



Gary J. Perez
President and Chief Executive Officer
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March 17, 2023

Federal Housing Finance Agency
400 7th Street, SW
Washington D.C. 20024

Re: FHLBanks at 100: Focus on the Future

The USC Credit Union, a non-profit financial cooperative serving the students, staff, faculty and alumni of the University of Southern California as well as the residents and small businesses in the low-to-moderate income communities of color surrounding USC's South Los Angeles and East Los Angeles campuses, is a proud member of the FHLBank of San Francisco. With 78,000 members and \$750 million in assets, USCCU is among the few credit unions in the nation concurrently operating as a Community Development Financial Institution (CDFI), Minority Depository Institution (MDI), Low Income Credit Union (LICU) and Juntos Avanzamos Financial Institution.

As a mission driven organization, USCCU is reliant on the FHLBank of San Francisco to ensure that we have the liquidity necessary to provide value-added financial services and objective financial education to the communities we serve. Unlike banks, fintechs, insurance companies and other for-profit lenders, USCCU and its fellow credit unions have limited - by structure and regulation - affordable liquidity options outside of the FHLBank system. As such, I respectfully request your thoughtful consideration of system changes that would impact our ability to meet the needs of those that arguably need low-cost cooperative services more than ever.

Access to a ready source of low-cost liquidity is more important today than at any time since the Great Recession. Granted, we are members of the Bank so that we may meet the needs of our member/owners no matter the economic environment, but the liquidity options uniquely offered by the Bank to USCCU and the larger credit union community is crucial to our mission during challenging times such as this (as a case in point, note that USCCU's loans to members grew 26% in 2022, while our share deposits *decreased* 0.67%!).

Having access to affordable and readily available liquidity products allows USCCU to meet the liquidity needs of our cooperative and, more importantly, the lending needs of members struggling with price and interest rate inflation beyond anything that most of them have experienced in their lifetimes (the average age of our members skews much lower than our peers), the uncertainty of a sudden crisis in the commercial banking sector, and a growing fear of a recession that may threaten their very livelihood.

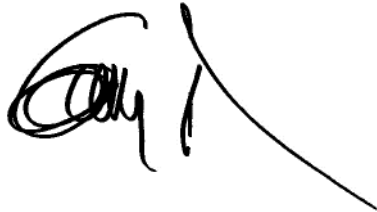
USCCU needs the FHLBank. In 2022, our credit union launched an unsecured low-cost alternative to high-cost payday lenders for its members. Plans for 2023 include affordable ITIN consumer and residential mortgage lending programs for our immigrant members, solar installation and accessory dwelling unit (ADU) financing for inner city homeowners, subsidized electric vehicle (EV) financing for LMI members, and EV charging station financing for inner-city multi-family developments. The simple truth is that we may be forced to postpone some or all of these initiatives without the liquidity backstop of the FHLBank of San Francisco.

We ask that the FHFA examine and compare costs from the remaining few Corporate Credit Unions, the Federal Reserve Discount Window, and the secondary market for brokered deposits and other options, as we're confident that you'll find what we know: that the FHLBanks are more reasonably priced and offer services that uniquely meet our needs.

We urge you not to change membership eligibility, lending requirements, or asset thresholds in a manner that will prevent us from doing right and doing good for our member/owner and we respectfully seek your consideration of *increasing* – not restricting – credit union participation in the FHLBanks by understanding and investigating our model further, recognizing that as community-based financial institutions our needs are different, and ensuring credit unions have a say at all FHLBanks.

Thank you for allowing me to share our story and our plea for your continued support of a FHLBank system that allows mission driven credit unions to improve the financial well-being of the members – and the communities – that we are privileged to serve.

Respectfully,

A handwritten signature in black ink, appearing to read 'Gary J. Perez', with a long, sweeping underline extending to the right.

Gary J. Perez
President/CEO
USC Credit Union