From: Kate Donovan
To: _Regulatory Comments
Cc: Wayne Mansur
Subject: Comments on Notice of Proposed Rulemaking for Part 741, in reference to the CLF
Date: Friday, September 28, 2012 5:47:02 PM

September 28, 2012

National Credit Union Administration

I would like to begin by thanking you for not only taking to time to solicit the feedback of credit unions, but also giving these responses the careful consideration they deserve. With the dissolution of U.S. Central Bridge, I understand the necessity for credit unions to formulate liquidity strategies and policies to preserve financial strength and health. However, the proposed rule on the Central Liquidity Fund (CLF) concerns me for a few reasons.

First, you are removing all access to second party liquidity providers, such as the Federal Home Loan Bank (FHLB), CUSOs, or other privately secured mechanisms, such as brokered CDs or the sale of loan pools. This places an extreme emphasis of presumed reliance on a government entity to "bail out" credit unions at times when poor management, forecasting, and planning may create a liquidity crisis. Please remember that credit unions pride themselves on self-sufficiency and the principles of cooperativeness, collaboration, and conservative decision making. We are not banks, so please do not treat us as such by making us turn to a government entity (either the Fed or NCUA) as our source of back-up liquidity.

Secondly, and in keeping with my first point, the proposed action forces credit unions without easy access to Federal Reserve liquidity to gain their contingency funding directly from the NCUA- the same entity that REGULATES them! Won't this cause increased scrutiny in the examination process, possibly leading to increased oversight by the NCUA even for state chartered credit unions? I ask again, please allow us to maintain the independence that has served as so well thus far.

Finally, I question the sincere intentions of this proposed regulation: it would, on the surface, appear that the NCUA is attempting to secure their own capitalization (and liquidity) through a seemingly forced stock purchase. The mere fact that only credit unions with over $100 million in assets (rather than, say, "those with loan-to-share ratios in excess of 85%"), suggests the need for the NCUA to raise large amounts of funds quickly. Essentially, this focus on $100 million credit unions, as opposed to $20 million credit unions, implies that larger credit unions will, in turn, provide higher levels of capitalization and to create the capitalization and funding the NCUA seeks, they are not "wasting time" on lower volume credit unions that will provide the NCUA with fewer funds.

I sincerely appreciate the solicitation for response you have extended to credit unions. Please take into account my concerns as well as the perception this proposed legislation creates for the credit unions you regulate.

Sincerely,

Kate Donovan

Texoma Community Credit Union

Wichita Falls, TX

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Thank you and have a great day!

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