



March 14, 2023

Sandra L. Thompson
Director, Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Dear Ms. Thompson:

Thank you for the opportunity to comment on the FHLBank System at 100: Focusing on the Future. We appreciate FHFA's efforts to hear from communities the FHLBank System is meant to serve, and especially appreciate FHFA's organizing the March 8th Regional Roundtable on Access to the FHLBank System held in San Juan, Puerto Rico. We urge the agency to increase access to affordable homeownership in Puerto Rico by addressing barriers to participation in the FHLBank System faced by Puerto Rico's *cooperativas*.

The *Cooperativas de Ahorro y Crédito* are an integral part of Puerto Rico's financial system, serving 1.2 million people and holding \$12 billion in assets. Despite their regulated status and central role in Puerto Rico's economy, these 103 financial institutions, 83 of which are Community Development Financial Institutions (CDFI), have been excluded from tools available to mainland credit unions and access to federal and private community development and capital opportunities. For decades, *cooperativas* have provided affordable asset-building opportunities and financial services by leveraging their own capital. They have supported homeownership, resiliency initiatives, green lending, loans for consumers without credit histories, and more. *Cooperativas* are very active in the mortgage market, offering opportunities for non-conforming mortgages to low- and moderate-income and underserved members of their communities. *Cooperativas* collectively hold a portfolio of \$1.6 billion in mortgages.

The *Cooperativa de Ahorro y Crédito de Santa Isabel*, also known as **CACSI** was founded in 1954. As of today, CACSI has \$56,145,911 in assets and serves 6,545 members and 2,111 non-members, mainly from Santa Isabel, Puerto Rico, and other towns located on the south-central region of Puerto Rico. We are also a CDFI *cooperativa* that promotes lending and financial inclusion initiatives to low-and moderate-income people and communities on the island. We offer loans for the acquisition of a first property, loans to small merchants, and contracting of resources to continue training human resources in budget management of our partners. Membership in the Federal Home Loan Bank of New York (FHLBNY) would help us better serve our members by providing them with more affordable homeownership opportunities and allow us to expand our financial inclusion and community development initiatives.

The FHLBNY has the potential to support affordable homeownership and the development of affordable housing in Puerto Rico. Despite serving the communities the FHL Banks were created to support, *cooperativas* have faced significant challenges in joining the FHLBNY. We urge FHFA to address the challenges laid out below so that the FHL Bank System can serve residents of Puerto

Rico equitably. In addition, extending membership to *cooperativas* could also represent one of the largest expansions of the FHLBNY in its history.

Cooperativas Are Publicly Insured and Regulated Institutions

Although the capital structure of *cooperativas* is different from that of federally insured credit unions, they are publicly insured and regulated institutions. They are regulated by the Public Corporation for the Supervision and Insurance of Cooperatives in Puerto Rico (COSSEC by its Spanish acronym), an agency created by state law, and whose assets are guaranteed by the Government of Puerto Rico. COSSEC is considered equivalent to state credit union regulators by the Department of the Treasury's CDFI Fund and works closely with the Federal Reserve Bank of New York, NCUA, and other federal agencies.

The FHL Bank System treats *cooperativas* as non-federally insured credit unions, subject to significantly more stringent membership eligibility requirements than federally insured credit unions. Although it is true that *cooperativas* are not insured by the National Credit Union Administration, they are government insured rather than privately insured. This government oversight means that the standards required for privately insured credit unions, for example, a net worth ratio of 12% or more in 4 of the last 6 quarters, are not necessary for *cooperativas* and will effectively exclude all *cooperativas* from becoming FHLBNY members according to a recent analysis by COSSEC.

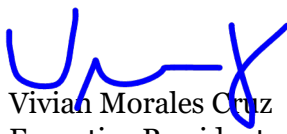
We urge the FHFA to engage in a rulemaking process to update 12 CFR 1263.19 to allow *cooperativas* to participate in the FHL Bank System on equal terms as all other regulated and insured credit unions.

Ensure Equitable Language Access

Many federal programs are made available in Puerto Rico, but few invest in the translation and interpretation services needed to ensure that there is broad and equitable access to the resources the programs provide. The FHFA should ensure that FHLBNY program materials are made available in Spanish to support *cooperativas* in accessing all programs in which they are eligible to participate and should ensure that FHLBNY is appropriately staffed with Spanish-speaking staff who have programmatic expertise.

We look forward to working together to help the FHFA remove barriers in order to admit *cooperativas* into the Federal Home Loan Bank of New York for the benefit of low- and moderate-income people in Puerto Rico.

Sincerely,


Vivian Morales Cruz
Executive President