

CORPORATE CREDIT UNION *Alliance*

July 29, 2025

The Honorable Alex Padilla
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Kevin Cramer
United States Senate
313 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Padilla and Senator Cramer:

The Corporate Credit Union Alliance (CCUA), an association of eleven corporate credit unions nationwide providing liquidity and payment services to nearly 4,500 credit unions that serve the borrowing and saving needs of approximately 143 million consumers, commends your efforts to modernize the Central Liquidity Facility (CLF). An important pillar of any stable and well-functioning financial system, liquidity stands alongside capital as an essential safety and soundness component.

The credit union system, through its federal regulator the National Credit Union Administration, maintains the CLF as a source of contingent liquidity to the credit union industry. Created by Congress in 1979, this mixed ownership government corporation is an instrument of the Federal Government, owned by its member credit unions and managed by the NCUA Board. According to the NCUA, “the purpose of the Facility is to improve the general financial stability by providing member credit unions with a source of loans to meet their liquidity needs and thereby encourage savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy.”

The CCUA has consistently supported the ongoing efforts by NCUA to persuade Congress to permanently modernize the ability of the CLF to serve as an efficient liquidity backstop. If successful, this important initiative by NCUA would improve overall systemic safety and soundness and better provide credit unions, particularly those under \$250 million in assets, with an essential additional liquidity resource in the event of future strains on the U.S. financial system.

In particular, the CCUA strongly supports NCUA’s requests to Congress for statutory changes that would allow corporate credit unions, as agents, to buy the CLF capital stock required for membership for a subset of their members versus their entire membership. This makes membership more affordable and efficient for the over 2,900 credit unions under \$250 million that do not have immediate and ready access to emergency liquidity through the CLF. Additionally, statutory changes that would allow corporate credit unions to directly borrow from the CLF for their own needs would also

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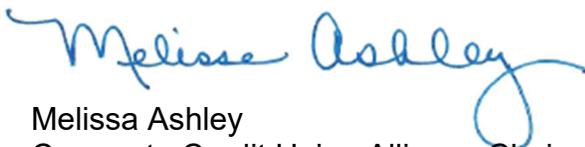
support the overall liquidity position of the credit union industry given the important role that corporate credit unions play in providing liquidity to credit unions across the nation. Importantly, NCUA Board Members have previously noted that the CLF improvements they are requesting Congress to approve would impose no cost on the American taxpayer.

The need for strong and dependable liquidity sources for all segments of the financial services sector, including credit unions, is widely recognized. In a joint July 2023 statement, the Federal Reserve, joined by the NCUA and other federal financial regulators, issued a call for additional focus on liquidity management tools, stating that “depository institutions should maintain actionable contingency funding plans that consider a range of possible stress scenarios. The events of the first half of 2023 have further underscored the importance of liquidity risk management and contingency funding planning.” The NCUA amplified this call in a follow-up statement, noting that “federal and state-chartered credit unions can access the Central Liquidity Facility as a contingent federal liquidity source. The Central Liquidity Facility exists to provide federally sourced backup liquidity where a credit union’s liquidity and market funding sources prove inadequate.” In January 2024, the NCUA also issued an Advisory on Liquidity Risk Management that discussed the importance of maintaining diversified liquidity sources, including the CLF.

Taken together, these regulatory recommendations appropriately signal the need for heightened liquidity risk management tools. Your draft Bill is an excellent step forward in modernizing the CLF; however, it could be made even stronger by also allowing the eleven corporate credit unions to access the CLF if needed. We have respectfully included suggested redlined edits to Subchapter III - Central Liquidity Facility that would accomplish this.

The CCUA stands ready to assist you and Congress in any way possible to achieve these important enhancements to the CLF, and we respectfully but firmly encourage Congress to take a proactive and forward-looking course of action during a time when there is no crisis. The currently stable liquidity environment for credit unions should be viewed as an opportunity for improvements to this vital element of the credit union system’s overall safety and soundness toolkit, and we are hopeful that Congress takes note, and acts accordingly.

Sincerely,



Melissa Ashley
Corporate Credit Union Alliance Chair
Corporate One Federal Credit Union, President/CEO

SUBCHAPTER III—CENTRAL LIQUIDITY FACILITY

§1795a. Definitions

As used in this subchapter, the term—

(1) "liquidity needs" means the needs of credit unions ~~primarily serving natural persons~~ for—

§1795c. Membership

(a) Credit unions ~~serving natural persons~~

A credit union ~~primarily serving natural persons~~ may be a Regular member of the Facility by subscribing to the capital stock of the Facility in an amount not less than one-half of 1 per centum of the credit union's paid-in and unimpaired capital and surplus.

(b) Credit unions serving other credit unions

A credit union or group of credit unions, primarily serving other credit unions, may be an Agent member of the Facility by—

(1) obtaining the approval of the Board;

(2) subscribing to the capital stock of the Facility in an amount not less than one-half of 1 per centum of the paid-in and unimpaired capital and surplus of ~~all those credit unions~~ such credit unions as the Board may in its discretion determine ~~which are members of the Agent and are not Regular members;~~ primarily serve natural persons, which are members of such credit union or of any credit union comprising such credit union group, and which are not regular members;

(3) agreeing to comply with rules and regulations the Board shall prescribe with respect to, but not limited to, management quality, asset and liability safety and soundness, internal operating and control practices and procedures, and participation of natural persons in the affairs of such credit union or credit union group; and

(4) agreeing to submit to the supervision of the Board which shall include, but not be limited to, reporting requirements and periodic unrestricted examinations.

§1795e. Extensions of credit

(a)(1) A member may apply for an extension of credit from the Facility to meet its liquidity needs. The Board shall approve or deny any such application within five working days after receiving it. ~~The Board shall not approve an application for credit the intent of which is to expand credit union portfolios.~~