



October 20, 2022

Federal Housing Finance Agency  
400 7<sup>th</sup> Street SW  
Washington, D.C. 20024

To whom it may concern,

We appreciate the opportunity to provide feedback to the Federal Housing Finance Agency related to our work with the Federal Home Loan Bank of New York (FHLBNY). Put simply, the FHLBNY has been instrumental in our financial operations and a key partner for nearly 60 years. ESL first became a member with FHLBNY on January 4, 1965 and currently provides nearly a third of our total liquidity for the ESL balance sheet in 2022. Today, ESL manages \$9.2 billion in total assets. Throughout the years, in a myriad of economic environments, the FHLBNY has provided ESL with a low cost of funds that's highly reliable and stable.

The success of the relationship with the FHLBNY starts with a shared focus on locally targeted investments that pairs well with our organization's Purpose to help the Greater Rochester community thrive and prosper. The cooperative model of the FHLBNY allows us to service our Greater Rochester community at affordable rates not accessible through private capital.

There are a number of different ways in which ESL conducts our business through the FHLBNY. I'd like to highlight several key ways in which we utilize their offerings and provide solutions for our members:

#### **Credit Products**

- The FHLBNY serves as our primary wholesale borrowing facility. They provide us with a platform to create liquidity with an easy to manage blanket collateral process.
- With the FHLBNY as our custodian, there are several main efficiencies gained to pledging the assets in our investment portfolio.
  - First, we're able to settle our purchase and sale transactions for our wholesale investment portfolio through the FHLBNY
  - Second, all our payment streams come through the FHLBNY account.
  - Lastly, the ability to integrate the purchase and sale transactions with our payments streams, all with the same entity (FHLBNY), provides us with a central partner to several key activities
  - All this is done with lower fund costs than private capital.

#### **Grant Programs**

- ESL has sponsored three FHLBNY Affordable Housing Program applications in recent years. This allowed local nonprofits to invest in building homeownership, communities and hope for low-income and rural buyers.
- ESL has participated in FHLBNY grant programs since 2015, including the Homebuyer Dream program and with its preceding program, First Home Club, to provide down-payment assistance to first-time homeowners. In aggregate, we have provided guidance and grant assistance that allowed more than 500 members first-time homebuyer down payment and closing cost assistance towards the purchase of their first home.
- The Small Business Recovery Grant Program was significantly utilized during the COVID-19 pandemic. In total, 33 businesses were assisted with \$169,000 in total Small Business Recovery Grant funds utilized. ESL focused much our efforts in assisting daycares as they were particularly impacted during COVID-related shutdowns and played a significant part in economic recovery. These funds supported a much



needed community service during the pandemic and were significant in providing touchless bathroom and sanitation equipment for the children.

- ESL worked closely with the Urban League of Rochester to ensure Black-owned businesses could be enrolled in the SBR Grant Program and receive relief.

#### **Community Lending Programs**

- ESL has been a long-time borrower in FHLBNY community lending programs. This option has provided use a low-cost funding source and allowed our business to acquire and maintain several critical spaces including: the purchase and construction of our current headquarters, as well as a specialized disaster recovery site for our data centers and an alternate operations space.
- Furthermore, the community lending programs have allowed ESL to provide support to low-to-moderate income tracts in two key ways: through job creation during the above mentioned facility builds and acquisitions, as well as low-cost options to provide mortgages to these income tracts
- Lastly, ESL has been a participant in in the FHLBY Mortgage Partnership Program (MPF). This program has provided us with a low-cost option to our mortgage program.

Thank you again for the opportunity to share our experiences with the Federal Home Loan Bank of New York. As you can see by the details listed above, the FHLBNY is a natural partner for ESL in a number of ways. I welcome additional opportunities to discuss the relationship and can be reached at [jdarcy@esl.org](mailto:jdarcy@esl.org) or 585.336.1054.

Sincerely,

A handwritten signature in dark ink that reads "James Darcy". The signature is fluid and cursive, with the first name "James" and last name "Darcy" clearly legible.

James Darcy  
Senior Vice President/Director, Treasury  
ESL Federal Credit Union