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| **From:** | Gary Clark |
| **To:** | _Regulatory Comments |
| **Subject:** | Proposed Regulation 12 CFR Part704 |
| **Date:** | Wednesday, March 03, 2010 9:16:14 PM |

March 3, 2010

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Dear Ms. Rupp:

I am the CEO of Missoula FCU a member of Treasure State Corporate Credit Union. I appreciate the opportunity to provide input regarding the proposed revisions to Regulation 704. As you are aware all credit unions have taken a sever hit to capital because of the actions of a few corporate credit unions. This regulation while well intended will severely hurt small corporate credit unions like TSCCU. The regulation will require a corporate to meet unrealistic retained earnings goals ranging from .45% after three years to 2% after ten. Retained earnings can only be build through earnings which come primarily from investment spreads. With additional restrictions on investment there will not be time to build to these levels in the time allotted. Just consider the time it took from inception of the corporate network till the conservatorship of US Central and WESCORP and look at the limited retained earnings the corporate system accumulated. TSCCU invested mainly in US Central, even with the expanded investment authority and thus high rates they paid on TSCCU's investments the retained earnings built up very slowly. I would recommend that the ratio be lower and time extended.

Another area of concern is governance of the corporate credit union. Limiting the directors to 6 years only reduces expertise it forces credit unions in small states to select from a dwindling pool. There are only 58 credit unions in Montana many of which are very small and the time commitment and expertise necessary to be a board member would only be available from an even smaller number of credit union.

Finally last area of concern is limiting the percentage of deposits by any one credit union in the corporate which will lower assets, reduce earnings from investment spread and also force larger credit unions to seek alternative and thus weaken the corporate in the long run. This would force the corporate to increase fees for services to maintain earnings which will eventually be detrimental to the natural person credit union. This proposed regulation eliminates the ability of the corporate to redeem an outstanding certificate at a premium price. I believe this will also cause more disintermediation of funds and they will go elsewhere again reducing spread income. It appears the corporate will become only an operational service provider not an investment vehicle once again hurting the small natural person credit union.

Again thank you for the opportunity to comment. I only hope that there will one day again be a vibrant corporate system.

Respectfully,

Gary R. Clark
President/CEO