Office of the Board

November 29, 2021

SENT BY EMAIL

The Honorable Patrick J. Toomey
Ranking Member
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Ranking Member Toomey:

We, the Members of the National Credit Union Administration Board, respectfully request that any government funding agreement beyond the end of the year include permanent enhancements to the NCUA's Central Liquidity Facility (CLF). These enhancements provide the NCUA with a vital tool to ensure continued liquidity of the credit union system as it responds to the COVID-19 pandemic and beyond. Permanence would provide regulatory certainty for federally insured credit unions and bolster the credit union system's ability to respond to any future emergencies by serving as an essential shock-absorber for credit unions and the National Credit Union Share Insurance Fund.

The CLF enhancements' provision—which comes at no cost to the taxpayer—originated in the CARES Act, was extended in the Consolidated Appropriations Act of 2021, and expires on December 31, 2021.[1] These enhancements made four important changes to the CLF by:

- Increasing the CLF's maximum legal borrowing authority;
- Permitting temporary access for corporate credit unions, as agent members, to borrow for their own needs;
- Providing greater flexibility and affordability to agent members to join and serve smaller groups of their covered institutions than their entire memberships; and
- Providing the NCUA Board with more clarity and flexibility regarding the loans it can approve by removing the phrase, "the Board shall not approve an application for credit the intent of which is to expand credit union portfolios."

Due to this provision, 4,107 credit unions (82 percent of all federally insured credit unions) now have access to the CLF (up from only 283 credit unions in April 2020). The growth in the number of CLF members is a testament to our nation's credit unions coming together in a time of crisis to strengthen the national system of cooperative credit.

Should permanence of these provisions not be possible at this time, we request an extension of an additional year, at a minimum, for continued stability during the pandemic response.

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[1] *See:* *https://www.govinfo.gov/content/pkg/PLAW-116publ136/pdf/PLAW-116publ136.pdf Title IV - Section 4016; see also: https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf Title V,* *Subtitle C - Sections 540(a)(2) and (b).`*

Making these enhancements permanent would bolster the long-term stability of the credit union system and ensure the safety and soundness of the National Credit Union Share Insurance Fund. If you should have any additional questions, please feel free to contact us directly, or have your staff contact Al Garesché in our Office of External Affairs and Communications at agaresche@ncua.gov.

Sincerely,

Todd M. Harper
Chairman

Kyle S. Hauptman
Vice Chairman

Rodney E. Hood
Board Member