



March 15, 2023

Dear Director Thompson,

Thank you for the opportunity to comment on Federal Home Loan Bank (FHLBank) system at 100.

Nikkei and Mabuhay Credit Union serve the Japanese-American and Filipino-American communities in Gardena and Carson, California. We have 4,600 members and \$90 million in assets with \$66 million in real estate and consumer loans. We serve and represent minority communities that have historically been underserved and excluded from the financial system.

We have been members of the FHLBank of San Francisco since 2019. We initiated our relationship with FHLBank to have access to additional liquidity as our loan demand increased and to continue to provide affordable and competitive loan products to our members. FHLBank provides the security and stability especially in today's rate environment and unstable economy. As a smaller financial institution it is imperative we maintain the relationship with FHLBank. That said, we ask that upon your review that you do not add further requirements that may exclude credit unions.

As credit unions our charter restricts our ability to raise capital to retained earnings alone. Without affordable liquidity sources, there are further pressures on retained earnings and inhibits our ability to provide loans to our membership. If the objective is to make lending more accessible and affordable for working families, the FHFA would be working to grow access to the FHLBanks and not restrict it. Any restriction would likely bring about service fees, which are also under review by the Consumer Financial Protection Bureau. If the FHFA were to increase mandates, thresholds, and requirements for product use and/or membership requirements, this will lead to an inverse reaction resulting in higher costs to the members and credit unions moving to a third-party organization for certain lending products.

Furthermore, we encourage the FHFA to increase credit union participation in the FHLBanks by understanding and investigating our model further, recognizing that as member-based financial institutions our needs are different, and ensuring credit unions have a say at all FHLBanks.

Finally, I hope future actions of the FHFA will be thoughtful, considerate, and most of all comprehensive in understanding how our FHLBank supports our credit union's objective. The FHFA should be looking to increase access for our model and not restricting it.

Your attention and kind consideration on this matter is imerative and appreciated.

Sincerely,

Jon Hernandez  
Chief Executive Officer

