

# Central Liquidity Facility

## **Contact Us**

The Central Liquidity Facility (CLF) is a mixed-ownership government corporation created to improve the general financial stability of credit unions by serving as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls. Member credit unions own the CLF, which exists within the NCUA. The president of the Central Liquidity Facility manages the facility under the oversight of the NCUA Board.

Credit unions are encouraged to join the CLF as soon as possible. Membership is voluntary and open to all credit unions that purchase a prescribed amount of stock. There are two types of membership: Regular Members and Agent Members. Credit unions may borrow from CLF if they are a Regular Member, or are covered by an Agent Member (aka a corporate credit union).

On April 16, 2020, the NCUA published a letter to credit unions with guidance on the CLF. Please see the section below that corresponds to your credit union's asset size and/or CLF membership status to review the implications of this letter on your credit union's liquidity.

*Please note the CLF is designed for emergency liquidity purposes only.*

## For Alloya Members with Assets of \$250 Million or Less as of 12/31/2019

The NCUA letter published on April 16 stated that corporate credit unions with CLF Agent Member status may contribute capital on behalf of their member credit unions with assets of \$250 million or less as of 12/31/2019. We are pleased to inform you that Alloya's Board of Directors has authorized Alloya to subscribe to the CLF capital stock for these members. This contribution was made in early May and we encourage you to follow the procedures for **how to request an advance** should you need to borrow from this liquidity fund. No further action is required by Alloya member credit unions under \$250 million in assets.

Below are the answers to some frequently asked questions from members with assets of \$250 million or less.

Q: How much can we borrow from the CLF?

A: There is no set limit; your credit union's borrowing maximum is contingent upon CLF

approval or creditworthiness including collateral pledged. Q: What can we use as collateral for the loan?

A: Please review the **Collateral Margins Table**. Alloya will act as collateral administrator for the CLF and work with you to provide the necessary collateral documentation. In most instances, part of the collateral currently being held by Alloya will be assigned to the CLF for these borrowings. Q: What are the typical rate and term?

A: They are variable, but typically close to Fed Funds. Most borrowings are for 90-day terms.

## For Alloya Members with Assets Exceeding \$250 Million as of 12/31/2019

For members whose assets exceed \$250 million as of 12/31/2019, the NCUA letter to credit unions encourages CLF membership, and Alloya can help make that process easier. Since Alloya currently acts as a Correspondent for the CLF, any Alloya member who is a direct member of CLF works with Alloya for membership and borrowing transactions.

### **How to Establish Access to the CLF**

## For Alloya Members with Previously Established CLF Membership

If your credit union is already a member of the CLF, your credit union is covered by Alloya's Correspondent Member status with the CLF, and no further action is required. You can continue to follow the existing processes for borrowing with Alloya's assistance.