



March 3, 2010

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

RE: Proposed Regulation 12 CFR Part 704

Dear Ms Rupp:

Thank you for the opportunity to provide input to the NCUA Board regarding the proposed changes to Part 704. Although this proposed regulation is directed at corporate credit unions, the regulation will have an impact on all natural person credit unions. Golden Plains Credit Union, located in Garden City, Kansas, is a member of Kansas Corporate Credit Union. As a member-owner of Kansas Corporate, I would like to comment on a proposed regulation that will affect my credit union and the members we service.

There are sections of the proposed rule that if approved, will require my credit union to seek alternatives, which could prove to be more costly and potentially more unreliable, than using Kansas Corporate's products and services. For almost sixty years, Kansas Corporate has done an excellent job of providing these products and services to the credit unions in our state in a cost effective and reliable manner.

After reviewing the proposed regulation, I would like to comment on several issues. First, in regards to the section related to capital. The proposed regulation requires a corporate to meet a 0.45% retained earnings ratio by the end of three years; 1.00% after six years; and 2.00% after ten years. The new 4% leverage ratio must be met within 12-months after implementation of the regulation. Only retained earnings and perpetual contributed capital can be counted towards meeting the leverage ratio. In the current economic and interest rate environment, it seems unrealistic for the retained earnings portion of the leverage ratio to be met. I would like to see additional time to achieve the periodic benchmarks for the retained earnings portion of the leverage ratio be considered. I would recommend that the leverage ratio requirement be effective three years after the regulation is approved instead of one year. And the periodic benchmark to achieve the retained earnings portion of the leverage ratio be changed to four, eight and twelve years.

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The second issue I would like to comment on is related to term limits for directors. Kansas Corporate has always had good representation on the board of directors from credit union officers representing all asset levels. With 120 member credit unions, Kansas Corporate has a smaller pool of potential volunteers. Finally, the operations of a corporate credit union differ greatly from a natural person credit union, thus it takes time to thoroughly understand these operations. I would like to see the term limit be increased to a minimum of nine consecutive years or completely eliminated.

The next issue I would like to comment on is the penalty for early withdrawal of certificates. The proposed regulation eliminates the ability for Kansas Corporate to redeem an outstanding certificate at a premium price. This would partially eliminate the current attractiveness of a corporate certificate because it would eliminate my credit union's ability to turn that asset into cash when needed. This will place Kansas Corporate at a competitive disadvantage as well as reduce their longer term deposits. I believe that the current regulation should stay in place and if necessary, define a mechanism for how a gain should be paid.

Finally, the proposed regulation does not address replenishment of member contributed capital. I would like to see NCUA allow in the regulation a mechanism where NCUA and corporate credit unions can return capital back to existing capital holders if actual losses on investments in which OTTI has been taken are less than projected and a corporate meets all regulatory capital standards. NCUA should allow for the same accounting treatment as national standards and not permanently deplete credit union capital based upon projections.

Thank you for the opportunity to comment on the proposed revisions to regulation 704. Golden Plains Credit Union views Kansas Corporate Credit Union as a strategic business partner.

I do believe that in light of the events over the past two years it is important to strengthen the corporate network. It is evident from the proposal revision that NCUA has put a lot of thought and consideration into this proposal. However, I want to see my corporate be given every opportunity to continue to provide valuable products and services to my credit union.

Thank you again for the opportunity to comment on the proposed revisions to regulation 704.

Sincerely,

Ted Underwood, Executive Vice President
Golden Plains Credit Union

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