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National Association of Federally-Insured Credit Unions

May 24, 2021

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Central Liquidity Facility (RIN: 3133-AF15)

Dear Ms. Conyers-Ausbrooks:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing to share our support for the National Credit Union Administration's (NCUA) interim final rule extending statutory enhancements to the Central Liquidity Facility (CLF). NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 124 million consumers with personal and small business financial service products. NAFCU and its member credit unions value the NCUA's close attention to the issue of liquidity access and support a strong CLF. The CLF is an important liquidity backstop that is uniquely responsive to the needs of credit unions. Modernizing the functionality and accessibility of the CLF—particularly through increased borrowing capacity and a more flexible capital stock subscription requirement as envisioned under the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act)—would improve the safety and soundness of the industry during times of economic uncertainty.

Despite the hardships created by the COVID-19 pandemic, credit unions have been successful in extending loans, forbearances, and other accommodations to help members overcome strains on household finances and businesses retain their employees. More favorable terms of access to the CLF provide a valuable safety net to support this activity and would—if permanently extended by Congress—bolster the resilience of the industry to future liquidity shocks.

NAFCU supports the NCUA's efforts to promote legislative enhancements to the CLF and its request to make the amendments in the CARES Act and their extension in the *Consolidated Appropriations Act, 2021* permanent. As the NCUA noted in testimony before the House Committee on Financial Services, new memberships added \$1.6 billion in additional total subscribed capital stock plus surplus to the CLF, which has helped boost the facility's borrowing authority to \$36.1 billion, an increase of \$25.6 billion since April 2020.¹ As a result of statutory

¹ NCUA Chairman Todd M. Harper's Written Testimony before the U.S. House of Representatives Committee on Financial Services (May 19, 2021), available at <https://www.ncua.gov/newsroom/testimony/2021/ncua-chairman-todd-m-harpers-written-testimony-us-house-representatives-committee-financial-services>.

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enhancements, 4,110 credit unions, or 81 percent of all federally insured credit unions, now have access to the CLF, either as a regular member or through their corporate credit union.

NAFCU thanks the NCUA for the opportunity to comment on the interim final rule and will continue to offer its support to secure permanent, legislative enhancements to the CLF. We ask that the NCUA support the discussion draft of the "Central Liquidity Facility Enhancement Act" which would help ensure that the NCUA has ample authority to help credit unions the next time financial uncertainty arises.²

Should you have any questions or require additional information, please do not hesitate to contact me at (703) 842-2266 or amorris@nafcu.org.

Sincerely,

A handwritten signature in cursive script that reads "Andrew Morris".

Andrew Morris
Senior Counsel for Research and Policy

² See H.R. _____, the "Central Liquidity Facility Enhancement Act." https://democrats-financialservices.house.gov/UploadedFiles/BILLS-117pih-HR____CentralLiquidityFacilityEnhancementAct.pdf.