



**COOPERATIVA DE AHORRO Y CRÉDITO  
EMPLEADOS MUNICIPALES GUAYNABO**

P.O. BOX 1118 GUAYNABO, P.R. 00970-1118 • CALLE CARAZO #94, GUAYNABO, P.R.  
TELS. (787) 790-8606 / 720-5877 • FAX. (787) 272-8455

March 17, 2023

Sandra L. Thompson

Director, Federal Housing Finance Agency  
400 7<sup>th</sup> 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 8<sup>th</sup> 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.

Municoop, is a minority depository institution which has been serving Guaynabo, an ERP Eligible community with a population of about 85,000, since 1966. At the present time it serves 1,734 members, most of which are active or retired employees of the municipal government of the city of Guaynabo. In 2009 Municoop expanded its membership base to include minority citizens of Guaynabo and its adjacent minority communities. In that respect it actually serves an additional group of about 225 minority depositors.





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Even though Municoop is a relatively small financial organization, compared to the overall financial market in P.R., it has disbursed an average of 1,164 loans for \$ 4.4 million during the last 5 years.

In 2020 Municoop was certified to access the CDFI assistance programs having been the recipient of two awards, Technical Assistance, and Rapid Response Program (CDFI RRP). In that connection we have already applied for the 2022 ERP Funding Opportunity Number: CDFI-2022-ERP and Technical Assistance (TA) grants under the Community Development Financial Institutions Program (CDFI Program) fiscal year (FY)2022 Funding Round.

The last two awards have strengthened our erstwhile very low capital structure to further assist us in addressing the economic hardships caused by covid -19, as well as our technical banking core systems which will allow us to continue to serve our eligible geographic communities in a most efficient manner.

We are well prepared to do so based on our extensive experience.

As a matter of fact, Municoop has already provided financial assistance to a good number of minority citizens affected by the still existing Covid 19 Pandemic. It has also provided financial and development services to individuals and small businesses to assist them in these very difficult times.

Our Board of Directors has approved Municoop's Strategic and Budget plans for the next 5 years (2022-2027) and has assigned the necessary human and financial resources to allow for the development and offering of new services and to expand them to adjoining ERP Eligible Geographies. All this possible because of the awards received through CDFI's strong community development program. With an additional support by the Federal Housing Finance Bank, we can improve these human and finance resource to help and provide the financial need for low income people and communities.

"La Cooperativa de Ahorro y Crédito Empleados Municipales Guaynabo", also known as (MUNICOOP) was founded in 1966. As of today, our "cooperative" has \$12,953,707 in assets and serves #1734 members in Guaynabo, 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.





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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 FHLBNY members according to a recent analysis by COSSEC.





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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 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,

Yaritza Y. Santiago Ramos  
Executive President  
MUNICOOP

