



March 17, 2023

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

Dear Director Thompson,

Thank you for the opportunity to comment on the Federal Home Loan Bank (FHLBank) system at 100: Focusing on the Future. California Coast Credit Union ("Cal Coast") is located in San Diego, California and serves a field of membership that includes both San Diego and Riverside Counties. We have over 200,000 members and are \$3.5 billion in assets. Cal Coast is the oldest financial institution based in San Diego and has been a member of the FHLBank of San Francisco for many decades. Operationally, our FHLBank relationship is imperative to our ability to provide affordable, financial services. Perhaps you are aware that credit unions, unlike some other lenders, have limited liquidity sources, making the FHLBanks uniquely important. This is why any changes to the FHLBank system should be thoughtfully analyzed, reviewed, and considered with special attention to the impact on our cooperative model. Credit unions are not banks, insurance companies, or other types of lenders. Credit unions have very specific restrictions on chartering. We grow through retained earnings, and are purpose driven, to serve our communities.

As with all lending and deposit taking, liquidity is at the heart of our operation. The timing of having the Federal Housing Finance Agency conducting this review, as the nation is experiencing a period of high interest rates, validates the importance of the FHLBank system. As consumers chase yields, liquidity remains a priority. In times like these, being a member of the FHLB SF is crucially important.

Having access to affordable liquidity products, that are available on very short notice, allow California Coast Credit Union the flexibility to adjust to the current environment while also planning for the future. As a credit union, our business model is inherently different from the other members of the FHLBank.

We understand that credit unions are a significant number of the FHLB SF total membership (155 of 330). The significant number of credit unions, many of which are smaller in size, begs the question as to the level of coordination there has been between the National Credit Union Administration ("NCUA"), a credit union regulator and/or insurer, and the FHFA. We support ongoing and active dialogue and protection of credit union access to FHLB liquidity programs.

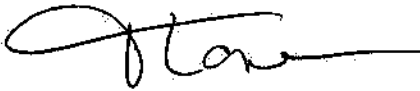
We encourage the FHFA to examine and compare costs of liquidity from the remaining few Corporate Credit Unions, the Federal Reserve Discount Window, and the secondary markets. We currently believe that the FHLBanks are more reasonably priced and offer services that meet Cal Coast's needs. We also encourage the FHFA to tread lightly on any changes to membership eligibility, lending requirements, or asset thresholds.

While the FHFA is an agency of the government, as with all regulators that oversee the aspects of the Financial Services ecosystem, I am concerned that the business model and cooperative nature of credit unions is not fully understood. As I explained previously, unlike others in the financial services marketplace, credit union members must fit a defined field of membership to join (again much like the FHLBanks themselves). Understanding of credit unions uniqueness is important.

The FHFA should also look to increase credit union participation in the FHLBanks by understanding and investigating our unique model, recognizing that as community-based financial institutions our needs are different, and ensuring credit unions have a say at all FHLBanks. I understand that credit unions currently have three voices on the FHLBank San Francisco Board.

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

Respectfully,

A handwritten signature in black ink, appearing to read 'T. Lane', with a long horizontal flourish extending to the right.

Todd M. Lane  
President and CEO  
California Coast Credit Union