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September 28, 2012

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

RE: Comments on Notice of Proposed Rulemaking for Part 741, Maintaining Access to Emergency Liquidity

Dear Ms. Rupp,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the Notice of Proposed Rulemaking for Part 741, Maintaining Access to Emergency Liquidity. As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 149 Georgia credit unions that have over 1.8 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

We do not support NCUA adopting a rule regarding emergency liquidity at this time and we strongly recommend that NCUA consider not proceeding with the proposal as drafted. We believe that existing guidance in the form of the 2010 interagency guidance on liquidity is sufficient. At a time when credit unions are being overwhelmed with additional regulatory requirements, it would seem prudent to impose additional rules only if there is a demonstrated need to protect the safety and soundness of the movement. Annually, credit union examiners review credit union's Interest Rate Risk and Liquidity Position and then the credit union is assigned a CAMEL rating.

It should be left up to credit union management to determine adequate liquidity resources and the size of the credit union should not be a factor. But if NCUA does proceed with the proposal then we would recommend that NCUA ensures the definition of smaller credit unions for purposes of reduced regulatory burdens under any liquidity final rule dovetail with the agency's revised definition of "small entity" that is out for comment now. Each credit union should be able to demonstrate to examiners their adequate liquidity resources and ability to access liquidity resources if needed. If NCUA wants to use the Emergency Liquidity Ratio (ELR) to measure deposits (shares) as a proportion of cash and short-term investments this could be used by credit union management (or NCUA) to determine whether an emergency situation could arise.

We agree that it is beneficial to know a credit union's liquidity position prior to an emergency situation. However, historical evidence actually shows the lack of a need for specific emergency liquidity. For 29 years of its 31-year history, the CLF did very little lending to natural person credit unions. More than 91% of the lending the CLF did occurred in the year 2009. Most of that was related to the conserved corporate credit unions. Over its almost three-decade existence, the CLF extended an average of 18 loans a year, with an average loan size of only \$3.3 million. Additionally, in extreme circumstances, the National Credit Union Share Insurance Fund can extend emergency liquidity to a credit union under Section 208 of the Federal Credit Union Act.

We do not agree that the Central Liquidity Facility (CLF) or the Fed's Discount Window should be the only sources of emergency liquidity for credit unions. It would seem that, if the rule goes forward, the Federal Home Loan Bank should also be considered as a resource for emergency liquidity, as it has been in the past. We also believe that NCUA should allow a credit union's corporate credit union to be a source for emergency liquidity.

We believe the (CLF) should continue to exist. NCUA noted that the CLF during the financial crisis played a very important role, including providing loans to the National Credit Union Share Insurance Fund, and liquidity to some of the corporate credit unions, totaling over \$20 billion. Per NCUA's explanation, the CLF makes liquidity advances to CLF members that are funded with matched borrowings from the Federal Financing Bank. We recommend that the CLF's file remain as is, or be expanded to facilitate non-emergency credit for credit unions as well. The CLF could provide for a lower or more competitive borrowing rate to credit unions. This could be accomplished by allowing credit unions to place deposits at the CLF and letting the CLF pay a competitive rate to credit unions for use of overnight funds. We feel the requirements for regular CLF membership, in which the primary requirement is subscribing to CLF capital stock, should continue as it is currently written in the FCU Act and NCUA's Regulations.

We recommend that BASEL III liquidity monitoring requirements not be applied to larger credit unions. Credit unions cannot raise capital; they can only do so by their earnings. Credit Unions already have adequate capital measurements in place. The credit union industry has strong capital growth. We do not believe that BASEL III standards should be used to track maturity mismatches on the balance sheet.

GCUL appreciates the opportunity to present comments on behalf of Georgia's credit unions. Thank you for your consideration. If you have questions about our comments, please contact Selina Gambrell or Cindy Connelly at (770) 476-9625.

Respectfully submitted,

A handwritten signature in cursive script that reads "Selina M. Gambrell". The ink is dark and the signature is fluid and legible.

Selina M. Gambrell

Compliance Specialist