August 20, 2012

***Via Email to regcomments@ncua.gov***

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: Proposed Rules on Maintaining Access to Emergency Liquidity

Dear Ms. Rupp:

University Federal Credit Union ("UFCU") appreciates the opportunity to comment on the proposed rules on Maintaining Access to Emergency Liquidity (the "Proposal"). UFCU is a $1.5 billion federally-chartered credit union headquartered in Austin, Texas that serves over 150,000 members. There is no question about the value of proper liquidity management, including access to emergency funding sources. We provide the following comments with the intent to improve the Proposal.

1. We agree with the Proposal that the Federal Reserve Discount Window is an appropriate source of emergency liquidity funding.

2. The Proposal does not include the Federal Home Loan Banks ("FHLBs") as an emergency liquidity source. We believe this position is in error and is in direct conflict with the Federal Reserve Bank of New York research. In Staff Report Number 357 by Adam B. Ashcraft, Morten L. Bech and W. Scott Frame in November 2008, the authors concluded:

   *"The ongoing global financial crisis has provided an opportunity to learn about the roles of many often-overlooked financial institutions and financial markets. The often-overlooked FHLB System was one of the first institutions to emerge as an important provider of government-sponsored liquidity. Indeed, it was about eight months into the crisis before the Federal Reserve eclipsed the FHLB System in terms of crisis-related lending to the financial system. Nevertheless, the FHLB System remains, by far, the largest lender to U.S. depository institutions while most of the Federal Reserve's liquidity operations have been for the benefit of non-depository or foreign financial institutions. Without the FHLB System, the Federal Reserve likely would have faced significant demand for borrowing at the Discount Window at a much earlier stage of the crisis."*

   No matter how one chooses to view the FHLBs, they have served and continue to serve as an uninterrupted source of emergency liquidity to member institutions with eligible collateral. We respectfully request that the final Proposal include the FHLBs as a contingent federal liquidity source.

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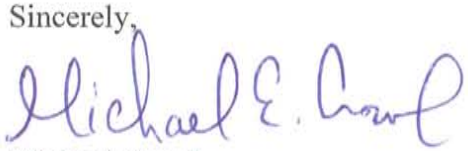
3. While the Proposal lists the Central Liquidity Facility ("CLF") as an emergency liquidity source, we believe that the CLF as it exists under current law is flawed and cannot function as such primarily due to the overly lengthy period required to approve and fund a loan (up to 10 days). Should a credit union need true "emergency" funding, 10 days is inadequate. At the Federal Reserve Discount Window and the FHLBs, funding can occur on the same day as the request. In addition, the amount of the required CLF stock purchase is not in line with the requirements from the Federal Reserve (no capitalization required) or the FHLBs. Furthermore, the CLF does not currently permit periodic contingency liquidity funding testing. We respectfully request that the NCUA seek the appropriate changes to the CLF so that it can function as a viable emergency liquidity source.

Thank you for the opportunity to provide comments on this matter.

Sincerely,



Michael Crowl
Senior Manager – Finance

cc: ***Via Hand Delivery***

Mr. Tony Budet
President and CEO
University Federal Credit Union

Mr. Yung V. Tran
Executive Vice President/Chief Financial Officer
University Federal Credit Union

***Via Email to rensweiler@tcul.coop***
Mr. Richard L. Ensweiler
President
Texas Credit Union League