NAFCU

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National Association of Federally-Insured Credit Unions

December 2, 2021

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20515

Re: Support for NCUA's Call for Extension of Authority Regarding the Central Liquidity Facility

Dear Leader Schumer, Leader McConnell, Speaker Pelosi and Leader McCarthy:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to share our support for the National Credit Union Administration's (NCUA) call to make permanent its authorities for the Central Liquidity Facility (CLF) granted under the CARES Act. As you are aware, NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 127 million consumers with personal and small business financial service products. We thank you for providing credit unions with important tools to help their members in pandemic relief packages.

On November 29th, all three members of the NCUA Board joined together in a bipartisan letter to urge Congress to make permanent, or extend, the enhancements to the NCUA's CLF made under the CARES Act. As you are aware, these authorities are set to expire at the end of this year. These enhancements provide the NCUA with a vital tool to ensure the credit union system has access to a critical contingent liquidity source as it responds to the COVID-19 pandemic and beyond. Making these changes permanent would provide regulatory certainty for federally-insured credit unions and grant the NCUA additional flexibility to safely manage access to emergency liquidity.

The CARES Act made four important changes to the CLF including: 1) Increasing its maximum legal borrowing authority; 2) Permitting temporary access for corporate credit unions borrowing for their own needs; 3) Providing greater flexibility and affordability to agent members by no longer imposing a strict capital stock subscription requirement for all members the agent serves, and instead allowing the agent to buy capital stock for a subset of its members; and, 4) Providing the NCUA with more clarity and flexibility to approve applications for CLF members that have made a reasonable effort to first utilize primary sources of funding. These changes help the credit union system and protect the taxpayer against the risk of future systemic shocks to industry liquidity. We urge Congress to act to prevent the expiration of these provisions and continue providing credit unions with this important liquidity tool.

We thank you for your leadership on this issue and the opportunity to share our thoughts. We urge you to support the extension of these CLF authorities and look forward to continuing to work with you on the path to economic recovery. Should you have any questions or require any additional information, please contact me or Lewis Plush, NAFCU's Associate Director of Legislative Affairs, at lplush@nafcu.org.

Sincerely,

Brad Thaler

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the United States Senate
Members of the U.S. House of Representatives