From:	Jim Ladner
To:	_Regulatory Comments
Subject:	Jim Ladner - Comments on Proposed Rule: Risk-Based Capital (RBC2)
Date:	Friday, April 24, 2015 7:15:02 PM
Attachments:	image002.png image003.png

Dear Mr. Poliquin,

Thank you for the opportunity to voice my opinion regarding the revised Risk-Based Capital Rule. While I support the spirit of the proposed regulation, I believe the updated proposal would continue to have an adverse impact on the credit union movement. As a Chief financial officer with over thirty years of experience in the credit union, savings and loan and banking industries, I would like to comment on the Risk-Based Capital proposal in its updated form. I trust my comments will help form a potential common ground for enhancements to the proposed Risk-Based Capital Rule II.

Although Resource One is well capitalized under both measures, our margin under the proposed risk based formula is reduced. Improvements were noted regarding the risk rating for CUSO investments, however they still remain significantly higher than banks. CUSO's provide credit unions a perfect solution to offer its membership products and services their members demand. I fear the of the 150% risk weighting will only serve to needlessly penalize credit unions and make it more difficult to compete with banks that operate under less burdensome regulations.

RBC2 proposal increased this threshold from $50 million to $100 million. There are still concerns with the approach of defining credit unions as complex simply based on asset size. NCUA should define complex with factors such as deposit account types, member services, loan and investment types, and portfolio composition. We feel this approach is more consistent with the Federal Credit Union Act which requires NCUA to consider "the portfolio of assets and liabilities" of credit unions when determining whether they are "complex."

The RBC2 allows for the inclusion of "supervisory" goodwill as part of capital, but only until January 2025. Over the past several years, credit unions have accumulated sizable amounts of goodwill on their balance sheet attributed to the mandated use of the equity method to account for mergers. These credit unions would be penalized if they were no longer permitted to include supervisory goodwill after 2024. Goodwill arising from previous supervisory mergers should be grandfathered and allowed to be counted as risk-based capital without a time limit so long as it meets GAAP requirements.

I sincerely hope you take my comments and views into considerations for possible improvements on the proposal. I appreciate your willingness to allow me to express my comments on this revised impactful regulatory proposal.

Respectfully,

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