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March 17, 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.

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.

La Cooperativa de Ahorro y Crédito de Salinas, also known as Salicoop was founded in 1958. As of today, our cooperativa has \$25,724,000 in assets and serves 5,800 members in Salinas, Puerto Rico. Also, we are a CDFI cooperativa that promotes lending and financial inclusion initiatives to low-and moderate-income people and communities on the island. SALICOOP has CDFI certification since 2018-to present, our members increase since 2018-to present (5,800), We

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receive the CDFI Funds Technical Assistance for 3 years and it been a helpful tool to our community. The financial challenges of the residents in eligible geographies and is critical to expanding the affordable financial products it currently offers (auto loans, mortgages, personal unsecured loans, and other products). SALICOOP, unlike predatory lenders, provides critical development services such as financial education and financial counseling, in addition to a clear pathway to asset building for low-income consumers. The Cooperativa is one of the few alternatives to predatory lenders in the service area, providing affordable and accessible financial products and services for low-to-moderate income consumers. SALICOOP's five-year average of loans deployed to geographies was 100% (number) and 100% (dollar amount). This translates to more than \$23 million in lending to underserved communities during the past five historic years. An CDFI certification will expand the number of individuals with access to affordable auto loans, enabling them to find and retain better jobs. The increased financing also make homeownership possible for residents in eligible geographies. The situation is critical for residents in SALICOOP's eligible geographies. The Cooperativa serves residents in Puerto Rico, an area considered a CDFI Persistent Poverty County (PPC).

SALICOOP's needs the (FHLNBY) to continue the strategy to expand financial products offerings to residents in eligible geographies. SALICOOP will continue to provide borrower assistance to borrowers facing financial difficulties. SALICOOP continues to prioritize the financial well-being of its members through financial literacy education and resources and looks forward to creating additional opportunities to help its communities grow real wealth and achieve their financial goals.

In September we receive the impact of another hurricane in Puerto Rico, in this town the damages of structures and floods are very catastrophic, we have many members that lose everything in their homes and one employee. The people of Salinas need more help in access to affordable homes in order to achieve a better quality of life.

Membership in the Federal Home Loan Bank of New York (FHLNBY) 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.



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The Federal Home Loan Bank of New York (FHLB NY) has the potential to support affordable homeownership and the development of affordable housing in Puerto Rico. Despite serving the communities the FHLBanks were created to support, cooperativas have faced significant challenges in joining the FHLB NY. We urge FHFA to address the challenges laid out below so that the FHLBank System serves residents of Puerto Rico equitably. In addition, extending membership to cooperativas could also represent one of the largest expansions of the FHLB NY 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), 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 FHLBank 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 FHLB NY 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 FHLBank System on an equal footing as all other regulated and insured credit unions.



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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 to the admittance of cooperativas into the Federal Home Loan Bank Of New York for the benefit of low- and moderate-income people in Puerto Rico.

Sincerely,

Frances M. Rivera Matos

Executive President

Salicoop

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