



March 15, 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.

The Cooperativa de Ahorro y Crédito de Aguadilla is one of the hundreds of local credit unions, particularly in the upper West Region, that provides financial products and services to its community. It thrives to understand the needs of the community and design attractive and competitive opportunities for customers. Our credit union has a 75-year anniversary in 2023 and has a strong and trustworthy member foundation. These shareholders have proven to believe and support their credit union throughout each trial, uncertainty, or challenge faced in recent years. This has not limited the credit union to once again reach being among the over 100 million asset size credit unions on the island. In the past years, it has reincorporated itself in the mortgage lending environment with the ability to provide lending to first time home buyers. In a mutual Alliance with Vivienda de Puerto Rico program, our customers can be evaluated to qualify for housing subsidiary funding for their first homes and have had several success stories.



Therefore, we can only imagine the board opportunities the credit union can have should it have access to affordable housing programs or funding through the FHLB system. The cooperative movement reaches more low-to-moderate income households because of their ability to genuinely build a connection with their customers' needs. In return, customers seek their local credit union as a first financial response but on many occasions the credit union may not have all the available options to offer. This is where participating in a program with FHLB plays an active role to support the credit union in providing real homeownership accessibility. Participating in the FHLB system will enable our credit union as well as the rest of the hundreds on the island to continue to deliver financial products to customers with the need for homeownership.

La Cooperativa de Ahorro y Crédito (Aguadilla), also known as (Aguacoop) was founded in August 1948. As of today, our cooperativa has \$ 133.7 million in assets and serves approximately 15,000 members with a concentration in Aguadilla, but also in Isabela, Moca and Aguada, among other near municipalities in 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. 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 Federal Home Loan Bank of New York (FHLBNY) 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 FHLBNY. 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 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), 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 FHLBNI 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.

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 FHLBNI 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 FHLBNI 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,

Carlos J. Camacho Montalvo
Executive President

Cooperativa de Ahorro y Crédito Aguadilla