TCT
FEDERAL CREDIT UNION

Sent via e-mail: regcomments@ncua.gov

September 24, 2012

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

Re: TCT Federal Credit Union – Comments on Notice of Proposed Rulemaking for Part 741, Maintaining Access to Emergency Liquidity.

Dear Ms. Rupp:

I appreciate the opportunity to comment on NCUA's Notice of Proposed Rulemaking regarding Access to Emergency Liquidity. TCT Federal Credit Union serves approximately 11,700 members and is $140 million plus in assets. I have read Alloya Corporate Federal Credit Union's comment letter and fully support the recommendations they make. Below is a table that highlights Alloya's comments and recommendations that I support.

Topic	**Issue**	**Comment**
Asset Level Required to Obtain Federal Liquidity Source	The proposed rule sets $100 million as the threshold for obtaining access to a federal liquidity source. This would affect approximately 1,400 or 20% of all credit unions and 88% of all credit union assets.	We suggest that a threshold of $250 million would cover over 75% of all credit union assets but reduce the burden of acquiring a federal source of liquidity to approximately 750 credit unions.
Use of Basel III Liquidity Measures	The NCUA Board has asked for comment on the costs and benefits of applying Basel III liquidity measures and monitoring tools to federally insured CUs with assets over $500 million.	We suggest that before utilizing any liquidity measures from the Basel III accord that the measures once finalized and issued be studied further in terms of effectiveness and cost.

Industry Solution	Without education most credit unions that are required to obtain access to the CLF or Discount Window are likely to go to the Discount Window - a non-credit union solution. In addition, those credit unions not required to obtain access to a federal source of liquidity will not recapitalize the CLF.	We suggest that the NCUA and CLF prepare a prospectus on the CLF including risks, benefits, structure, processes, dividend methodology and detailed operations in order to allow credit unions that believe an industry solution to emergency liquidity is preferable to make an informed decision on recapitalizing the CLF.
Speed of Advances	The CLF can take up to ten business days for advances whereas the Discount Window will fund the same day. This delay makes the CLF impractical as an emergency source and another reason most credit unions would choose the Discount Window.	We suggest that the CLF adjust its processes to reduce the funding speed of emergency advances to one day.
Future Considerations	The CLF in its present form is going to be significantly reduced as US Central Bridge is liquidated and most credit unions required to access a Federal source of liquidity are likely to utilize the Discount Window. The borrowing capacity of the CLF will be reduced from nearly $50 billion to around $2 billion.	We suggest that the CLF, which we believe to be a valuable credit union industry source of liquidity, be modernized. The first step would be to organize a task force made up of credit unions, the NCUA, CLF, corporates and trade associations to work on a long-term vision and to seek statutory changes for the CLF to make it a viable option to the Discount Window and a strong industry solution to any potential future liquidity crises. Among possible statutory changes are: • Allowing Agents to provide capital on behalf of subsets of their membership (such as fully capitalized corporate members or corporate members under a certain asset size) to encourage participation. • Allowing corporate credit unions to capitalize and borrow from the CLF. This would provide an additional layer of emergency liquidity, especially to smaller credit unions including the 80% of credit unions that would not be required to gain access to a federal source of emergency liquidity under the proposed rule.

Credit Union Solution Needed

Recent history shows how important a credit union owned solution is when it comes to emergency funding. My fear is that many credit unions may be short sighted in believing that the Discount Window will be there in a time of need during a systemic event. As you know the Discount Window was not there for corporate credit unions in 2008 and 2009; it was the CLF.

The association of credit unions and the past financial crisis is a positive one for our members and Americans. We were able to operate as usual and be there for our members, while the banking industry was under great duress. In doing so credit unions received wonderful national press and publicity. The credit union name benefited from this and as result so did every credit union.

I cannot imagine what would have happened to TCT and all credit unions for that matter, if our payment systems seized up because corporate credit unions were unable to access the CLF in 2008 and 2009. The damage to the credit union name would have been a burden on every credit union in the United States.

Credit unions of all sizes should never forget that we all are linked to our name…credit union. It should be no surprise that in our time of need those outside of the credit union system were not there for us and we should not expect to rely on them to protect our name, or our members.

This is why it is critical that we continue with the CLF as our movement's liquidity backstop. Furthermore, allowing the CLF's limit to fall to $2 billion, when $19 billion was needed in 2009, ignores history. This could place the whole credit union movement at risk if another Lehman type moment occurs. In the short-term, NCUA should maintain at least a $20 billion limit until we are able to properly modernize and capitalize the CLF.

Modernizing the CLF would help it become more effective in its role "to improve the general financial stability of credit unions by serving as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls."[1] Please refer to the Speed of Advances and Future Considerations sections in the above table for issues that should be addressed.

In summary, I urge NCUA to work together with natural person and corporate credit unions to establish an effective credit union solution as our emergency liquidity backstop. I appreciate the opportunity to comment on this proposal. If you have any questions please feel free to contact me at (518) 884-7093 ext. 31. I also recommend that you contact Tim Bruculere, Vice President – Lending of Alloya.

Very truly yours,

Curt Cecala
CEO

[1] *Credit Union Resources and Information , Central Liquidity Facility,* http://www.ncua.gov/Resources/CLF/Pages/default.aspx