the problem. Further, given that credit unions control far less than 10% of the financial assets in system, as an industry credit unions don't present a material risk to the financial markets. Resource One has long demonstrated consistent growth since it was originally chartered. Although I believe the NCUA is making an effort to improve capital risk within the credit union movement, the current proposal appears to be more of a "knee jerk" reaction rather than a logical, well-reasoned approach to a relatively minor matter. Credit Unions have survived various economic downturns, including the last Recession. This is evidence that the movement has adequate capital. The excess capital will come at the expense of our members through higher loan rates and lower dividend rates, as capital is only generated from RETAINED earnings.

- Instituting an 18-month timeframe for these changes is not enough time to allow credit unions to restructure their balance sheets effectively to increase the required capital. Credit unions need to be allowed more time to effectively strategize and plan for the proposal. Basel III allows banks 5 years to comply. Credit unions should be given the same amount of time. This would allow credit unions time to prepare and adjust their balance sheets effectively.

- MBLs are weighted too heavily, given the restriction on the percentage of member business loans compared to assets. This prevents the credit union from growing in this asset class. With the current limitation of 12.5% of assets, MBL's already get a disproportionate amount of attention from NCUA examiners, given the limitation.

I appreciate the opportunity to voice my concerns regarding the proposed Risk-Based Capital Rule. I sincerely hope you take my comments and views into considerations for possible improvements on the proposal.

Sincerely,

Mark L. Joyce
Director of Commercial Lending