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July 12, 2024

The Honorable Sandra L. Thompson, Director
Federal Housing Finance Agency
Constitution Center
400 7th Street, SW
Washington D.C. 20219

Re: Federal Home Loan Bank (FHLB)

Dear Director Thompson:

The Hawaii Credit Union League is writing in response to the Federal Home Loan Bank Core Mission Activities and Mission Achievement RFI. Credit Unions in the state of Hawaii rely on the Federal Home Loan Banks for liquidity purposes that support home mortgage lending in the communities that our Credit Unions serve. Many of Hawaii's Credit Union's serve rural and low-income designated fields of membership.

The Hawaii Credit Union League supports an amendment to the Federal Home Loan Bank Act that includes Credit Unions in the definition of "Community Financial Institutions" so that Credit Union membership and participation in the FHLB system is simplified and parity is established with community banks.

The mission of the FHLB is the responsibility of Congress, not the Federal Home Finance Agency (FHFA). Congress has specifically required and authorized as the mission of the FHLB is outlined in the Federal Home Loan Bank Act, which is to provide liquidity to its members in support of housing and community development. Congress has authorized the types of institutions eligible for membership and the requirements for institutions to access liquidity and other products and services. Any change or update to the FHLB's mission is the responsibility of Congress, not the FHFA.

The RFI is stating "The purpose of establishing a member incentive program is to allow FHLB's to provide benefits to those members that demonstrate a meaningful commitment to housing and community development activity." However, there is no indication of how this activity would be measured or categorized.

The RFI is contemplating an incentive-based system that could create membership categories or tiers here access different for different types of members. The creation of a tiered system which grants added benefits to certain members is inherently unfair and will result in unequal treatment for smaller institutions with few resources to put toward special programs. The RFI states that the activities that allow increase benefits should be "dependent upon a member's activity in support of the System mission and not on

the size of the institution.” This would give an automatic advantage to lenders with greater volumes of activity. The FHFA should encourage FHLB to find new ways to partner with community-based lenders like Credit Unions to better serve communities in need of access to safe and affordable housing.

Conclusion:

The Hawaii Credit Union League (HCUL) appreciates the opportunity to comment on the FHLB Core Mission Activities and Mission Achievement RFI. The HCUL position is that Congress created the Federal Home Loan Bank System and its mission. Any changes to the FHLB system’s mission should be determined by Congress, not the FHFA. The HCUL opposes incentive-based systems that create an unequal playing field for small, community-based lenders like Hawaii’s Credit Unions. Please note: The FHLB plays a critical role in providing much needed liquidity to Hawaii’s Credit Unions that allows our institutions to serve our members across communities and across the islands. Affordable housing is a critical issue in our state and for the members of Hawaii’s Credit Unions. We appreciate the service provided by our FHLB partners that support Hawaii’s Credit Unions core mission of “People Helping People”.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Ashcraft', with a stylized flourish at the end.

Timoty J. Ashcraft

President/CEO

Hawaii Credit Union League