



June 29, 2020

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

Re: Central Liquidity Facility; RIN 3133-AF18

Dear Chairman Hood:

On behalf of the 2.2 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the interim file rule relating to the Central Liquidity Facility.

HCUA appreciates the NCUA Board issuing this interim file rule to provide credit unions with greater access to liquidity to help ensure they remain operational throughout the COVID-19 crisis. This rule will make it easier for credit unions to join the NCUA Central Liquidity Facility ("Facility"). In addition, this rule makes several amendments to conform to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act").

The purpose of the Facility is to improve general financial stability by meeting liquidity needs of credit unions and thereby encouraging savings, supporting consumer and mortgage lending, and providing basic financial resources to all segments of the economy. It is our understanding that the NCUA Board issued this interim rule to enhance liquidity for credit unions during COVID-19 pandemic and to make regulatory changes that cohere to the CARES Act. Due to the widespread impact of the pandemic and the speed with which disruptions have transmitted throughout the United States, HCUA commends the NCUA Board for moving expeditiously in the form of an interim final to help serve the interests of the public and the federally insured credit unions that serve the public.

Currently, Section 725.3 provides that, with limited exception, any credit union that becomes a regular member of the Facility may not receive Facility advances, without approval of the NCUA Board, for a period of six months after becoming a member. HCUA agrees that it is important to remove this restriction considering the overarching need to make such liquidity assistance timely. The advantages of accelerating liquidity-need loans to new members outweigh the practical reasons that having a waiting period might afford the Facility's operations.

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Under the Federal Credit Union Act, a credit union member may terminate its membership after a specified amount of time based on that credit union's stock subscription in the Facility. The NCUA Board is amending this section to temporarily permit a credit union, regardless of its percentage amount of stock subscription, to withdraw from membership in the Facility after notifying the NCUA Board in writing on the sooner of six months from the date of written notice or December 31, 2020. HCUA believe this flexibility may encourage eligible credit unions to join the Facility. Also, the reduction in the amount of collateral required for certain assets used to secure each Facility advance may ease the collateral requirements to permit a greater amount of borrowing overall.

HCUA supports the changes to the CLF made in the interim final rule to implement the CARES Act. The CARES Act made several important changes to the CLF including increasing the CLF's maximum legal borrowing authority and permitting corporate credit unions to act as agents for credit unions. These changes improve the operation and accessibility of the CLF to credit unions by expanding the amount of liquidity the NCUA can provide to them. However, these legislative measures are temporary and set to sunset at the end of 2020.

HCUA supports the termination of membership and updated collateral requirement made in the interim final rules. These amendments are regulatory and do not have a sunset provision and will bring the CLF more closely into alignment with requirements of the Federal Reserve to borrow from the Discount Window. These changes also encourage larger credit unions to join the CLF and reduce barriers for all credit unions to join and use CLF.

As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,

A handwritten signature in black ink that reads "Bradley D. Douglas". The signature is written in a cursive, flowing style.

Brad Douglas  
President/CEO