Chicago Urban League
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TESTIMONY IN SUPPORT OF BANK OF MONTREAL AND BMO FINANCIAL CORPORATION
Provided by Karen Freeman-Wilson, President & CEO
July 14, 2022

Chair Powell, the Chicago Urban League is happy to provide this written testimony in support of the proposal made by the Bank of Montreal and BMO Financial Corporation to acquire Bank of the West. We are providing this testimony to recount our experience with BMO Harris Bank.

The Chicago Urban League works to achieve equity for Black families and communities through social and economic empowerment. Organized in 1916, our League is one of the oldest and largest affiliates of the National Urban League, an historic civil rights and urban advocacy organization. We pursue our mission through both direct service and advocacy. Through collaborative community, corporate and civic relationships, we help people find jobs, secure affordable housing, enhance their educational experiences, and grow their businesses. Additionally, our Research & Policy Center (RPC) works to advance racial equity by providing research, landscape analyses and pragmatic, evidence-based recommendations for issues that disproportionately affect Black residents of Chicago. More than 15,000 youth and adults participate in our programming each year.

For the past 40 years, BMO Harris Bank in various iterations has been a trusted partner in this work. I would especially like to speak to the robust nature of the partnership over the past ten years. BMO Harris has provided financial support through sponsorship of our two annual fundraisers, the Golden Fellowship Dinner (GFD) and SUMMIT.

Each year, our GFD honors individuals whose work aligns with our mission and raises dollars that allow us to provide services that help struggling and marginalized families raise their income levels and improve their quality of life. In 2020, BMO's US Chief Executive Officer David Casper was one of the GFD co-chairs. He and his team provided support and resources that made our event an overwhelming success. This was especially important because of the impact of the pandemic on not only our organization's finances, but also on the lives of the people we serve. The BMO Harris team stepped in at a critical time.

During SUMMIT, held each spring, we highlight issues that impact the state of Black families in Chicago. We also publish the State of Black Chicago, a comprehensive analysis of indicia like income, household wealth, educational attainment, employment, and other measures reflecting individual achievement. BMO Harris has been among our top supporters in recent years.

BMO Harris also has been a thought partner in our programming and the fulfillment of our mission. BMO Harris Vice Chair Eric Smith served as board chair of CUL for six years and in this capacity was an ambassador and spokesman as we promoted equity and justice. Other BMO Harris team members have been part of focus groups and advisory boards providing their expertise, counsel and technical assistance in our work to increase the number of Black homeowners and business owners and improve educational attainment in Chicago.

While BMO's support of CUL is notable, their work through the Black community has been a lesson in how to promote equity for corporate leaders. The BMO team has been diligent and deliberate about partnering with the community to make impact investments and maintaining a consistent dialogue with community members to ensure that their products and programming meet the needs of the community. Many of these programs involve citizens in the Chicagoland area who may not otherwise be bank customers—residents of low- to moderate-income areas, Chicago Public Housing and other parts of the community who are unbanked.

BMO's corporate leadership shone through during the PPP process. Many businesses of color found it hard to access those loans. BMO proactively worked with the Chicago Urban League and other organizations to recruit businesses who were confronted with those challenges.

Another recent example of BMO's commitment is the BMO Empower Initiative. This work entailed a $5 billion commitment over five years to address key barriers faced by communities of color in the United States. Through lending, investing, giving and engagement, BMO has demonstrated a commitment to tackling barriers to inclusion in the financial services industry, creating more opportunities for recovery and success. In addition to BMO's commitment to a more inclusive society, the bank has made important community investments in affordable housing and neighborhood revitalization using tax credits, CDFIs and private equity.

Because of the Chicago Urban League's partnership with BMO Harris Bank and our observation of their commitment and actions in other communities, we support this merger and ask that it be approved.

California Reinvestment Coalition

May 12, 2022

Michael Hsu, Acting Comptroller
Office of the Comptroller of the Currency
400 7th St SW,
Washington, DC 20219
Via email: Jason.Almonte@occ.treas.gov

Jerome Powell, Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551
Via email:

Re: *California Reinvestment Coalition supplemental comments in opposition to the applications by BMO Financial Corp and BMO Harris Bank, N.A. to acquire BancWest Holding Inc. and Bank of the West, call for public hearings and extension of the comment period.*

Dear Acting Comptroller Hsu and Chairman Powell,

In light of the substantial impact that this proposed merger will have on California without a significant commitment to California communities, the California Reinvestment Coalition and twenty (20) community groups have opposed the applications by BMO Financial and BMO Harris Bank, N.A. to acquire BancWest Holding Inc. and Bank of the West.

In addition, we have called for public hearings on the merger to be held in Los Angeles, San Francisco, and Fresno. We further urge the regulators to extend the comment period through the end of the public hearings to ensure that all impacted communities have a meaningful opportunity to provide comments to inform your deliberations. To their credit, the Federal Reserve Board of Governors and the Office of the Comptroller of the Currency did hold public hearings regarding the proposed merger of U.S. Bank and Union Bank.

At the beginning of the year, we began constructive dialogue with BMO Harris regarding a Community Benefits Agreement (CBA) that addresses community credit needs in California to ensure than any combined bank increases reinvestment activity in our state by at least 50%. At this time, we have received no formal response to our proposal, which was submitted to the Bank on February 25, 2022. We thank BMO Harris for beginning such discussions, and for making its CEO and key staff available to listen to over thirty (30) California nonprofit organizations describe community credit needs and concerns in February. We continue to await a reply and look forward to continuing a productive dialogue with the Bank for the good of California communities.

We retain serious community reinvestment, systemic risk, consumer protection, and anti-competitive concerns relating to the proposed merger. As examples, we believe that Bank of the West has originated loans to problematic landlords, that mortgage lending disparities persist, that BMO Harris has imposed excessive overdraft fees on its customers, and that both financial institutions have harmed the environment and contributed to climate change. A strong CBA is needed to ensure that any pro forma bank will: extend mortgages to all qualified home loan borrowers and communities; prevent displacement financing, support the many very small, women and BIPOC-owned small businesses serving our communities; refrain from charging consumers excessive overdraft and other fees; support the broadband needs of California's diverse communities; engage in philanthropy at a level commensurate with the Bank's size; and promote responsible stewardship of the environment and our economy by mitigating climate change and systemic risk while strengthening climate resiliency.

Relevant information improperly withheld

We believe the Applicant improperly seeks confidential treatment for a number of items that are already a matter of public record or that should nonetheless be made available to the public in the context of this merger. Specifically, we believe the following submissions should be made public:

- From the Bank's April 12 response to the Additional Information (AI) request from the Federal Reserve:
    - Confidential Exhibit A which includes recent community investment partnerships by BMO-FG.
    - Confidential Exhibit B which includes recent CRA qualified investments in minority and women led funds by BMO-FG.
    - Confidential Exhibit C which includes disbursed BMO-FG grants.
    - Confidential Exhibit D which includes organizations BOTW engaged to reach African American and Latine borrowers and communities.[1]
- From the Bank's Application:
    - Confidential Exhibits P and Q which include Additional Information regarding BOTW and BMO Litigation Matters, respectively.[2]

We request the Board and the OCC refuse to provide confidential treatment for these submissions and make these exhibits part of the public record.

Anti-Displacement Measures or Displacement Mortgages?

We are concerned that Bank of the West has originated mortgage loans to problematic landlords that have unlawfully evicted California families. CRC has raised this concern regarding the lending practices of other financial institutions as well. We object to the funding of landlords that displace or harass tenants, unduly raise rents, and/or make units less affordable for the consumers and communities meant to benefit from the CRA. This is all the more troubling where financial institutions have sought and received CRA credit for these displacement mortgages. CRC believes this is an all-too-common scenario where banks originate loans without sufficient due diligence, and then seek community development loan credit for loans secured by properties where the units may have been affordable to LMI residents at the time of origination, but which often foreseeably lead to the direct or indirect displacement of tenants and the loss of affordable units in a community. It is hard to imagine a scenario that is more inconsistent with the goals of the CRA.

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[1] See Additional Information Regarding Application by Bank of Montreal and BMO Financial Corp. to Acquire Bank of the West, Letter from Applicants, April 12, 2022.

[2] See APPLICATION to the OFFICE OF THE COMPTROLLER OF THE CURRENCY by BMO Harris Bank N.A. for prior approval to merge with Bank of the West, January 17, 2022, as listed on Exhibit Volume Indexes, p. 78.

We believe that Bank of the West originated 169 loans to Breckenridge Prop Fund 2016 LL and 8 loans to Breckenridge Property Fund 201. We further believe that these Breckenridge entities are owned by, or are affiliated with Wedgewood, LLC,[3] a real estate firm that has been the subject of significant negative media attention,[4] and which was sued by our state Attorney General. The Attorney General's complaint alleged that Wedgewood unlawfully evicted tenants and induced them to vacate their units through cash for keys deals so that Wedgewood could increase rents on new tenants after renovating buildings, which were often acquired during foreclosure auctions.

The complaint filed by the Attorney General's office makes several disturbing allegations of unlawful and improper conduct by Wedgewood, LLC, including unlawful evictions, harassment of tenants, failure to maintain habitability of units, illegal debt collection practices, and violations of the Servicemembers Civil Relief Act, the California Homeowner Bill of Rights and other federal and state laws, amongst other allegations.[5] On December 8, 2021, the Attorney General's office announced a $3.5 million judgement against Wedgewood which included injunctive relief requiring Wedgewood to alter its practices, provide training to staff, furnish reports to the Attorney General's office, and pay penalties and restitution to unlawfully evicted tenants.[6]

A research paper by Terra Dalton Graziani focused on the practices of Wedgewood LLC in Los Angeles in 2018.[7] In reviewing property data regarding Wedgewood holdings in Inglewood, eviction filings, and interviews with eviction defense attorneys, the report found that: "It is important to point out that what distinguishes Wedgewood from other real estate investment companies like Blackstone is that it does not act as a landlord long-term – it only flips properties and resells them. Therefore, it is not "providing housing" or any sort of public service. Rather, the only service Wedgewood provides is displacement, in making sure that the buildings it buys are delivered empty to the next buyer."[8]

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[3] See https://www.lewis.ucla.edu/wp-content/uploads/sites/17/2019/08/2019-Capstone_Graziani_TenantsInForeclosure.pdf

[4] See https://www.huffpost.com/entry/multimillionaire-greg-gei_b_10057146 , https://theintercept.com/2020/01/17/moms-4-housing-eviction-wedgewood/ , https://knock-la.com/los-angeles-rental-speculation-4022d16a0d28/ https://twitter.com/tweetbottnbc/status/1212117217975951361?lang=en

[5] https://oag.ca.gov/system/files/attachments/press-docs/complaint%20%281%29.pdf

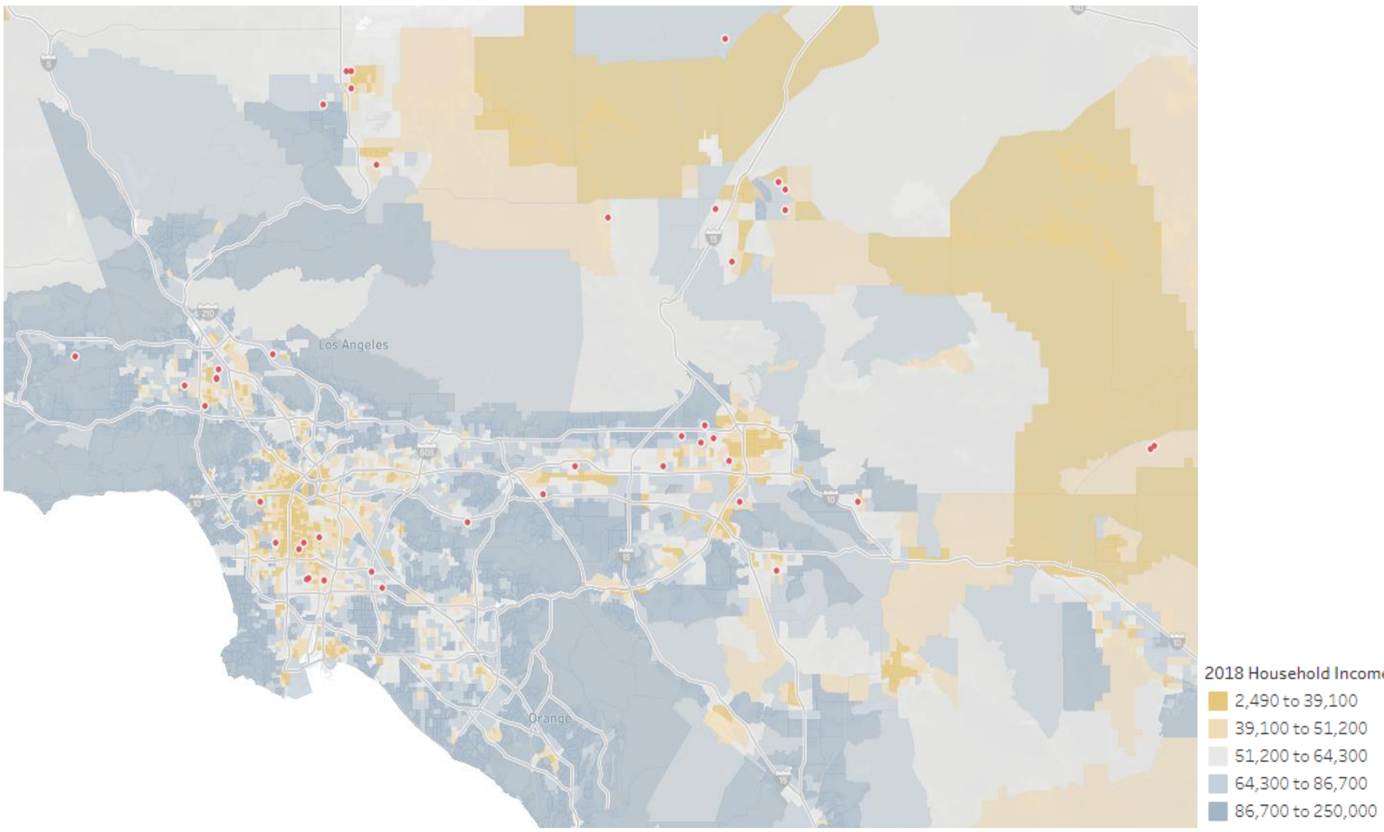
[6] https://oag.ca.gov/news/press-releases/attorney-general-bonta-announces-judgment-against-real-estate-investment-company

[7] https://www.lewis.ucla.edu/wp-content/uploads/sites/17/2019/08/2019-Capstone_Graziani_TenantsInForeclosure.pdf

[8] https://www.lewis.ucla.edu/wp-content/uploads/sites/17/2019/08/2019-Capstone_Graziani_TenantsInForeclosure.pdf

crc California Reinvestment Coalition

BOTW Loans to Breckenridge Fund LLC, a subsidiary of Wedgewood Inc.



Within the past year, we believe that Bank of the West has made 40 loans to Breckenridge Property Fund to buy properties in the Los Angeles metropolitan area, with many in low to moderate income neighborhoods. In light of the serious allegations and concerns raised against the practices of Wedgewood Inc., greater regulatory scrutiny is required to determine if any BOTW loans were improperly given favorable treatment during the Bank's prior CRA examination, and whether any BOTW displacement mortgages are enabling harmful conduct and exacerbating community credit needs.

We urge the regulators to review the CRA submissions of Bank of the West to ensure that no community development loan or other CRA credit was given to Bank of the West for loans originated to Wedgewood, Breckenridge Property Fund entities or other borrowers that have a business model or practice of evicting tenants, failing to maintain habitability of units, raising rents and/or removing affordable housing units from the local affordable housing stock. Such displacement mortgages run counter to the goals of the CRA and should result in CRA ratings downgrades, not CRA credit.

BMO Harris should agree to abide by CRC's Anti-Displacement Code of Conduct which has been endorsed by over 100 organizations.[9] We have called for all financial institutions to enhance their due diligence procedures to ensure they are not lending to problematic landlords subject to litigation and complaints or with displacing business models, that bank borrowers fully understand their obligations to honor state and local tenant protections laws, that banks do not underwrite to higher rents than what tenants are currently paying, that banks follow up with their borrowers and tenants to ensure there are no problems at their properties post-origination, and that banks intervene where problems arise. The banking regulators' recently released Notice of Proposed Rulemaking on CRA appears to acknowledge that banks can play an important role in displacing or stabilizing communities.[10]

Home Lending in California

We want to acknowledge and appreciate BMO Harris Bank (BHB) for the transparency it provides in its response to initial community comments. Unlike other banks, BHB identifies the peer group it is using in its analysis and provides actual data on its lending performance in relations to peers, even where it underperforms. This is a welcome contrast to nearly every other bank HMDA analysis we have seen which is silent as to peers, vague as to data performance, and unwilling to concede any deficiency.

2021 HMDA data has been made available since BHB filed its application and since it responded to community commenters in its letter dated March 11, 2022. As such, we urge the regulators to scrutinize the 2021 HMDA data for both BMO Harris and BOTW. Our early analysis, which seeks to replicate BHB's focus on single family lending at less than the national level and as compared to a "similarly sized bank peer group," finds disparities. More specifically, we focus on Bank of the West's lending in California and compare it to bank lenders with a similar number of HMDA-reportable loans.[11]

- BOTW took in 17,842 applications for single family loans in California and originated 10,139 loans.
- All but 29 of BOTW loans were conventional. BOTW lagged peer performance with regard to the percentage of loans that were FHA (.2% v .3%) and VA (.1% v 1.6%).
- BOTW exceeded peers with regard to LMI tract (LMIT) lending (15.2% v 13.8%) yet lagged peers with regard to lending to LMI borrowers (11.2% v 13%). While mortgage lending in LMI neighborhoods is positive and consistent with CRA, we believe further research is needed to determine if BOTW lending in LMI areas is crowding out home ownership opportunities for LMI borrowers and borrowers of color, or otherwise exacerbating gentrification pressures.
- BOTW barely exceeded peer lending performance in neighborhoods of color (45.1% v 43%).
- BOTW exceeded peer lending to Asian borrowers (21.7% v 16.7%) and matched peer lending to Native American borrowers (.1%), Further research is needed to determine if BOTW lending to Asian borrowers was focused on higher income borrowers and groups that are well served by the traditional market, or if BOTW borrowers were lower-income and represented underserved Asian groups.

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[9] See, https://calreinvest.org/about/code-of-conduct/

[10] See for example, NPR, p. 46, available at: https://www.federalreserve.gov/consumerscommunities/files/cra-npr-fr-notice-20220505.pdf

[11] Includes insured depository institutions with HMDA-reportable mortgage loan volume between 50% and 200% of Bank of the West's total HMDA-reportable mortgage loan volume during the 2021 reporting year.

- Of great concern, BOTW lagged peer lending to African American (1.2% v 2.1%) and Latine (10.4% v 13.5%) borrowers.

Redlining Risk. Focusing on lending activity by Bank of the West and using LendingPatterns software to explore redlining risk,[12] we find statistically significant disparities for BOTW across several categories of activity in neighborhoods of color compared to its activity in white neighborhoods in CA:

BOTW shows statistically significant disparities for its share of applications taken in white neighborhoods compared to its share of applications from:

- Black neighborhoods

Looking at applications that were withdrawn, which can be a measure of high loan fallout suggesting issues with the loan process, BOTW's share of applications withdrawn in white neighborhoods showed statistically significant disparities compared to its share of applications withdrawn in:

- Majority-Minority neighborhoods

Looking at applications that were approved but not accepted, which can be a measure of high loan fallout suggesting issues with the loan process. BOTW's share of applications approved but not accepted in white neighborhoods showed statistically significant disparities compared to its share of applications approved but not accepted in:

- Black neighborhoods

Looking at approvals, statistically significant disparities exist between BOTW share of loan approvals in white neighborhoods compared to its share of loan approvals in:

- Latine neighborhoods
- Majority Minority neighborhoods
- Majority Black/Latine neighborhoods

Looking at loan denials, BOTW shows statistically significant disparities for its share of loan denials in white neighborhoods compared to its share of loan denials in:

- Latine neighborhoods
- Majority Minority neighborhoods
- Majority Black/Latine neighborhoods

More specifically, looking at collateral loan denials, BOTW shows statistically significant disparities for its share of collateral loan denials in white neighborhoods compared to its share of loan denials in:

- Black neighborhoods
- Latine neighborhoods
- Majority Black/Latine neighborhoods

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[g] A product of ComplianceTech.

Finally, looking at subprime loan pricing, BOTW shows statistically significant disparities for subprime pricing in white neighborhoods compared to its:

- Subprime spread to Latine neighborhoods
- Subprime spread in Majority Black/Latine neighborhoods

Gap/Parity Analysis. What do these disparities mean in practical terms? A gap analysis - which considers how many more loans a lender would need to make to achieve parity with regard to its share of lending in white neighborhoods - shows the following:

- Majority Minority Tracts. **BOTW would have needed to originate 1,106 additional loans in California's neighborhoods of color** if it were to achieve parity with its lending in white neighborhoods.

We are concerned that Bank of the West's mortgage lending lags its peers with regard to lending to certain underserved borrowers and communities. We urge the regulators to more fully review and analyze the 2021 HMDA data, investigate any Fair Housing Act concerns, and condition any approval of this merger on the Bank taking concrete steps and making concrete commitments to lend to underserved groups and neighborhoods. We have proposed to the Bank ways to do so, in our draft Community Benefits Agreement, which is attached to this letter.

To address any disparities, we urge the Bank to commit to:

- Set goals to increase lending to borrowers and neighborhoods of color annually.
- Develop a Special Purpose Credit Program to target homeownership opportunities to BIPOC households. We believe that all banks should develop one or more Special Purpose Credit Programs to begin to address the history of discrimination and exclusion of BIPOC consumers and communities from mainstream banking and finance. The SPCP should target 1,106 loans to make up for BOTW's shortfall of loans in neighborhoods of color and should focus on African American and Latine borrowers who have been particularly underserved by BOTW.
- Develop, market, and offer FHA, VA, and ITIN (Individual Tax Identification Number) loan products. Over 99% of BOTW's single-family loan originations in California are conventional loans. FHA lending does appear to provide access for certain borrowers of color and developing an FHA loan product may help the Bank better provide equal access to all borrowers and communities. One important caveat is that we believe that all lenders offering conventional and FHA financing must ensure that their borrowers are able to get the best priced product for which they qualify (in other words, they must "refer up" any FHA applicants to conventional loans for which they qualify). To do otherwise presents its own serious fair housing concerns. We urge BMO Harris to offer and market an FHA loan product and to guarantee its borrowers the best-priced product for which they qualify. BMO Harris indicates that it will offer VA loans.
- Work with nonprofit housing counseling agencies to develop a portfolio product that meets the needs of BIPOC homebuyers and home loan seekers in California, and partner with such groups to reach borrowers that the Bank may be missing.

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Foreclosure Prevention and Property Disposition

We urge BMO Harris to:

- Commit to work with housing counselors to reach homeowners before processing any "no contact" foreclosures, which are triggered by a bank's inability to reach the homeowner. Borrowers may have any number of reasons for failing to respond to servicers, including limited broadband access, language barriers, and fear of contacting a creditor.[13] In other words, the bank should not foreclose on any California homeowner where the Bank has been unable to contact the homeowner, unless and until the Bank first partners with a local nonprofit housing counseling agency to reach the homeowner.
- Develop policies that put distressed and REO single family and multi-family properties in the hands of nonprofit CDFIs, Community Land Trusts, and other mission-driven affordable housing groups that can potentially preserve the tenancies of any existing occupants and keep the units affordable and off of the speculative market.
- Participate in California's Homeowner Assistance Fund/Mortgage Relief program and agree to halt all foreclosure activity when a delinquent borrower has applied for HAF funds, in order to prevent dual tracking.

These issues become all the more important as homeowners continue to struggle as foreclosure moratoria have lifted.

Overdraft and Related Fees

While we were pleased to read of BMO Harris Bank's reform to its overdraft policies, we believe that both banks have here failed to serve community credit needs in this regard and can do better going forward.

BMO Harris' recent announcements do nothing for consumers who have been gouged in the past by BMO Harris and Bank of the West overdraft practices. In 2020, Bank of the West levied $41,882,000 in overdraft and related fees on its own customers, which represented 7.6% of net income ($545,712,000), which was twice the average ratio for the industry. Bank of the West charged even more overdraft fees in 2021, charging its customers $47,328,000. According to the Center for Responsible Lending, which utilizes this methodology, for all banks with at least $1 billion in assets that provided data to regulators, 5.0% of noninterest income came from such fees in 2019,[14] and 3.65% in 2020.[15][16]

According to analysis by the CFPB, Bank of the West's overdraft policies have been particularly onerous and oppressive to consumers, charging a high $35 per overdraft, allowing consumers to overdraft a high 5 times a

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[13] See: https://frankbuysphilly.com/when-borrowers-ghost-their-servicers/

[14] Laura Alix, "Two more regional banks are rethinking overdraft fees," American Banker, June 15, 2021.

[15] Industry aggregate figures for overdraft fees as a percentage of non-interest income for 2019 and 2020 are derived from analysis and methodology employed by the Center for Responsible Lending.

[16] The American Banker has used a similar methodology in analyzing disclosures by more than 500 banks and found that average overdraft fees as a percentage of non-interest income was 2.78% for banks with over $10 Billion in assets, and 4.49% for banks with $10 Billion or less in assets. See, Polo Rocha, "Small banks face bigger threat to overdraft fees this time around," American Banker, July 27, 2021.

day, and providing consumers a small cushion of $5 before overdraft fees kick in. And while several of its competitors have made recent changes to overdraft policies, Bank of the West has apparently made none.[17]

This is clearly a matter of nationwide and statewide concern. Recently our Attorney General Bonta joined a multistate coalition in urging the nation's largest banks to eliminate overdraft fees.[18]

Again, we applaud BMO Harris for taking steps to reduce overdraft fees. But the Bank still charges $36 per overdraft, a fee even higher than that charged by Bank of the West.[19] While we applaud progress on this front, we note that other banks have gone further, with Capital One abandoning overdraft fees altogether,[20] and Bank of America and First Citizens Bank announcing they will reduce overdraft fees to $10 per overdraft.[21] We urge BMO Harris to end overdraft charges entirely, or at a minimum, to reduce the fee to $10.

Branches

We remain concerned that bank branches across the industry have been closing at an alarming rate. Even though this merger does not present concerns about overlapping branches, both banks have nonetheless closed branches in recent years. The closure of branches in LMI, Majority Minority and rural communities demonstrates a failure to adequate serve community credit needs. It also raises concerns about the convenience and needs of communities going forward, as BMO Harris and Bank of the West have not needed merger-related branch overlap to justify closing branches. Branch closures threaten to kill jobs for front line branch workers, push consumers out of the financial mainstream and into higher cost financial products, and reduce the flow of capital into the community. One Federal Reserve research paper has shown a correlation between branch presence and small business lending.[22]

According to research by the National Community Reinvestment Coalition[23]:

- Bank of the West closed 19 branches between 2017 and 2021.
    - BOTW closed more branches in Majority Minority Neighborhoods than White Neighborhoods.

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[17] https://files.consumerfinance.gov/f/documents/cfpb_overdraft-chart_2022-02.pdf

[1818] https://oag.ca.gov/news/press-releases/attorney-general-bonta-calls-nation%E2%80%99s-largest-banks-eliminate-overdraft-fees

[19] https://www.bmoharris.com/main/personal/checking-accounts/overdraft

[20] Allissa Kline, Jon Pryor, Laura Alix, "Why more banks are weaning themselves off overdraft fees," American Banker, June 3, 2021, noting that Ally Bank will permanently stop charging overdraft fees, and that Huntington Bank launched a line of credit for emergency expenses that figures to erode its overdraft fee revenue. PNC Financial Services Group and Cullen/Frost Bankers had announced changes earlier this year that are expected to reduce their haul from overdraft fees.

[21] See, https://www.americanbanker.com/news/first-citizens-bancshares-slashing-overdraft-fee-to-10

[22] Anenberg, Elliot, Andrew C. Chang, Serafin Grundl, Kevin B. Moore, and Richard Windle (2018). "The Branch Puzzle: Why Are there Still Bank Branches?" FEDS Notes. Washington: Board of Governors of the Federal Reserve System, August 20, 2018, https://doi.org/10.17016/2380-7172.2206, noting, "among banks that are CRA reporters the share of loans made by lenders without a local branch presence remains quite low. This finding suggests that local branch presence is still important for small business lending."

[23] https://ncrc.org/the-great-consolidation-of-banks-and-acceleration-of-branch-closures-across-america/#:~:text=Last%20year%2C%20NCRC%20released%20a,%E2%80%94%20a%2014%25%20loss%20nationally.

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    - BOTW closed more branches in LMI Neighborhoods than Middle- and Upper-Income Neighborhoods.
- BMO Harris closed 38 branches, or 7.1% of its branch network, during the same period of 2017-2021, a higher percentage than the average rate of branch closures.
    - BMO Harris had a 4.1% decrease in branch presence in LMI Majority Minority Neighborhoods.
- BMO Harris closed 31 branches during the first 20 months of the pandemic, a 241% increase over its 9 branch closures in the 20 months preceding the pandemic.

Bank of the West National Branch Closures

Detailing Branch Change By Area (2017 - 2021)

	Majority Minority	Majority White	Grand Total
Low & Moderate Income	-3.3%	-4.5%	**-3.8%**
Middle & Upper Income	-6.5%	-2.6%	**-3.4%**
Total	**-4.8%**	**-2.9%**	**-3.5%**

Area: United States

Institution: Bank Of The West

BMO Harris National Branch Closures

Detailing Branch Change By Area (2017 - 2021)

	Majority Minority	Majority White	Grand Total
Low & Moderate Income	-4.1%	-1.4%	**-2.5%**
Middle & Upper Income	0.0%	-8.8%	**-8.4%**
Total	**-2.8%**	**-7.7%**	**-7.1%**

Area: United States

Institution: Bmo Harris Bank National Association

California Reinvestment Coalition

Pandemic Era Branch Closures by Bank

The 25 banks that closed the most branches over the 20 month period from March 1, 2020 through October 31, 2021 compared with their closure rate over the 20 months prior to the Pandemic.

Click on a column header to sort.

	Bank Name	Pandemic	Pre-Pandemic	Change in Closures ▼
1	HSBC Bank	−88	−4	2100%
2	Northwest Bank	−44	−3	1367%
3	MUFG Union Bank	−51	−5	920%
4	Simmons Bank	−36	−6	500%
5	Old National Bank	−33	−8	313%
6	BMO Harris Bank	−31	−9	244%

The importance of bank branches is heightened in rural communities. A report by the Consumer Financial Protection Bureau (CFPB) found that rural Americans depend on physical branches, with 9 out of 10 households visiting a bank branch in 2019. The report further found that rural consumers were less likely to have a credit history and more likely to use non-bank financial providers, paying more for credit.[24]

BMO Harris must commit to open branches in LMI, of color and rural communities in California at the same time that it commits to no branch closures in our state.

Small Business Lending

While we believe that both Bank of the West and BMO Harris have done a good job lending to small businesses in LMI neighborhoods, we are concerned that both banks may focus small business lending on larger companies, on larger loan sizes, and through the use of credit cards, which generally come at higher rates than term and other loan products.

An analysis of Bank of the West's 2018-2020 small business lending data in California found:

- 5529 total loans originated
- 39% of loans were originated to businesses with revenue less than $1 million
- 30% of loans were originated in LMI neighborhoods

[24] https://www.consumerfinance.gov/about-us/newsroom/cfpb-releases-report-on-financial-challenges-facing-rural-communities/

CRC urges that at least 50% of all non-credit card small business loans to be originated to business with less than $1 million in revenue, and for at least 50% of all small business loans to be originated in loan amounts of less than $250,000.

BMO Harris record on small business lending is even worse using this metric. From 2018 through 2020, CRA Small Business Lending data in California show:

- 5,016 total business loans
- 30% to businesses with revenue less than $1 million
- 30% in LMI neighborhoods.

We do not know how much of BOTW or BMO Harris' small business lending is credit card lending, though we suspect it might be a substantial percentage. CRC has long discouraged the reliance by banks on credit card lending to serve small businesses.

While Bank of the West acknowledges it has no specialized products targeted to African American and Latine borrowers, BMO Harris is to be commended for establishing a Special Purpose Credit Program for such businesses and for announcing a $5 Billion commitment to underserved businesses.

As part of this merger, BMO Harris should commit to:

- Prioritize non-credit card lending to small businesses.
- Increase small business lending in LMI census tracts each year.
- Originate 50% of non-credit card small business loans to businesses with less than $1 million in revenue.
- Originate 50% of non-credit card small business loans in loan amounts of $250,000 or less.
- Commit $100 million in loans to be originated though the Bank's SPCP to African American and Latine small business owners in California, refining the product as needed in consultation with CRC and other community groups.
- Actively participate in the state's Small Business Loan Guarantee Program and otherwise leverage SSBCI funds that are expected to come to the state to support small businesses.

Broadband

In the US, 6% of Americans, or more than 20 million people, do not have access to high-speed Wi-Fi. Many of them live in rural areas. The World Economic Forum reported that this number is likely understated and that 19 million unconnected households are in rural areas.[25]

The Federal Reserve Bank of Kansas found that there are two reasons for the lack of adoption of financial services – financial exclusion and digital exclusion.[26] Without widespread access and connection to high-speed

[25] https://www.weforum.org/agenda/2020/04/coronavirus-covid-19-pandemic-digital-divide-internet-databroadband-mobbile/

[26] https://forbes.com/advisor/banking/digital-divide-and-its-impact-on-banking/

Internet, technology will never be the great equalizer. Instead, it will continue to widen the divide and underscore the systemic racial barriers that permeate multiple overlapping systems.

While a record percentage of California households are connected to the Internet, 15% of households in the state, nearly 2 million people, are digitally disadvantaged. Approximately 1.25 million, or roughly 9.6%, are unconnected, and approximately 730,000, or roughly 5.6%, are under-connected. The digital divide remains especially challenging for a sizable number of low-income and Latine households, seniors, and people with disabilities. With so many activities having gone digital during the pandemic, such as online banking, the disadvantage only has grown more acute. Affordability is the main reason that keeps households from connecting to the Internet, with digital literacy and the lack of appropriate computing devices also being relevant factors.[27]

The Biden Administration has proposed closing the digital divide by including a $65 dollar investment to ensure that, "Every American has access to reliable high-speed Internet," and by lowering the cost of Internet for low-income households by requiring providers to offer low cost, affordable plans.[28] This public investment of taxpayer dollars seeks to end "digital redlining" while also growing the customer base for privately owned Internet providers. Our Governor and Legislature have also committed significant resources to addressing digital equity issues.[29]

We believe that banks and other financial institutions should become part of the digital equity solution. Specifically, banks must support efforts to increase infrastructure access to high-speed broadband, increase access to devices and increase access to digital literacy training on a wide scale. The BMO Harris/BOTW transaction represents a large merger involving banks that are likely to have CRA assessment areas including underserved Native American communities and tribal lands, as well as rural communities with insufficient broadband access.

A series of CRC surveys of financial institutions, CRC member organizations, and participants in CRC's Economic Health Promotora program found that:

- Banks are funding a variety of broadband initiatives and are motivated to garner CRA credit for such activities, but often want to better understand local broadband needs, opportunities, and capacities.
- A majority of CRC and Greenlining Institute member respondents indicated that broadband access was a significant need in their communities.
- 40% of Economic Equity Promotora workshop participants reported they did not have internet access before the pandemic, while 22% reported they gained access during the pandemic due to policy and program initiatives designed to increase access.

We urge BMO Harris to make a substantial commitment to increasing digital equity and broadband access in our state through one or more of the following activities:

[27] https://www.cetfund.org/action-and-results/statewide-surveys/2021-2/
[28] https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/28/fact-sheet-historic-bipartisaninfrastructure-deal/
[29] https://www.gov.ca.gov/2021/07/20/governor-newsom-signs-historic-broadband-legislation-to-help-bridgedigital-divide/

- Providing starting and working capital to Internet Service Providers (ISPs) looking to expand their footprint in underserved markets.
- Providing volunteers to assist businesses involved in digital equity and seeking to expand broadband access with financial planning and marketing.
- Extending grant funding to businesses to get connected to middle-mile fiber lines.
- Extending grant funding to local organizations seeking to expand digital equity and inclusion via computer/device supply, digital literacy training, and other measures.
- Providing in-house digital literacy training coupled with financial literacy training for bank customers, particularly those who may be impacted by mergers and potential bank branch closures.

Contributions

According to Bank of the West's CRA Performance Evaluation, it donated $9.3 Million in philanthropy from 2017-2019. We find this to be extremely low for a bank of its size and reflect poor performance and a significant failure to help meet community credit needs. BMO Harris should commit to substantially increase contributions to support homeownership and affordable housing, small business and economic development, financial coaching and wealth building initiatives, fair housing and tenants' rights, and efforts to combat homelessness and displacement in California.

Climate Resiliency and Fossil Fuels

We appreciate that federal banking and other regulators are looking increasingly to the risks to our financial sector of climate change. We believe that banks can continue to play a key role in the further destruction of our planet or, alternatively, can help move our economy and communities towards climate resiliency. The consequences of this decision will have the greatest impact on the low- and moderate-income communities and communities of color that the CRA is mean to benefit, and that should be at the forefront of the regulators' analysis of this merger application.

That is why we are genuinely concerned to see BNP Paribas and Bank of Montreal MUFG listed as #10 and #16 on a list of financial institutions funding fossil fuels, with $120.825 Billion and $97.207 Billion respectively, in support of this destructive industry from 2016 through 2020.[30] Combined, a BNP/BMO pro forma bank would rank as the #4 funder of fossil fuels.

Further RAN analysis shows bank holding company BNP Paribas to be among the largest underwriters of fossil fuel bond and equity issuances.

[30] See Rainforest Action Network (RAN), "Banking on Climate Chaos," at: https://www.ran.org/wp-content/uploads/2021/03/Banking-on-Climate-Chaos-2021.pdf

World's largest underwriters of fossil fuel bond and equities issuances, 2020

	Fossil fuel underwriting		Fossil fuel lending		Total fossil fuel financing
Company	$B	%*	$B	%*	($B)
Citi	33.28	68.77	15.11	31.23	48.39
JPMorgan Chase	33.14	64.60	18.16	35.40	51.30
Bank of America	31.44	74.59	10.71	25.41	42.15
Barclays	23.24	83.89	4.46	16.11	27.70
ICBC	20.95	70.98	8.57	29.02	29.52
Morgan Stanley	17.85	87.22	2.62	12.78	20.46
MUFG	16.94	58.27	12.13	41.73	29.07
Goldman Sachs	16.43	86.74	2.51	13.26	18.94
BNP Paribas	15.73	38.62	25.01	61.38	40.75
HSBC	15.36	65.26	8.18	34.74	23.54

Data compiled Oct. 27, 2021.
Figures are based on an analysis of 60 of the world's largest banks by total assets as featured in the Banking on Climate Chaos Report 2021.
* Percentage of the bank's total fossil fuel financing in 2020.
Source: Rainforest Action Network

As such, we urge the Banks, consistent with International Energy Agency (IEA) Net Zero Emissions Scenario standards[31], to:

- Agree to end all financing of fossil fuel expansion.
- Agree to best in class disclosure of fossil fuel and climate related activity.
- Acknowledge that climate change has an outsized impact on the financially vulnerable.
- Commit to significant investment in the development and construction of energy efficient and climate resilient affordable housing and energy efficiency improvements for homes and businesses and green spaces in communities of color.
- Take a position of supporting the SEC climate disclosure rules.

Communities impacted by bank mergers such as this proposed merger have the right to basic facts about how banks are addressing or exacerbating the climate crisis so that they can make informed decisions about which institutions with which they choose to bank and conduct business. Such information should include, at a minimum, annual disclosure of quantitative and qualitative data regarding environmental issues, exposure to carbon-intensive activities and assets, and details on fossil fuel financing and clients. Any pro forma bank must be transparent about its impacts on the environment and must begin to ramp up its investments in green initiatives in order to mitigate the harm caused by past investment policies.

[31] See, https://www.theguardian.com/environment/2021/may/18/no-new-investment-in-fossil-fuels-demands-top-energy-economist

California Reinvestment Coalition

Labor Rights

In 2018, BNP Paribas and UNI Global Union entered into a labor agreement that addresses fundamental employee rights relating to: human rights, social dialogue and trade union rights; social and environmental responsibility; employment management and change management; gender equality in the workplace; promotion of diversity and inclusion; preventing and combating psychological and sexual harassment; and health and quality of life at work.[32] We urge BMO Harris to accept these or substantially similar commitments. If BMO Harris rejects these employee rights principles, then the acquisition by BMO Harris of Bank of the West could not be said to provide a public benefit, as required.

Public Hearings Are Required

Again, we urge the Federal Reserve Board and the Office of the Comptroller of the Currency to grant our request for public hearings and an extension of the comment period. The agencies agreed to hold such hearings for the proposed merger of U.S. Bank and MUFG Union Bank, another merger that threatens to have an outsized impact on California. Granting a public hearing will enable the agencies to meet their responsibility to subject this mega merger to the close scrutiny it demands. We urge the regulators to reject this merger proposal unless BMO Harris commits to a strong Community Benefits Agreement that is negotiated with community groups and which has mechanisms in place to ensure compliance and public benefit. And the only way to meaningful ensure compliance with any CBA is for the regulators to condition merger approval on the acceptance of, and continuing compliance with, a strong CBA.

We include as an attachment a proposed CBA that we submitted to the Bank over two months ago and to which we still await a formal response.

Without a strong Community Benefits Agreement, we believe that the bank applicants have not demonstrated that they have sufficiently met community credit needs, that they will meet the convenience and needs of communities going forward, or that this merger will provide a public benefit.

If you have any questions about this letter, or would like to discuss the matter further, please contact Paulina Gonzalez-Brio at pgonzalez-brito@calreinvest.org, or Kevin Stein at kstein@calreinvest.org.

Thank you for your consideration of our views.

Sincerely,

Paulina Gonzalez-Brito	Kevin Stein	Jamie Buell
Executive Director	Chief of Legal and Strategy	Research Analyst

[32] https://group.bnpparibas/en/news/global-agreement-leads-breakthroughs-employee-rights-group

cc: Maxine Waters, Chair, HFSC
Sherrod Brown, Chair, Senate Banking Committee
Jesse Van Tol, CEO, National Community Reinvestment Coalition

California Reinvestment Coalition

CRC's Draft Proposal for a BMO Harris California Community Benefits Agreement 2.25.22

Overall commitment:

Beginning in 2023 and extending over the next 5 years, BMO Harris Bank pledges to increase its overall qualified CRA lending, investment, charitable contribution, supplier diversity, and related activities as described below, to achieve a minimum of $30 billion in cumulative qualified CRA activity in California as defined below during this 5-year period.

To achieve this cumulative commitment, we have identified the following goals for each of the key components of the CRA qualified activity. Over the term of the commitment, the goal is to achieve the following:

Homeownership - $7 Billion in LMI Mortgages:

- *Mortgage volume*: Annually increase mortgage originations for each of the following:
  - Mortgage lending to LMI borrowers.
  - Mortgage lending to African American borrowers.
  - Mortgage lending to Latine borrowers.
    - Increase lending to each Latine disaggregated group.
  - Mortgage lending to Asian American Pacific Islander borrowers.
    - Increase lending to each AAPI disaggregated group.
  - Mortgage lending to Native American borrowers.
  - Mortgage lending in LMI census tracts; and
  - Mortgage lending in majority-minority census tracts.
- *Government insured mortgages*. Increase marketing and origination of FHA and VA loans to meet local community credit needs.
  - Commit that all borrowers are offered the Best Priced Product for which they qualify - no steering to FHA or other higher cost products.
- *Mortgage disparities*. Close the gap each year where proportional lending to different race/ethnic borrowers and communities (ex. lending to African American borrowers) lags peer performance and exceed peer performance in these lending categories by year 5.
- *ITIN mortgages*: Market and originate a mortgage product that is accessible to Individual Tax Identification Number (ITIN) borrowers.
- *SPCP*. Work with community groups to develop a Special Purpose Credit Program (SPCP) mortgage product to target underserved BIPOC homebuyers in California and commit $100 million for such loans.
- *Support for first time homebuyer*s. Provide assistance to first time homebuyers which could include assistance that (a) is up to 3.0% of the purchase price for properties in LMI census tracts, without income restrictions and (b) up to 5.0% for properties in LMI census tracts with income restrictions and (c) 7.5% for properties in LMI census tracts, with income restrictions, and minority populations greater than 50%.

- *Ethnic Media*: Provide $2.5 million in grants over the course of the Plan to nonprofit organizations and ethnic media that will assist the bank in reaching additional LMI and diverse homeowner and prospective homebuyer clients. Grants will be awarded through an open and transparent process. These marketing dollars shall be separate from the Bank's philanthropy budget.
- *Loan officers*. Increase loan officer staffing by 1 FTE per year for the Plan period focused on LMI and majority-minority census tracts. The Bank will consider diversity and experience working in underserved communities when making hiring decisions.
- *Housing counseling support*. Provide $7 million over five years in philanthropic allocations to housing counseling organizations, legal aid offices and fair housing organizations, and get this money out as quickly as possible, especially for organizations serving BIPOC that are being hit the hardest by the pandemic. This support will help grow the pipeline of mortgage-ready, first-time homebuyers through pre- and post-purchase homebuyer education, credit rehabilitation counseling, and will serve as the first line of defense to keep homeowners in their homes when faced with foreclosure.
- *Homeless prevention*. Provide $2 Million in grant support for homelessness prevention and support services, including mental health services. This support will be prioritized to organizations led by African Americans in order to address the disproportionate impact homelessness has on African American residents.
- *Appraisal bias*. Be part of the solution in objecting to pressure low-income homebuyers are under to waive appraisal and inspection contingencies, which can have devastating consequences for homebuyers. Fund nonprofit housing counselors who can advise clients against this and be a voice for ethical industry practices.
- *Foreclosure Prevention*:
    - Offer forbearance for up to a year for all mortgage borrowers, regardless of whether the loan is federally backed. Provide reasonable repayment plans and loan modifications post-forbearance.
    - Freeze foreclosures due to "no contact," and commit to connect the homeowner with a nonprofit housing counseling organization, confirm that the nonprofit has contacted the homeowner, and consider the homeowner for all available loss mitigation options before resuming foreclosure proceedings.
    - Continue participation in the California Mortgage Relief Program and commit to halt all foreclosure proceedings where homeowners have applied for such relief.
- *REO policies*. Extend a right of first refusal to non-profit organizations, including Community Land Trusts and nonprofit affordable housing groups, on Bank REO properties (single family and multi-family properties). The Bank should make 50% of such properties available at no or low cost to nonprofit groups.

Small Business Lending - $15 billion in Small Business Lending

- *SBA, term loans, and lines of credit (non-credit card lending)*: Annually increase small business lending for each of the following
    - LMI borrowers
    - African American borrowers

California Reinvestment Coalition

    - Latine borrowers
        - Increase lending to each Latine disaggregated group
    - Asian American Pacific Islander borrowers
        - Increase lending to each AAPI disaggregated group.
    - Native American borrowers.
    - LMI census tracts.
    - Majority-minority census tracts.
- *Smaller loans and smaller businesses*: Achieve 50% of the number of small business loans each year originated in loan amounts under $150,000, as well as achieve 50% of small business lending each year to businesses with under $500,000 in revenue, and increase originations in these two areas, year over year.
- *ITIN loans.* Lend to small business owners that do not have a social security number and use ITIN.
- *Line of credit initiative.* Develop a line of credit product for smaller businesses, in partnership with CDFIs and small business technical assistance providers who focus on increasing contracting and revenue opportunities for disadvantaged businesses. This partnership will focus on working with CDFIs and technical assistance agencies led by people of color. This should include capacity building support to implement the product(s) using the bank's own technology and/or technical capacity. Dedicate $25 million to support this effort.
- *Plan to target smaller businesses.* In support of Bank efforts to increase access to credit for smaller businesses (for businesses with <$500,000 in revenue) and to increase lending to diverse businesses in our California communities, the Bank commits to the following:
    - *Unrestricted grants.* Provide unrestricted CRA-qualified charitable contributions for organizations to use as they see fit.
    - *Technical assistance and loan loss reserve.* Support small business technical assistance provided by nonprofit providers and commit to allocate $2 million annually for technical assistance and $500,000 annually for loan loss reserve funding, with emphasis on SBA micro lenders doing loans less than or equal to $50,000. The bank will develop a plan for a formalized selection and implementation process for its technical assistance and loan loss reserve program, with community input.
    - *Referral programs.* Formalize a process to refer a minimum of 30% of small business loan denials to local Technical Assistance providers, CDFIs and/or other community development lenders in the Bank's assessment areas. Prioritize BIPOC led TA providers, CDFIs and other community development lenders and expand referral program partners.
    - *SGLP*. Actively participate in the California state-guarantee loan program.
    - *SSBCI*. Actively participate in SSBCI programs which will provide a meaningful opportunity for the bank to leverage federal dollars.
        - Work with the CA IBank, Minority Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs) and other mission driven capital providers to develop a U.S. Department of Treasury approved $1 Billion "LOAN PARTICIPATION" program supported by a 10% loss share by the IBank's SSBCI 2.0 allocated funds to achieve the 10:1 leverage goal.

    - Work with Minority Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs) and other mission driven capital lenders to collaborate and develop data collection and reporting platforms to comply with the final Section 1071 rules.
  - *SBA.* Develop an SBA product offering and become a Preferred SBA lender. Commit to increasing overall SBA lending each year. Of the total commitment for SBA lending, 50% each year shall be to underserved communities and low and-moderate-income census tracts. Additionally, 50% of SBA lending annually shall be in loan amounts of $150,000 or less, and the number of loans of such lending shall increase each year.
- *SPCP*. Work with community groups to develop and/or bring to California a Special Purpose Credit Program (SPCP) product with a goal of advancing credit access for underserved small businesses and commit $300 Million for this program.
- *Ethnic media.* Provide $2.5 Million in grants over the course of the Plan to nonprofit and ethnic media organizations that will assist the bank in reaching additional LMI and BIPOC small business customers. This grant will be awarded through an open and transparent process. These marketing dollars shall be separate from the Bank's philanthropy budget.
- *Grants to small businesses.* Set aside $10 million to provide direct grants to small business owners suffering from pandemic related impacts.
- *Donate PPP fees.* Donate all of the Bank's proceeds from PPP loans to grants to small businesses with less than $1 million in revenue or to CDFIs and other community led initiatives to mitigate the adverse impacts of COVID-19, with a targeted focus on supporting organizations led by and serving BIPOC. These PPP dollars will be separate from the Bank's philanthropy budget.

Community Development - $5 billion in CD lending and $3 billion in CD investments:

- *Deep affordability.* Ensure that at least 70% of lending and investment in affordable housing is targeted to deed restricted affordable rental housing for persons experiencing homelessness, extremely low-income households, and very low-income households.
- *Developers of color.* Create a $20 million investment fund to build the capacity of affordable housing developers of color and to finance housing projects sponsored by such developers that are targeted to neighborhoods and residents of color.
- *Community lender EQ2 funds.* Dedicate $200 million annually in EQ2 funds, of which an annual pool of $100 million will be establish for Community Development Financial Institutions, Community Development Corporations, faith-based lenders, and other non-profit community development funds led by people of color and with assets less than $2 million, initiated through formal broad based "request for proposal" (RFP) processes.
- *CLT product.* Develop a product designed to help Community Land Trusts and similar entities purchase, acquire and/or rehab properties in California to ensure permanent affordability of housing. Provide mortgages for homeowners purchasing as part of a CLT ownership structure, including with ITIN mortgages. Commit funding for CLTs and Limited Equity Coops.
- *Broadband.* Support regional and local efforts to bring high speed internet/broadband to underserved communities and residents through:

- financing infrastructure to expand access to communities that lack such access.
- devoting bank staff time, expertise, and networks through the use of community service hours for participation in regional and local collaboratives.
- funding planning grants for local communities
- providing appropriate devices to community residents.
- funding digital literacy training so residents can take advantage of access to high-speed internet/broadband services.
- The bank will commit $20 million to these efforts.

- *Acquisition rehab.* Commit $25 million for investments ($22 million) and capacity building grants ($3 million) to support housing nonprofits including community land trusts and community efforts to acquire and preserve distressed assets, consistent with state policy to encourage the purchase of distressed properties with up to 25 units by nonprofits, community land trusts, and tenant occupants.
- *SBICs*. Invest annually in CRA-qualified small business investment companies (SBIC's), with 20% targeted for minority enterprises.
- *In-fill.* Prioritize infill and small site development.
- *Green housing.* Help nonprofits purchase, refinance, weatherize, decarbonize, and provide high speed internet in their buildings.
- *Green initiatives.* Dedicate $25 million in investment dollars for community development initiatives that bolster climate resiliency and that are led by people of color and located in communities of color.
- *Public banking.* Dedicate investment and deposit dollars to support any state or local public bank established in California.
- *LIHTC.* Commit to Low Income Housing Tax Credits for 2023 at $225 Million and increase this amount by 25% each year over 5 years. This increase in LIHTC investments is meant to acknowledge the unique impact of this merger on California communities.
- *Staffing*. Commit to hire community development staff to be located in and serve each region of the state, including, at a minimum: Los Angeles, Southern California, the Central Valley, the San Francisco Bay Area, and the Northern counties.

Consumer:

The Bank agrees to:

- *BankOn.* Offer, actively market and service an account that serves the banking needs of the unbanked, underbanked, and low-to-moderate income communities within the Bank's assessment areas within one year from the date of this commitment. This will be done in accordance with the BankOn standards, and the Model Safe Account guidelines developed by the FDIC and will include a savings, checking, and cash-secured credit card feature. The bank shall not use Chexsystems screening on these accounts and will not report to Chexsystems on these accounts. The Bank will accept ITINs and a Matricula Card in lieu of an SSN for financial products.
- *Overdraft fees.* Further refine overdraft policies to eliminate overdraft fees, or, at a minimum, to reduce the charge per overdraft to $10.

- *Waive EBT fees.* Commit to reconfigure all ATMs to waive out-of-network surcharges for California public assistance recipients who use Electronic Benefits Transfer Cards (EBT).
- *Youth account.* Establish a checking and savings account for young people under 22. The bank will not use Chexsytems for this account and will not require parent/guardian permission to open. This account will meet the standards agreed to above on affordable accounts.
- *Age-friendly account.* Establish an age friendly bank account that is also accessible to survivors of domestic violence.
- *State bank accounts.* Consider in good faith whether to participate in any state designed product to make bank accounts accessible to California's unbanked and underbanked communities. AB 1177 (Santiago) currently provides one such vehicle.
- *10 new branches.* Commit to opening 10 new branches in LMI neighborhoods of color and rural communities and consult with community groups before selecting locations.
- *No branch closures.* Commit to not close ANY branches in LMI neighborhoods or neighborhoods of color.
- *Payday alternative.* The Bank will develop a meaningful low-cost alternative to payday loans.
- *Language access.* Make a commitment to meet the language access needs of California's diverse population. This will include:
    - Striving to provide written and oral language access in the top 5 non-English languages spoken in California.
    - Increasing multi-lingual staff or hiring third-party language service providers to translate materials (e.g., contracts, marketing collateral, loan applications, legal documents, borrowers' information and supporting documents, etc.) as well as provide interpretation services and other forms of language support to facilitate residential mortgage originations, small business lending, and/or other banking needs through its contact center and at all of its branches.
    - Taking steps to ensure that web portals and mobile apps are accessible in languages other than English.
    - Providing financial literacy classes and education about financial products in multiple languages to reach unbanked and underbanked LEP immigrants.

Charitable Donations – $50 Million:

- *Track.* Begin to track CRA eligible philanthropic support to organizations led by BIPOC and
    - Commit to increasing the amount of support for these organizations year over year.
    - Support capacity-building efforts for non-profit organizations led by BIPOC.
    - Offer general operating grants to these organizations, with a priority on increasing this support for organizations led by BIPOC.
- *Capacity building.* Support capacity-building grants for faith-based organizations engaged in community development and advocacy efforts.
- *Housing and economic development focus.* Commit that at least 70% of the Bank's contributions will be for housing, economic development, financial capability, fair housing, organizing and legal services.

- *Step up grants.* Dedicate $8 Million for contributions in 2023 and increase this amount by $1 Million each year. This annual increase in contributions is meant to acknowledge the unique impact of this merger on California communities.

Policy:

- *Anti-displacement*. Sign CRC's Anti Displacement Code of Conduct; review all programs, products, and policies to ensure compliance with the Code; and report on such efforts.
- *1071.* Support CFPB's section 1071 data collection rulemaking efforts so that detailed data on small business lending is collected and made publicly available in order to promote equal access to credit and to support enforcement efforts against discrimination and fair lending violations. Be a supportive voice as the CFPB finalizes the rule and commit to work with community groups to establish new small business lending goals by race, ethnicity, and gender when the data is public.
- *Climate Risk and Community Investments*. Develop a strategy for handling climate change-induced risk, decarbonizing investments, and proactively investing in projects that promote community resilience. This should include reviewing the Bank's investment portfolio to assess both physical and transition risk and a commitment to divest from fossil-fuel intensive industries. The Bank should provide detailed reporting on its efforts. The Bank should also ensure its community development efforts include investments to promote climate resiliency that build wealth in communities of color.
    - This could include expanding the Bank's commitment to its auto loan product and supporting an equitable transition to a green economy.
    - Develop a flexible financial vehicle to support low-to-moderate individuals to transition their homes to affordable solar energy solutions which would reduce their overall costs of living.
- *Human rights*. Endorse the International Labour Organization's *Declaration on Fundamental Principles and Rights at Work*, by confirming that ""BMO strives to create a positive workplace with open lines of communication. As such, it respects the right of all people to join or not join a trade union to bargain collectively."
- *Anti-trafficking*. Endorse and implement the Finance Against Slavery and Trafficking (FAST) framework.

Board Diversity:

- *Disclosure*. Publicly disclose detailed demographic employment information for all employment levels, including for its Board of Directors and top executives. Many banks already voluntarily annually disclose their full EEO-1 employment data in a form readily available to facilitate benchmarking among peer banks.

- *Diversity.* The Bank will have at least 50 percent of its leadership composed of individuals from underrepresented groups (comprised of persons of color or women) and see an increase in underrepresented executives in leadership roles over the next 5 years.

Supplier Diversity:

BMO Harris commits to increase its spending with diverse suppliers, set a goal of 20% diverse spend, and increase the number of BIPOC suppliers the bank works with over the plan's period. The Bank will report on supplier diversity goals and spend with California firms by category annually and meet with the community representatives to discuss the results and action plans to address any underperformance.

Racial Equity Audit:

BMO Harris will collaborate with community partners to choose a third-party evaluator to conduct a racial equity audit of the bank's investments, lending, philanthropy, and policies, and make recommendations on how to improve the bank's racial equity impact.

Community Advisory Board

The bank shall establish a community advisory board (CAB), comprised of individuals who are deeply connected to the local underserved markets across California. The CAB shall work with the bank to vet, review and support the bank's CRA and business strategies with a lens on meeting the unique needs of California's diverse markets.

Enforcement:

- The Bank will commit to meeting annually with CRC and Greenlining and share data showing compliance to CBA commitments. The CEO of the Bank will attend the annual meeting.
- The Bank will include this CRA plan in its application to the regulators.
- BMO Harris Bank commits to making the plan public and making it available on its website.
- BMO Harris Bank commits that before the 5-year period is up, it will negotiate a new plan with these community partners.

May 18, 2022

Comments concerning an application to acquire a Bank Holding Company subject to the Bank Holding Company and Bank Merger Acts.

Bank of Montreal, Montreal, Quebec, Canada and BMO Financial Corp., Wilmington, Delaware	To acquire BancWest Holding Inc. and thereby indirectly acquire Bank of the West, both of San Francisco, California pursuant to the Bank Holding Company Act; and for Bank of the West, San Francisco, California, to merge with and into BMO Harris Bank National Association, Chicago, Illinois, pursuant to the Bank Merger Act.	Determinations under the Bank Holding Company Act and the Bank Merger Act.	Jason Almonte, Director for Large Bank Licensing, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219, via e-mail at jason.almonte@occ.treas.gov, or via telephone at (917) 344-3405. Federal Reserve: Colette A. Fried, Assistant Vice President, Federal Reserve Bank of Chicago, 230 South LaSalle Street, Chicago, Illinois 60604, via e-mail at colette.a.fried@chi.frb.org, or via telephone at 312-322-6846, or Lisa Smith, Lead Examiner – Mergers and Acquisitions, Federal Reserve Bank of Chicago, 230 South LaSalle Street, Chicago, Illinois 60604, via e-mail at lisa.a.smith@chi.frb.org, or via telephone at (515) 241-1477

We understand that:

“On January 17, 2022, BMO Harris Bank National Association, Chicago, Illinois (BMO Harris Bank), applied to the OCC to merge Bank of the West, San Francisco, California with and into BMO Harris Bank pursuant to section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)) (Bank Application). That same day, the Board received an application from Bank of Montreal, Montreal, Canada, and BMO Financial Corp., Wilmington, Delaware, to acquire BancWest Holding Inc., San Francisco, California, parent of Bank of the West, pursuant to the Bank Holding Company Act (12 U.S.C. 1841 et seq.) (Holding Company Application)."

The Bank has stated that:

"TORONTO and CHICAGO, Dec. 20, 2021 /CNW/ - BMO Financial Group (TSX: BMO) (NYSE: BMO), and its indirect wholly-owned Chicago-based subsidiary BMO Harris Bank N.A. (together, 'BMO'), today announced the signing of a definitive agreement with BNP Paribas (XPAR: BNP) to acquire Bank of the West and its subsidiaries, with assets as of September 30, 2021 of approximately C$135 billion (US$105 billion). This acquisition aligns with BMO's strategic, financial and cultural objectives.

Under the terms of the agreement, BMO will acquire Bank of the West for a cash purchase price of US$16.3 billion, or US$13.4 billion net of estimated US$2.9 billion of excess capital (at closing) at Bank of the West. BMO will fund the transaction primarily with excess capital reflecting its strong capital position and anticipated capital generation.

Founded in 1874, Bank of the West has a strong track record of serving retail, small business, commercial and wealth clients. With the combination of two highly complementary geographies and building upon BMO's digital, data and analytics capabilities, this acquisition enables contiguous market extension, the acceleration of BMO's commercial banking expansion, and highly competitive scaled entry into California.

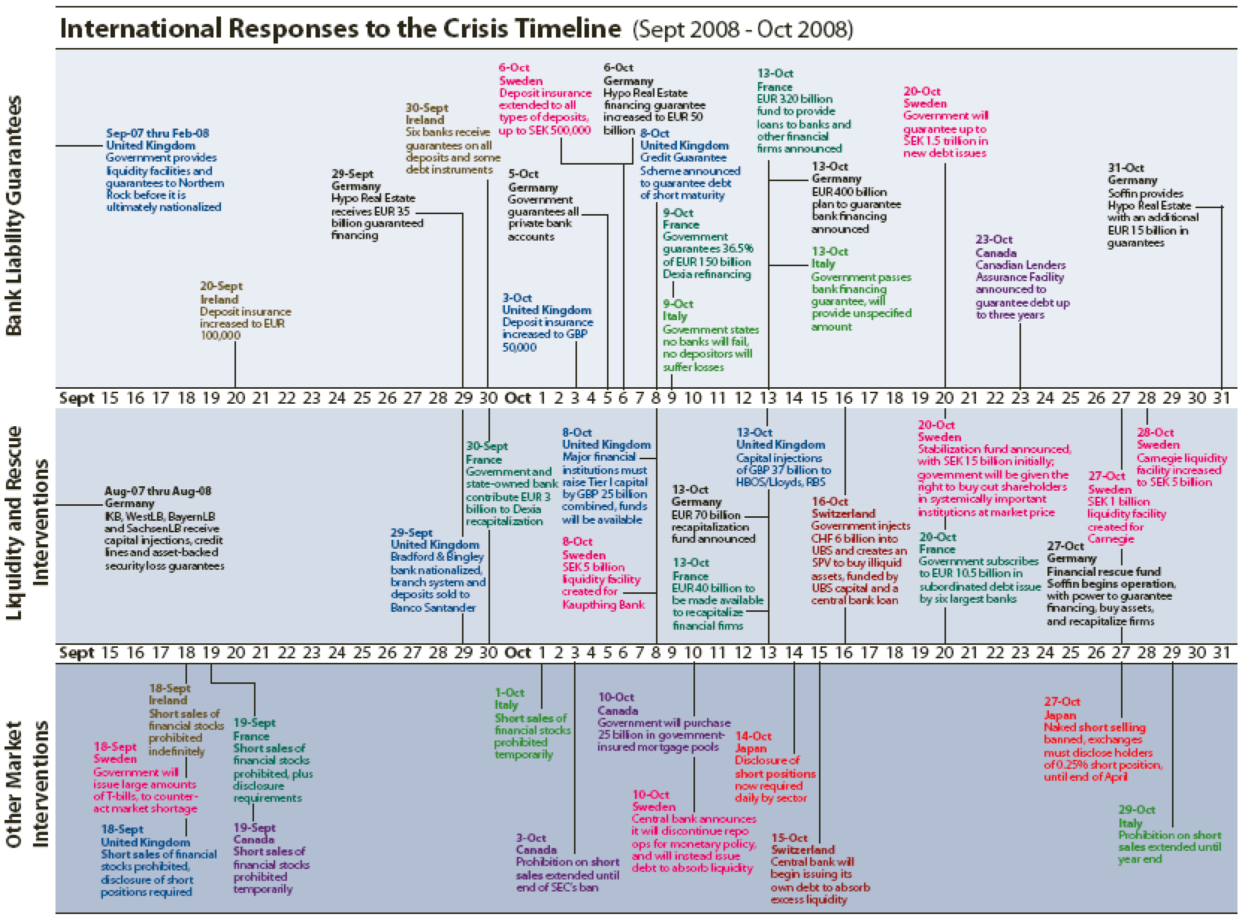
On closing, the acquisition will bring nearly 1.8 million customers to BMO and will further extend its banking presence through 514 additional branches and commercial and wealth offices in key U.S. growth markets. Post closing, BMO will have a strong position in 3 of the top 5 U.S. markets, a footprint in 32 states, expanded national specialty commercial businesses and a digital banking platform gathering deposits in all 50 states. With approximately 70% of Bank of the West's deposits in California, BMO is making a scaled entry to a market with a population of approximately 40 million people producing US$3.1 trillion of GDP – which, if considered as a country, would rank as the world's 5th largest economy."

Applicant Considerations

According to the Federal Reserve Bank of Richmond[1],

“As the worst financial crisis in generations hit the United States in 2007 and 2008, Canada was a pillar of resilience.

No Canadian financial institutions failed. There were no government bailouts of insolvent firms (just a couple of lending programs to address market volatility relating to problems in the United States). Canada was the only G-7 country to avoid a financial crisis, and its recession was milder than those it experienced in the 1980s and early 1990s. For the last six years, the World Economic Forum has ranked Canada first among more than 140 countries in banking stability.”



Source: The New York Fed’s timelines of policy responses to the global financial crisis. Rebecca Hellerstein, Jeffrey Shrader, William Ryan 14 July 2009 https://voxeu.org/article/timelines-policy-responses-global-financial-crisis

[1] Haltom, Renee, “Why Was Canada Exempt from the Financial Crisis?” https://www.richmondfed.org/~/media/richmondfedorg/publications/research/econ_focus/2013/q4/pdf/feature2.pdf

info@creativeinvest.com

The lack of financial crisis impact was due to higher standards of ethical behavior. Given this, we believe the importation of such standards via this transaction will accrue to the benefit of the US banking system. **We favor this merger.**

We reference[2] the following:

Ninth Circuit Rules in Favor of Wells Fargo, Against African Americans https://www.prlog.org/12887315-ninth-circuit-rules-in-favor-of-wells-fargo-against-african-americans.html

Firm Helps facilitate $1.7 Billion for Black Lives Matter https://www.american.edu/news/20200825-washington-semester-program.cfm

Corporate Donations to Black Lives Matter total $67 Billion. Cash Disbursed So Far Estimated to be $652 million. https://www.prlog.org/12874879-corporate-donations-to-black-lives-matter-total-67-billion.html

Through our impact investing vehicle, the Maternal Mortality Reparation Facility for Black Women, we can help repair the mortality gap currently damaging black and brown women, and, by extension, the communities they belong to. https://www.prlog.org/12876083-maternal-mortality-reparation-facility-for-black-women.html

We have developed an investment vehicle that deals with homelessness and another that deals with HIV/AIDS. https://www.impactinvesting.online/2018/11/william-michael-cunningham-on-impact.html

The Board and Ethical Issues

According to the New York Times, "Robert S. Kaplan traded millions of dollars' worth of oil and gas stocks and other individual company shares last year while he was head of the Federal Reserve Bank of Dallas.. His colleague, Eric S. Rosengren, bought and sold securities tied to real estate — which are sensitive to Fed policy — in 2020 while running the Federal Reserve Bank of Boston."[3]

These issues raise questions concerning the holdings of other Board policymakers and staff. We request the Board make public information concerning any and all holdings in BMO Financial Group (TSX: BMO) (NYSE: BMO) and/or BNP Paribas (XPAR: BNP) by any Board policymakers or staff.

[2] We do not seek, nor will we accept, any funding or assistance concerning these innovations. This document is not submitted to subject the bank to "CRA blackmail" by protesting bank merger applications. In point of fact, we are not protesting this application.

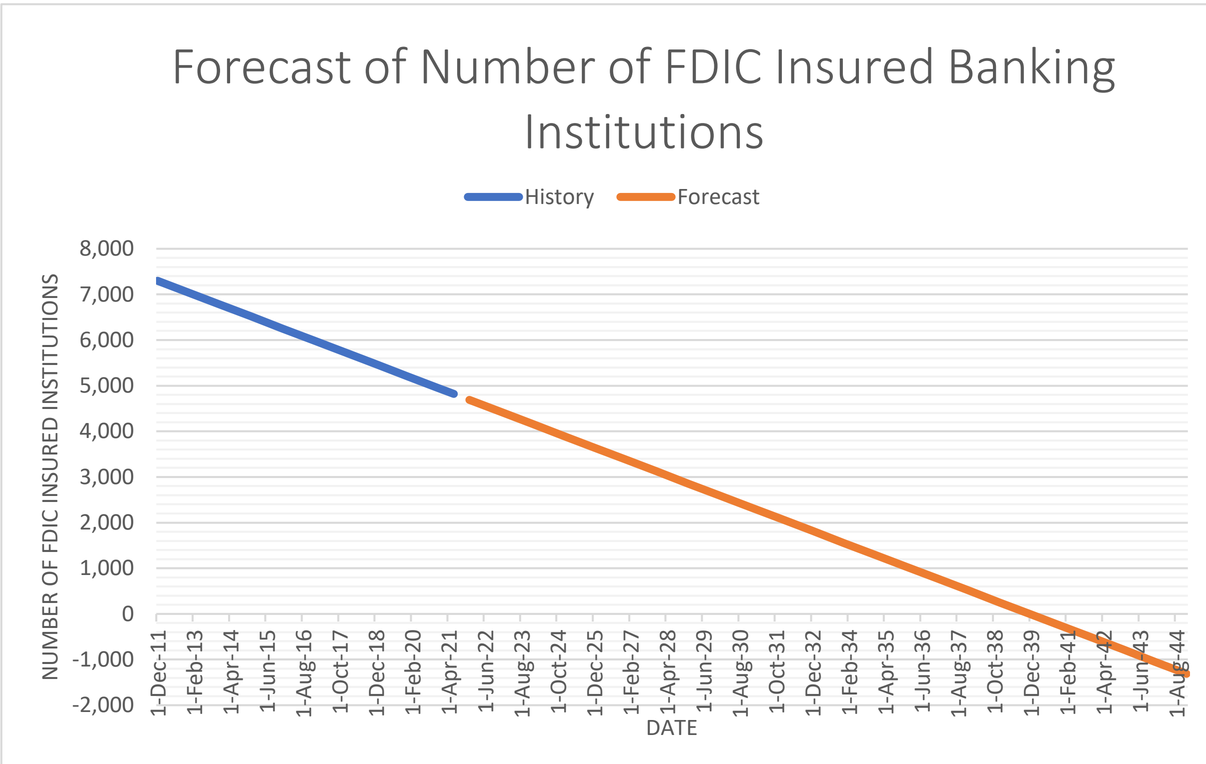
[3] *Fed Unveils Stricter Trading Rules Amid Fallout From Ethics Scandal.* Jeanna Smialek, Oct. 21, 2021. The New York Times. Online at: https://www.nytimes.com/2021/10/21/business/federal-reserve-trading-ethics.html

info@creativeinvest.com

Given these facts, we question the Board's ability, without an independent, empowered and objective ethics advisor, to fairly and ethically[4] evaluate the public interest regarding proposed transactions.[5]

The Board and Industry Concentration Issues

These ethical failings have real implications for the industry and for the public. The Board may have abdicated its responsibility to consider the public interest, if that interest includes maintaining a

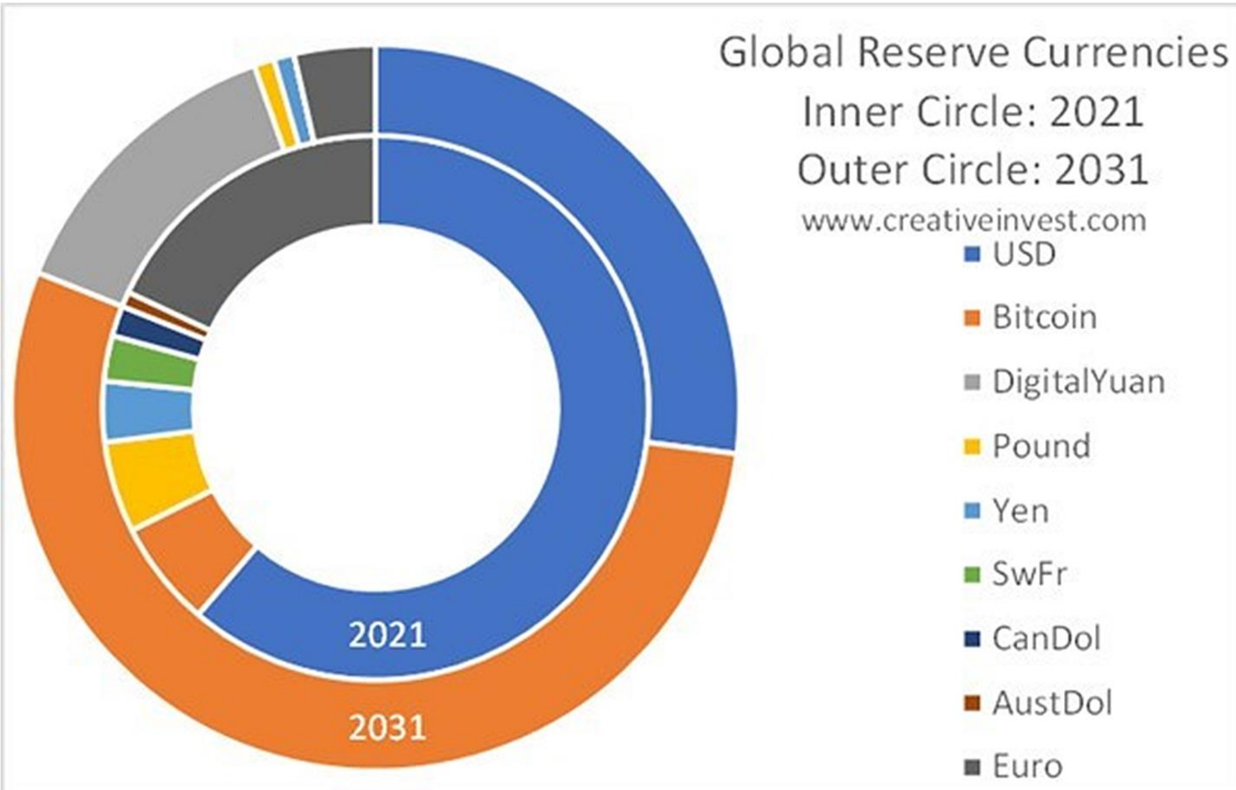


competitive industry. Our forecast indicates that by 12/31/2039, if current trends continue in a linear manner, the number of FDIC insured institutions will be approximately 1-2. Note that, with growing competition from fintech firms and alternatives, like bitcoin, this may imply the wholesale exit of banking institutions from both the FDIC and Federal Reserve systems. This would not be in the public interest.

[4] *The Eight Commitments of Ethical Culture from the Philadelphia Ethical Society*. Online at: https://www.impactinvesting.online/2021/09/the-eight-commitments-of-ethical.html

[5] As we noted in *Regulators, Legislators and Marketplace Ethics,* recent history suggests an increasing number of policymakers and regulators may be abusing their position for personal gain. (See: https://www.linkedin.com/pulse/regulatory-participants-legislators-marketplace-/)

We predicted such an eventuality in our research report, *Blockchain, Cryptocurrency and the Future of Monetary Policy* (See: https://www.prlog.org/12785779-blockchain-cryptocurrency-and-the-future-of-monetary-policy.html)



The Board and Environmental Issues

We continue to note that the Board has no mechanism currently to consider environmental issues when evaluating applications, this in a year determined by NASA to be one of the warmest on record[6]. The lack of environmental standards is another reason we favor this merger: we believe Canadian banking authorities will develop effective environmental evaluation mechanisms before American regulators do.

Recent legislation introduced in the House "would force the Federal Reserve to break up banks if they do not reduce the carbon emissions they finance, in line with the Paris climate accord. The bill, called the Fossil Free Finance Act, orders the Fed to take unprecedented steps meant to steer financial support away from oil, gas, coal and companies by unraveling banks who refuse to comply. The measure also covers financing the destruction of natural forests." See: https://pressley.house.gov/sites/pressley.house.gov/files/Fossil%20Free%20Finance%20Act%20Bill%20Text.pdf

[6] Jan 14, 2021. RELEASE 21-005. 2020 Tied for Warmest Year on Record, NASA Analysis Shows. https://www.nasa.gov/press-release/2020-tied-for-warmest-year-on-record-nasa-analysis-shows

We refer regulators to our analysis of the Ocean Rescue Alliance innovation in the blue economy. See: https://www.linkedin.com/posts/ocean-rescue-alliance_blue-economy-x-ocean-rescue-alliance-activity-6834163126926233600-iC7n

Summary: We favor this merger

While incompetence, discrimination and exclusionary practices based on race are prevalent in investment and finance, including at US regulatory bodies, we believe Canadian entities, while not perfect or immune from these factors, operate at a higher ethical level and therefore we favor this merger. It is our hope that American regulators and banks can improve their performance by partnering with Canadian entities.

By law, the agencies are required to evaluate:

Factor	Comment	Evaluation
The convenience and needs of the communities to be served by the combined organization;	B y increasing ethical standards of behavior, the combined entity will serve the convenience and needs of the communities.	**Positive**
The insured depository institutions' performance under the Community Reinvestment Act (CRA);	CRA is irrelevant since the CRA evaluation process is overly positively biased, inaccurate and ineffective.	**Neutral**
Competition in the relevant markets;	This merger may encourage other Canadian/ international entities to purchase US bank holding companies.	**Positive**
The effects of the proposal on the stability of the U.S. banking or financial system;	The merger will increase the stability of the US banking and finance system by elevating ethical standards of behavior.	**Positive**
The financial and managerial resources and future prospects of the companies and banks involved in the proposal;	The future prospects of the companies and banks involved in the proposal are enhanced by this merger.	**Positive**
The effectiveness of the companies and banks in combatting money laundering activities.	The US dollar is the most utilized tool for money laundering. Control in this area lies with the US Treasury and legislative bodies.	**Neutral**

We support our comments by reference to the following:

1. See: Social Performance Indicators for Banks, 2002. https://www.creativeinvest.com/SocialPerformanceIndicatorsfortheFinanceIndustry.pdf
2. "Environmental Issues and Stock Returns" quantifies the impact environmental issues have on company stock prices. https://www.eventbrite.com/e/how-environmental-issues-impact-stockreturns-tickets-2029288657

3. We stated, on February 5, 2015, in testimony to the Norwegian Ministry of Finance (http://www.creativeinvest.com/NorwayTestimonyFeb52015.pdf) and on April 22, 2015 in testimony to the Government of the United Kingdom (https://www.creativeinvest.com/UKConsultationonChangestoInvestmentRegulationsApril222015.pdf):

   "As the market value of environmental, social and governance factors continues to grow, companies and investment managers will engage in fraudulent practices related to these factors. These practices will range from simple falsification of environmental, social and governance records to more sophisticated, but no less fraudulent methods related to environmental, social and governance ratings."

   On September 22, 2015 automaker Volkswagen admitted that defeat devices used to cheat emissions testing were installed in 11 million vehicles worldwide.

4. We outlined an approach to these questions in Comments on the Environmental, Social and Governance Reporting Guide. Government of Hong Kong. September 18, 2015. https://www.creativeinvest.com/HongKongESGReporting.pdf
5. We tied ESG to the competitive position of the U.S. capital markets. As we noted on Oct. 5, 2006, foreshadowing the rise of cryptocurrencies: "competitive advantage with respect to capital access is available to any country with significant economic potential and a modest telecommunications infrastructure." https://www.sec.gov/comments/4-526/4526-1.pdf
6. On January 15, 2010, during a discussion on Race, Class and the Environmental Movement, we explored solutions for health/wealth disparities, the structure/metrics of injustice, and ideas for advancing equity. See: https://www.prlog.org/10490189-race-class-and-the-environmentalmovement.html and https://drive.google.com/file/d/1LUCWzdGTyh92SqiUXjsiZ-ugM4eFGab/view?%20usp=sharing
7. Anti-Predatory Lending Investment Vehicle: Proposed Solution to the "Mortgage" Crisis. https://www.creativeinvest.com/antipredatory.html
8. First CRA Targeted Mortgage Backed Security (MBS). https://www.creativeinvest.com/mbsarticle.html
9. First Socially Responsible Investing Portfolio Devoted to Diversity Launched, 2006. https://www.creativeinvest.com/FirstInvestingPortfolioDevotedtoDiversity.pdf

Sincerely,

/William Michael Cunningham/

William Michael Cunningham

See: 1.) Appendix (below) and 2.) Letter dated Monday, April 15, 1996 to Mr. William Wiles, Federal Reserve Board, 20th & Constitution Ave., N.W., Washington, DC 20551 (JPMFRB2AWORD.pdf attached via email).

Appendix. See: https://www.creativeinvest.com/JPMorgan1996PressRelease.pdf

PRESSRELEASE

Creative Investment Research, Inc. • 1321 Rittenhouse Street, NW • Washington, DC 20011-1105 • 202-722-5000 • Fax: 202-785-4682

For Immediate Release

Date: May 16, 1996

Contact: William Michael Cunningham

Phone: 202-722-5000

Fax: 202-785-4682

Morgan Guaranty Trust Merger Protest

Washington, D.C.—Creative Investment Research released today the text of a statement filed with the Federal Reserve Board protesting the approval of a merger application submitted by Morgan Guaranty Trust. The Federal Reserve Board approved the merger on April 29, 1996. The Fed, in a press release, stated:

"Morgan Guaranty Trust Company of New York, New York, New York ('Morgan Guaranty'), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)) (the 'Bank Merger Act') to merge with J.P. Morgan Delaware, Wilmington, Delaware ('Morgan Delaware'), with Morgan Guaranty surviving the merger.

...Based on the foregoing and all the facts of record, the Board has determined that these applications should be and hereby are, approved."

We have requested the Board review this merger. We focus on the Board staff review of the CRA activity of Morgan Guaranty Trust Company of New York. This review does not discuss the banks' securities activities. We feel the review was quite limited in scope. The Board has the authority and ability to review other information it deems relevant. The applicant's parent, J.P. Morgan & Co. Inc., received Board approval under section 4(c)(8) of the Bank Holding Company Act and section 25.21(a) of the Board's Regulation Y 12 C.F.R. 225.21(a), to engage, through wholly owned subsidiaries, in underwriting and dealing in, on a limited basis, certain securities that member banks, prior to the approval of that application, could not underwrite and deal in. This is an exemption from Section 20 of the Glass-Stegall Act (Section 20 exemption).

We claim this Section 20 exemption requires the staff to more broadly analyze the banks' activities in meeting the credit need of the community. We feel this includes reviewing the CRA-related activities of Morgan Guaranty Trust Company of New York and J.P. Morgan Securities Inc. (JPMSI). In addition, we feel this review necessitates an examination designed to uncover any discriminatory business lending practices. This would include inspecting the gender and ethnic makeup of the government entities/regions or owners of firms using the following services provided by the applicant.

a. Municipal Revenue Bonds/Securities

b. Mortgage related securities

c. Commercial Paper

d. Consumer - receivable related securities("CRR's")

Activities in at least one of the above functional areas have been defined by the Federal Reserve Board (in an Order Approving Application to Engage in Commercial Paper Placement to a Limited Extent (Federal Reserve Bulletin, Feb. 1987, p. 148)) as "so functionally and operationally similar to the role of a bank that arranges a loan participation or syndication that banking organizations are particularly well suited to perform the commercial paper placement function."

A copy of the grounds for review follows.

August 26, 1996 (Revised & Resubmitted by Facsimile on August 28, 1996)

Mr. William Wiles
Secretary
Federal Reserve Board
20th & Constitution Ave., N.W.
Washington, D.C. 20551

Dear Mr. Wiles:

I am writing with respect to three proposals (Docket Numbers R-0841, R-0701, and R-0932) recently announced by the Federal Reserve Board. The Board, in a July 31, 1996 press release stated:

"The Federal Reserve Board today requested comment on three proposals to modify the conditions under which section 20 subsidiaries of bank holding companies may underwrite and deal in securities.

The first proposal would increase the amount of revenue that a section 20 subsidiary may derive from underwriting and dealing in securities from 10 percent to 25 percent of its total revenue. Comment on this proposal is requested by September 30, 1996.

The second proposal would amend or eliminate three of the prudential limitations, or fire walls, imposed on the operations of the section 20 subsidiaries:

* the prohibition on director, officer and employee interlocks between a section 20 subsidiary and its affiliated banks or thrifts (the interlocks restriction);

* the restriction on a bank or thrift acting as an agent for, or engaging in marketing activities on behalf of, an affiliated section 20 subsidiary (the cross-marketing restriction); and

* the restriction on the purchase and sale of financial assets between a section 20 subsidiary and its affiliated bank or thrift (the financial assets restriction).

The third proposal would clarify, in an accounting change to the revenue limit, that the Board will not consider interest income earned on securities that a member bank could hold for its own account toward a section 20 subsidiary 5 revenue limit.

Comment on the second and third proposals is requested by September 3, 1996."

William Michael Cunningham and Creative Investment Research, Inc., for the reasons outlined below, oppose the first two proposed rule changes. We respectfully request the Board not make these changes and reconsider these two proposals in light of the attached comments.

Sincerely,

William Cunningham

Docket No. R-0841

Revenue Limit on Bank Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities.

We oppose this proposal. The proposal would increase the amount of revenue that a section 20 subsidiary may derive from underwriting and dealing in securities from 10 percent to 25 percent of its total revenue. According to the July 31, 1996 Press Release:

"Section 20 of the Glass-Steagall Act provides that a member bank may not be affiliated with a company that is 'engaged principally' in underwriting and dealing in securities. In 1987, the Board first allowed bank affiliates to engage in underwriting and dealing in bank-ineligible securities -- that is, those securities that a member bank would not be permitted to underwrite or deal in -- when the Board approved an application by three bank holding companies to underwrite and deal in commercial paper, municipal revenue bonds, mortgage-backed securities, and consumer-receivable-related securities. In 1989, the Board allowed five section 20 subsidiaries to underwrite and deal in all debt and equity securities, subject to more rigorous fire walls.

Currently, thirty-nine nonbank subsidiaries of bank holding companies are authorized to engage in underwriting and dealing activities that are not authorized for a member bank. Fourteen of these so-called section 20 subsidiaries have authority to underwrite and deal in commercial paper, municipal revenue bonds, mortgage-backed securities, and consumer receivable related securities.

Twenty-two section 20 subsidiaries have authority to underwrite and deal in all debt and equity securities, and three may underwrite and deal in all debt securities. Over the past nine years, the Board has had substantial experience in supervising the activities and operations of those companies. In the Board's experience, the section 20 subsidiaries have operated in a safe and sound manner without adverse effects on their affiliated banks or the public, and have provided additional competition in the securities markets."

Opposition Point One

We take issue with the statement that "the section 20 subsidiaries have operated in a safe and sound manner without adverse effects on their affiliated banks or the public, and have provided additional competition in the securities markets." We agree that the Board has gained substantial experience over the past nine years in supervising the activities and operations of section 20 subsidiaries. There is, however, ample recent evidence suggesting that financial market imperfections will impair the ability of the Section 20 subsidiaries to continue to operate in a safe and sound manner without adverse effects on their affiliated banks or the public. We refer the Board to the following incidents:

1. In the most serious indication to date that securities market problems have significantly damaged the public, the National Association of Security Dealers was found by the U.S. Securities and Exchange Commission to be "failing to police wrongdoing the NASDAQ Stock market, the second largest stock market in the world." The Washington Post (August 8, 1996. Page A1.) We note that "twenty-two section 20 subsidiaries have authority to underwrite and deal in all debt and equity securities."

2. According to the Washington Post (August 10, 1996. Page D2), a Massachusetts jury "convicted a former partner of Lazard Freres & Co. on 58 of 61 counts of fraud and corruption in connection with his work on municipal bond issues for the District government, the U.S. Postal Service and other clients." We note that "fourteen of these so-called section 20 subsidiaries have authority to underwrite and deal in municipal revenue bonds." We also note that significant explorations concerning fraud and corruption in the municipal bond markets are ongoing.

3. According to the Washington Post (August 10, 1996. Page A1), the Securities and Exchange Commission "filed a civil securities complaint against Bennett Funding Group, Inc. of Syracuse, N.Y. alleging that the company was a 'massive, ongoing Ponzi scheme,' perhaps the largest such scheme in U.S. history, with liabilities exceeding $1 billion."

4. According to the Washington Post (August 20, 1996. Page C2.), one financial institution granted a Section 20 exemption, Banker's Trust, experienced severe problems in the derivatives market. Clients, such as Gibson Greetings and Proctor & Gamble, claim the company misled them about the value of derivative investments.

5. According to the Washington Post (August 22, 1996. Page D8), another financial institution granted a Section 20 exemption, Citicorp, was fined $25,000 and ordered to surrender $300,000 by the National Association of Security Dealers for failing to ensure that 19 brokers completed computer-based training under NASD continuing education requirements.

6. According to the Washington Post (August 28, 1996. Page D1), several securities brokers were suspended because they hired others to impersonate them and take the main securities licensing examination, the Series 7 test.

This is a cursory sample of recent newspaper articles concerning securities market malfeasance drawn from one newspaper (The Washington Post) in one month (August 1996.) An extensive review would reveal more incidents. While U.S. security markets are broadly well functioning, these irregularities call into question the appropriateness of increasing, at this time, the amount of revenue that a section 20 subsidiary may derive from underwriting and dealing in securities.

Opposition Point Two

In an earlier letter to the Board, we protested the approval of a merger application submitted by Morgan Guaranty Trust, the beneficiary of a Section 20 exemption. The Board approved the merger on April 29, 1996. In that protest, we suggested Section 20 exemptions require Board staff to more broadly analyze activities of banking organizations granted Section 20 exemptions in meeting the credit needs of the community. We feel this includes reviewing the social and community impact of the securities activities of Section 20 subsidiaries. Recent advancements in information technology make this a reasonable suggestion. The creation of an investment test under new Community Reinvestment Act guidelines suggests that the Board agrees this can be done efficiently. Our research indicates that tools to conduct this type of "social and financial return analysis" can be readily developed. (See, for example, the Creative Investment Research "Fully Adjusted Return" Trademark applications pending methodology.)

In our earlier protest, we stated our belief that the grant of a section 20 exemption does not relieve the Board from an obligation to review and uncover any discriminatory business lending practices on the part of these firms.

This includes inspecting the gender and ethnic makeup of firms using the following services provided by section 20 subsidiaries:

a. Municipal Revenue Bonds/Securities

b. Mortgage related securities

c. Commercial Paper

d. Consumer - receivable related securities ("CRR's")

Activities in at least one of the above functional areas have been defined by the Federal Reserve Board (in An Order Approving Application to Engage in Commercial Paper Placement to a Limited Extent (Federal Reserve Bulletin, Feb. 1987, p. 148)) as "so functionally and operationally similar to the role of a bank that arranges a loan participation or syndication that banking organizations are particularly well suited to perform the commercial paper placement function."

In our view, Section 20 subsidiaries should be required to provide all credit services in a nondiscriminatory manner. Further, it is our belief that the tenor of the times require measures to compel Section 20 subsidiaries to provide credit in this manner.

The Federal Reserve noted, in a 1989 study, (in Changes in Family Finances from 1983 to 1989: Evidence from the Survey of Consumer Finances (Federal Reserve Bulletin, Jan. 1992, p. 1)) a widening income gap. That study indicated: "The small rise in the median values of income and net worth and the simultaneous substantial rise in the mean values indicate that the distributions of income and net worth became more concentrated between 1983 and 1989."

It is our belief that current tensions in certain parts of the country are a result of, in part, this widening income gap. We feel the increased concentration of wealth has contributed to and encouraged the development of, in certain individuals and groups, a "bunker," or militia mentality that has a negative impact on the country, including its capital markets. Recent events in Oklahoma City and at the 1996 Atlanta Olympic Games provide additional evidence concerning this observation

Certain organizations, like Section 20 subsidiaries, have been the beneficiaries of an unprecedented increase in financial market activity. Section 20 subsidiaries must be encouraged to apply their skills to deliver main line services to all, prudently but in a nondiscriminatory manner. Applying a "CRA-like" standard to the activities of these Section 20 subsidiaries, we believe, will help even the distribution of income and wealth, and contribute to domestic political and economic stability.

Docket No. R-0701

Review of Restrictions on Director and Employee Interlocks, Cross-Marketing Activities and the Purchase and Sale of Financial Assets.

We oppose this proposal. According to the July 31, 1996 Press Release:

"The Board is providing a second opportunity for public comment on proposed revisions to three of the prudential limitations established in its decisions under the Bank Holding Company Act and section 20 of the Glass-Steagall Act permitting a nonbank subsidiary of a bank holding company to underwrite and deal in securities. The Board is proposing to ease or eliminate the following restrictions on these so-called section 20 subsidiaries: the prohibition on director, officer and employee interlocks between a section 20 subsidiary and its affiliated banks or thrifts (the interlocks restriction); the restriction on a bank or thrift acting as agent for, or engaging in marketing activities on behalf of, an affiliated section 20 subsidiary (the cross-marketing restriction); and the restriction on the purchase and sale of financial assets between a section 20 subsidiary and its affiliated bank or thrift (the financial assets restriction)."

We refer the Board to Opposition Point One above as the main reason for our concern.

In addition, we believe the cross-marketing provisions of this proposal provide significant risks to the public, We refer the Board to a recent study by the Office of the Comptroller of the Currency, U.S. Treasury Department, "Mutual Fund Shareholders: Characteristics, Investor Knowledge, and Sources of Information" by Gordon Alexander, Jonathan Jones and Peter Nigro. The study reported that:

"..respondents earning less than $75,000 are significantly less likely to know that money market mutual funds are not insured. Panel B of Table 34 shows that roughly one quarter (27.5%) of those who thought that money market mutual funds are insured believe that these funds are insured by the FDIC. There are no significant differences in beliefs by age."

Cross marketing activities of Section 20 subsidiaries are likely to include the sale of money market mutual funds.

It is our belief that, unless the Federal Reserve Board is designated a "Super-regulator," with broad responsibility for overseeing the activities of banks, thrifts, pension funds, insurance companies, mutual fund companies, brokerage firms and investment banks, the approval of this proposal will result in significant public harm. We note our belief that recent advancements in financial and computer technology require the creation of such a "Super-regulator."

FAIR HOUSING CENTER OF CENTRAL INDIANA, INC.
445 N. Pennsylvania St., Suite 811, Indianapolis, IN 46204
Phone: 317-644-0673 Toll-Free: 855-270-7280
Web: www.fhcci.org Email: info@fhcci.org

July 14, 2022

Michael Hsu, Acting Comptroller
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

Jerome Powell, Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: OPPOSE – Proposed Bank of Montreal/BMO Financial Group (BMO Harris) Acquisition of BancWest Holding Inc. and Bank of the West

To Acting Comptroller Hsu and Chairman Powell:

The Fair Housing Center of Central Indiana (FHCCI) is a nonprofit organization that works to ensure equal housing opportunities by eliminating housing discrimination through advocacy, enforcement, education, and outreach. As part of our mission, the FHCCI has been active in challenging discriminatory housing practices and educating the public about the prevalence of such practices and the systemic history thereof.

We oppose this merger because BMO Harris is one of the **lowest** mortgage lending performers in the Indianapolis/Marion County, Indiana market as it relates to serving Black home seekers. We cannot support a merger which would expand their reach and result in additional negative impact upon so many unserved Black households and neighborhoods. As we will point out in our comments, mergers rarely benefit communities already suffering from a history of redlining, racial covenants, and other discriminatory practices.

The FHCCI is a member of the National Community Reinvestment Coalition (NCRC). In February 2022, the FHCCI was part of a series of regional meetings arranged by NCRC with BMO Harris leadership to review and discuss concerns with the proposed merger and BMO Harris' current lending practices. In coordination with NCRC, the FHCCI advocated for a comprehensive and impactful Community Benefits Agreement (CBA) that would include specific actions to assist residents of the Indianapolis, Indiana Metropolitan Statistical Area and counteract previous inadequate mortgage practices.

Although the timing of the merger announcement and original public comment deadline did not allow the FHCCI to conduct a comprehensive analysis of BMO Harris' lending practices for Indianapolis, Indiana at that time of the February 2022 meeting, I shared with BMO Harris personnel a number of concerns we had identified. This document provides an expansion of our previously identified comments and additional information as to the

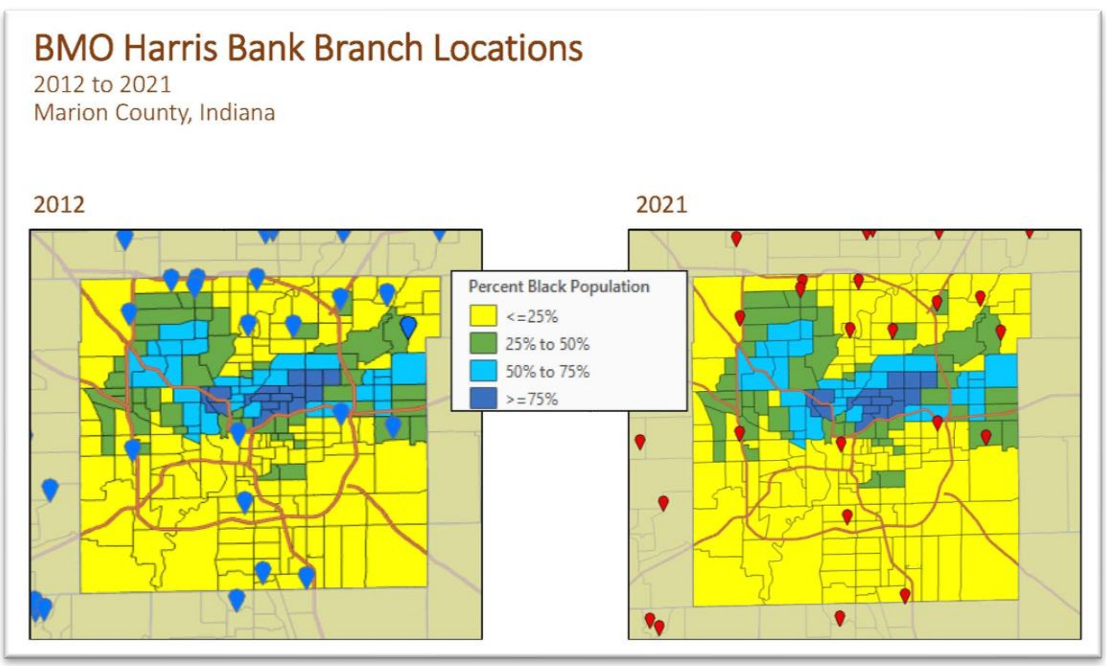
FHCCI's substantial problems with BMO Harris' lending practices in the Indianapolis/Marion County, Indiana market.

Marion County is home to a population of more than 950,000 residents. Its population has grown steadily from around 900,000 in 2010. The City of Indianapolis (less the exempted cities of Beech Grove, Lawrence, Southport, and Speedway) is the 15th largest city in the United States with a population of 887,642 (2020 Census). The most recent Census data available for Marion County has 54.5% of the population as white (non-Hispanic) while 28.6% is Black, 10.5% is Hispanic, and 3.4% is Asian. While those metrics might indicate a healthy level of diversity, the County is noticeably segregated by race and ethnicity. In Marion County, Indiana, BMO Harris is a Top 50 mortgage lender. Overall, they received 2,332 applications and originated 1,125 mortgage loans totaling $126,015,000 in originations during 2018 to 2021.

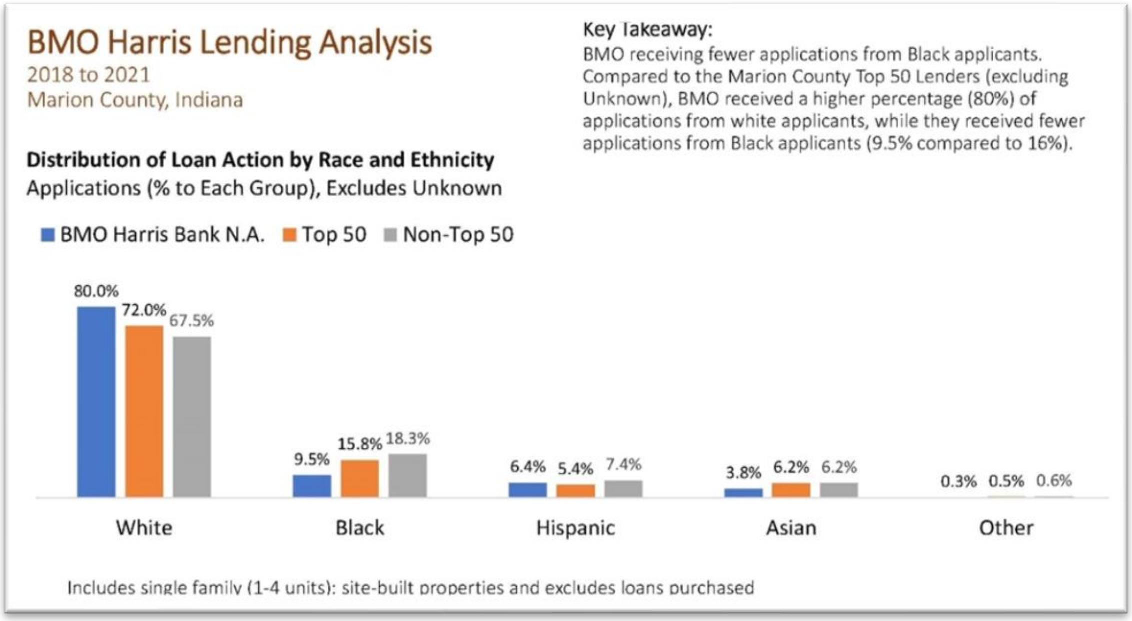
Note: The City of Indianapolis makes up the vast majority of Marion County with only four small cities not being part of the consolidated city-county government. Consequently, in this document, we use Marion County and City of Indianapolis interchangeably.

Bank Branches: For several years, there has been a consolidation of lenders and the creation of increased financial deserts across the City of Indianapolis, most specifically in Black neighborhoods. In January 2022, the FHCCI released a report, *The State of Fair Housing in Indiana Report – Mortgage Lending in Marion County 2018-2020*. We identified that bank branches had closed by nearly 23% across the State of Indiana. In Marion County/City of Indianapolis, the bank branch closure rate was 29%, nearly twice the national rate (16%) and much higher than the overall Indiana rate. In Marion County neighborhoods of color from 2011 to 2021, branches closed at a rate of 35% in Black neighborhoods in comparison to 27% in majority white neighborhoods. In 2021, there were 50% more bank branches per capita in majority white neighborhoods than in Indianapolis communities of color. Mergers have played a significant and devastating role in these closures.

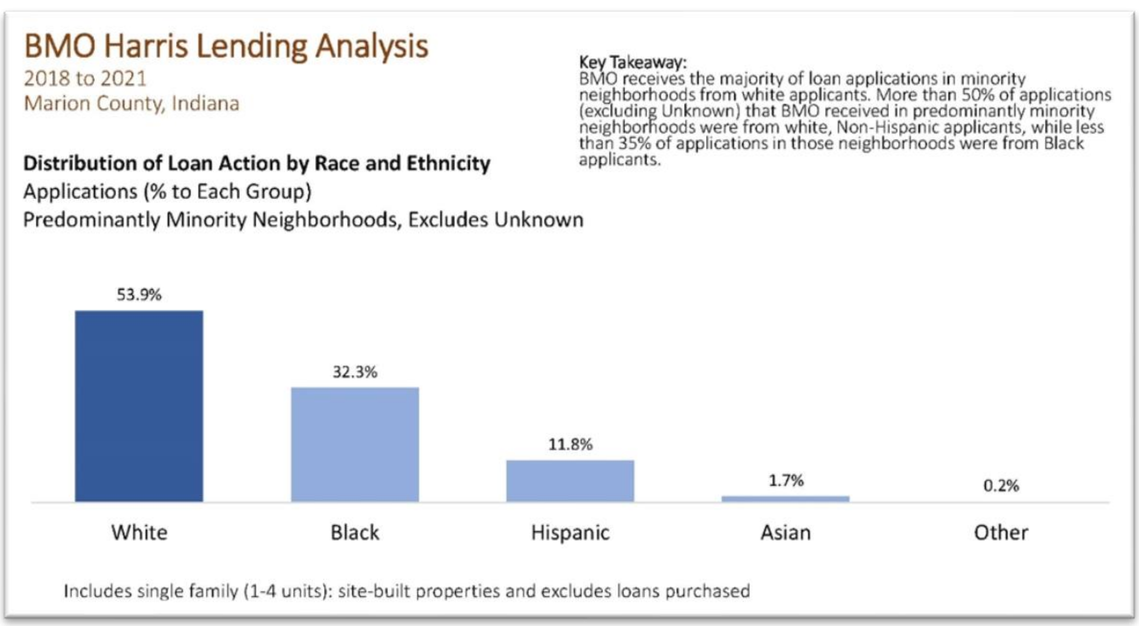
For BMO Harris, this is particularly evident. For Marion County (highlighted in yellow), BMO Harris, today, has no bank branches in Indianapolis majority Black neighborhoods. In 2012, BMO Harris also had no bank branches in Indianapolis Black neighborhoods outlining BMO Harris' long-term systemic neglect in serving Black home seekers.



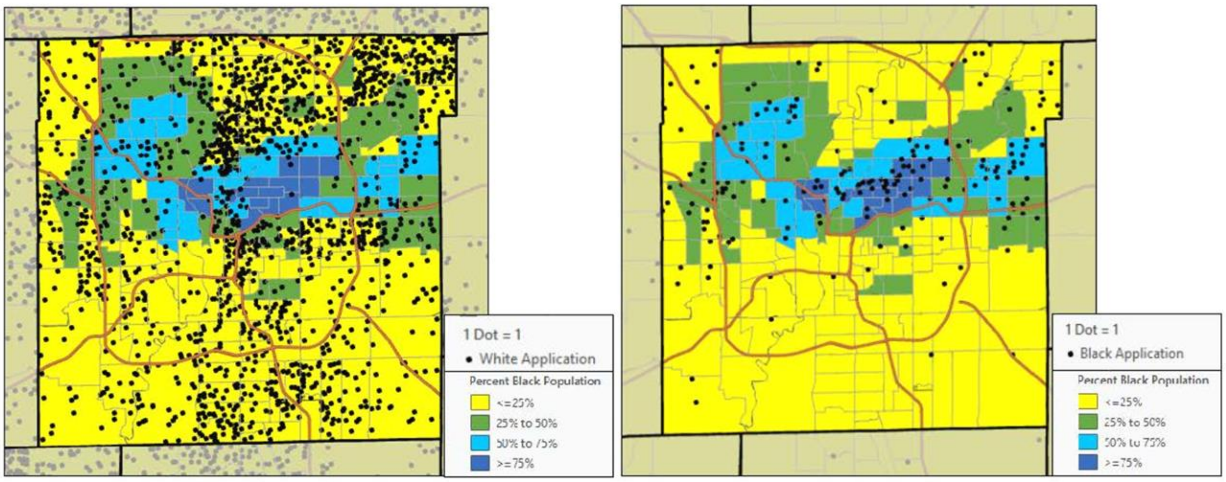
Mortgage Loan Applications: In Marion County from 2018 to 2021, BMO Harris received only 9.5% of its applications from Black applicants compared to 15.8% for its fellow Marion County Top 50 Lenders and 18.3% by all other lenders. Over 80% of BMO Harris applicants were white, compared to 72% of their Top 50 peers and 67.5% for other lenders. These low numbers, coupled with its lack of banking branch presence in neighborhoods of color, in a city with a Black population of nearly 30%, indicates a significant lack of outreach to Black applicants.



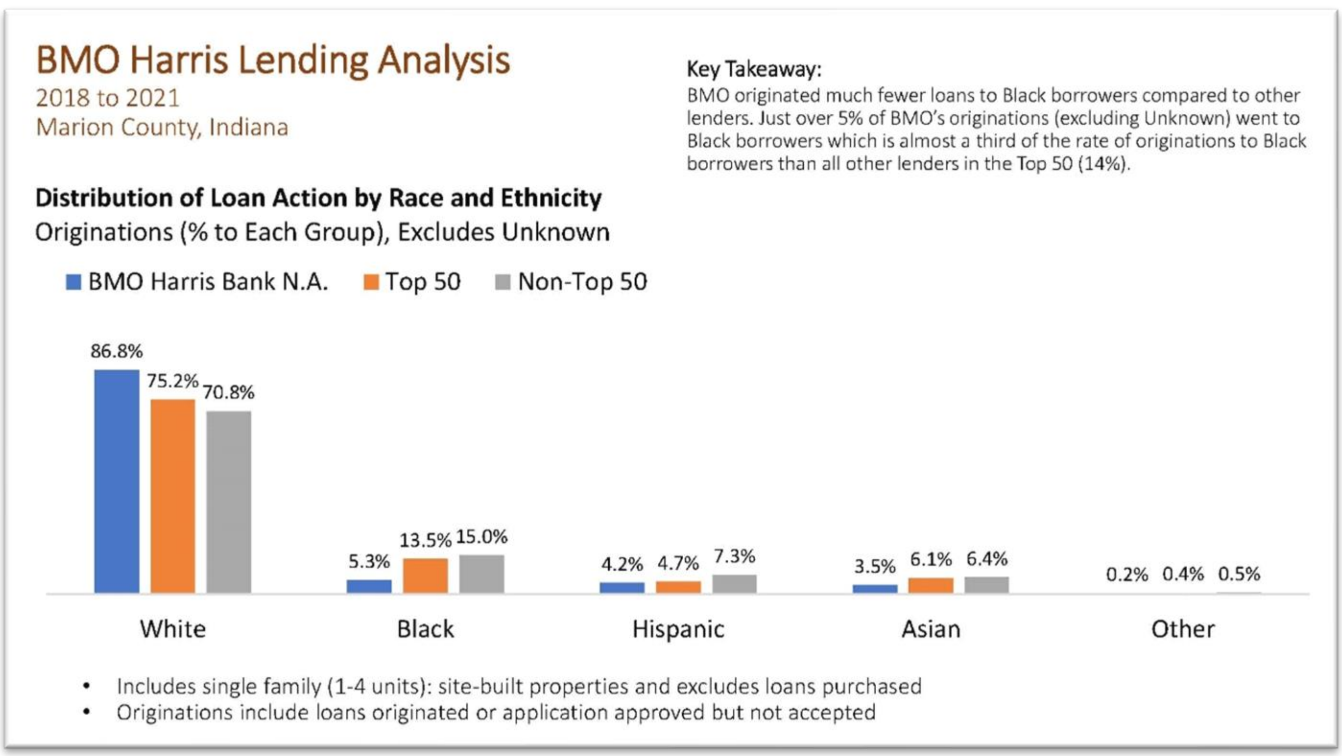
Looking more closely at mortgage applications, even when BMO Harris receives applications for home seekers in majority Black Indianapolis neighborhoods, most of those application are from white applicants. In 2018 to 2021, *in Indianapolis' Black neighborhoods,* nearly 54% of applications received by BMO Harris were from *white applicants* while only 32% were from Black applicants. This provides even further evidence of BMO Harris' lack of outreach to Black home seekers.



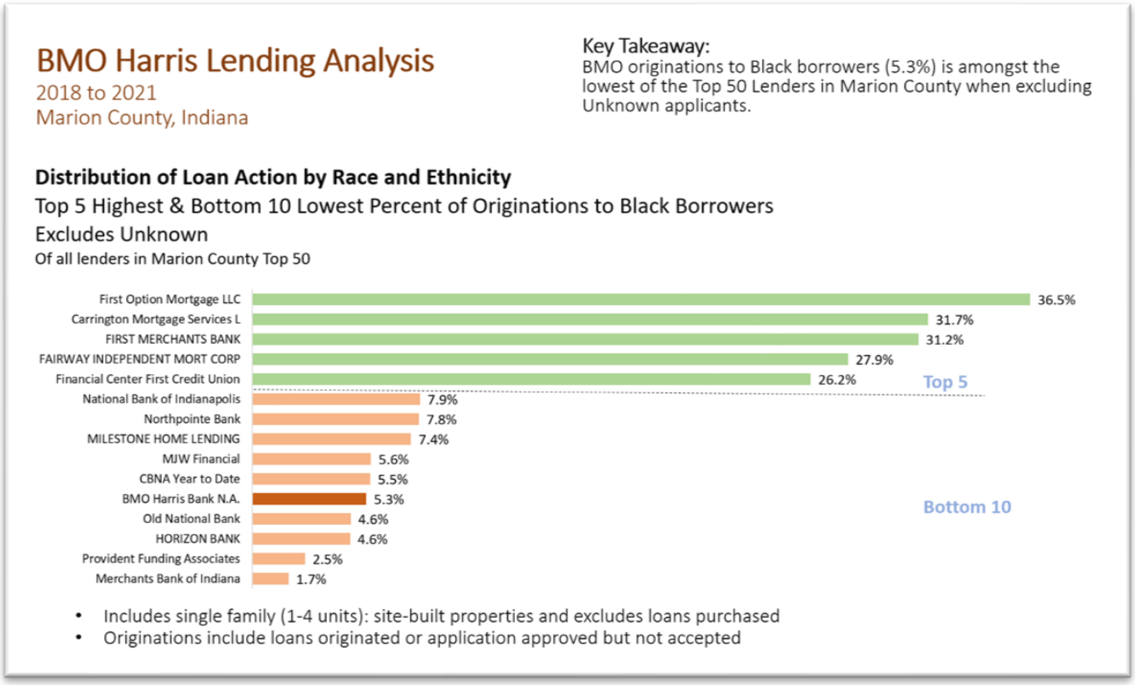
BMO Harris
Volume of Loan Applications by Borrower Race (2018 to 2021)
Percent Black Population



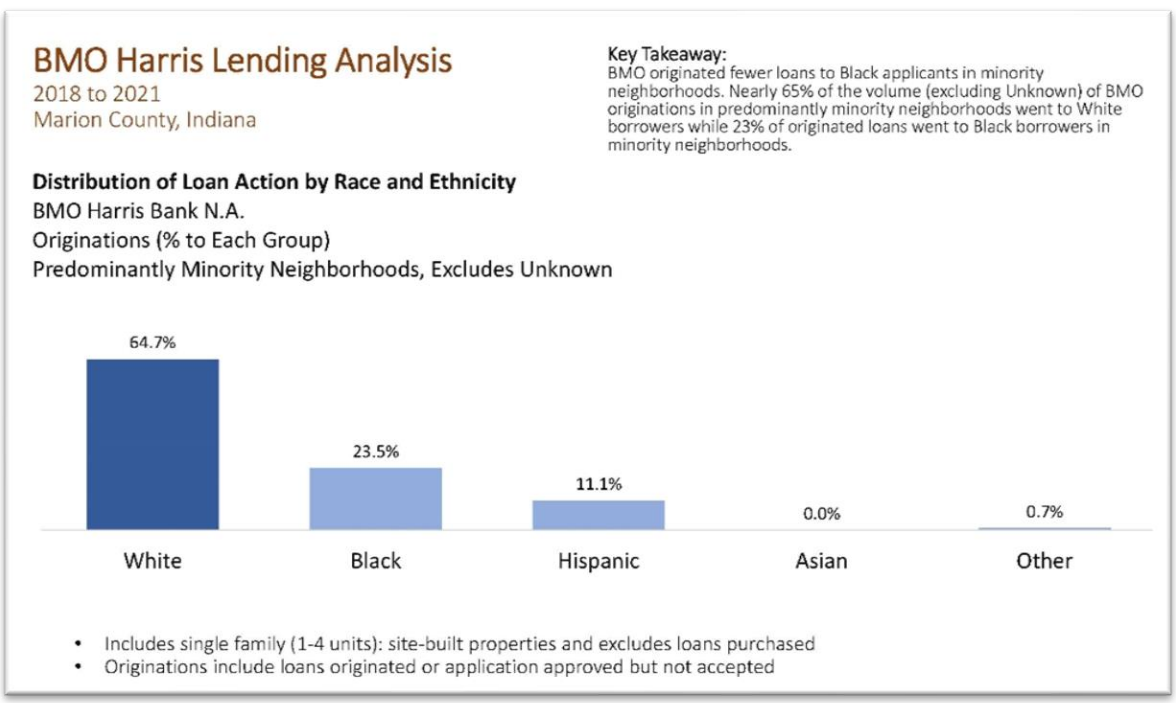
Mortgage Loan Originations: BMO Harris originated a low percentage of mortgages between 2018 to 2021 to Indianapolis Black borrowers. Compared to its peers, BMO Harris originated only 5.3% of its loans to Black borrowers compared to 13.5% for its Top 50 peers and 15% for all other Marion County lenders. BMO Harris originated nearly 87% of its mortgage loans to white borrowers.

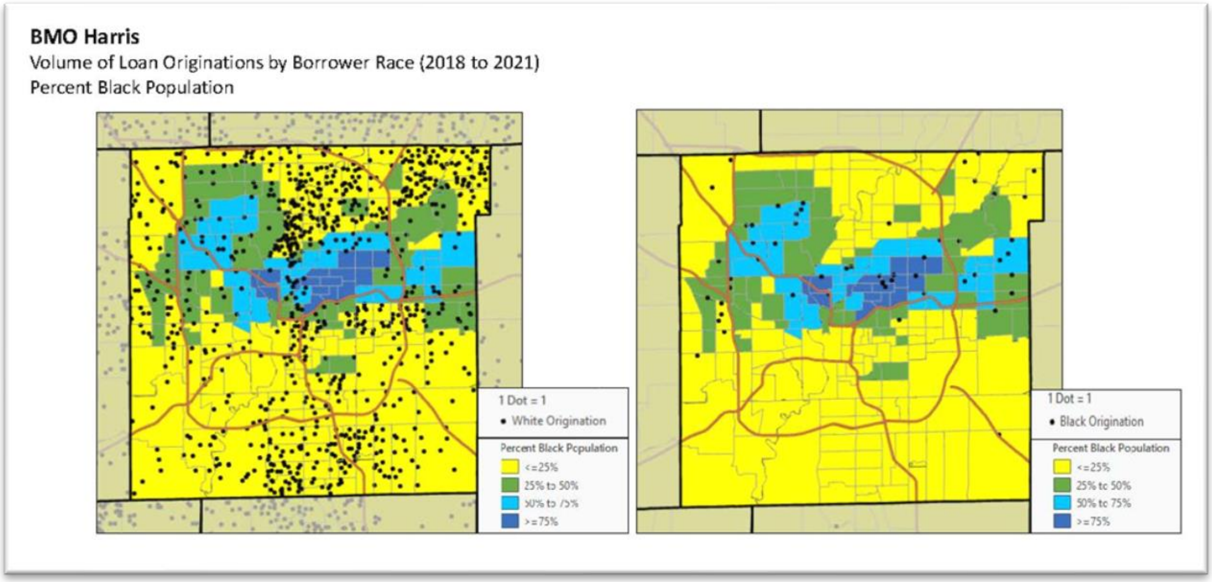


In fact, BMO Harris had the *fifth lowest* origination rate (5.3%) for Indianapolis Black borrowers among Marion County's Top 50 Lenders during 2018 to 2021 - in a city with a Black population of nearly 30%.

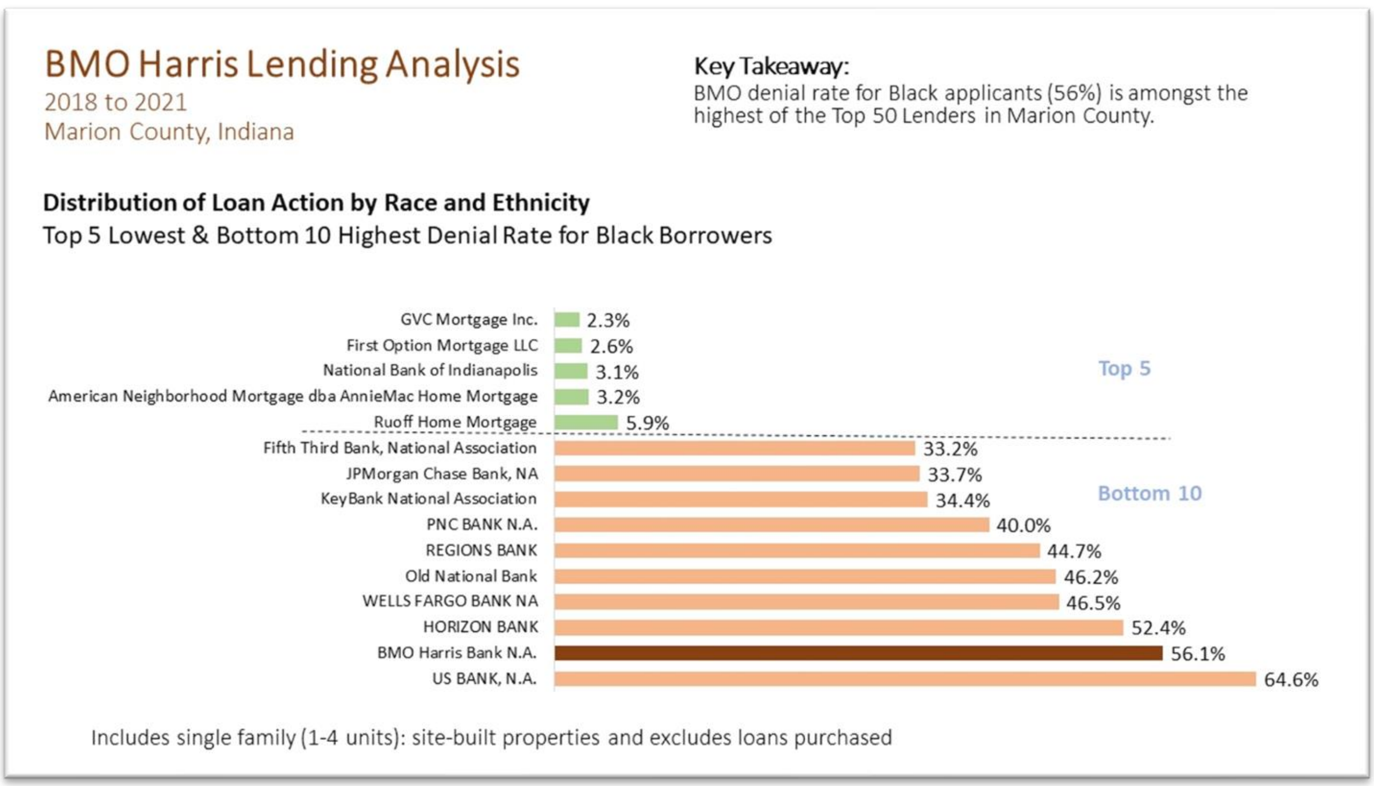


As with applications, even when reaching a home seeker in a majority Black Indianapolis neighborhood, BMO Harris made the majority of their loans to whites. Almost 65% of BMO Harris' loan originations in neighborhoods of color went to white borrowers with 23.5% going to Blacks and 11.1% to Hispanics.

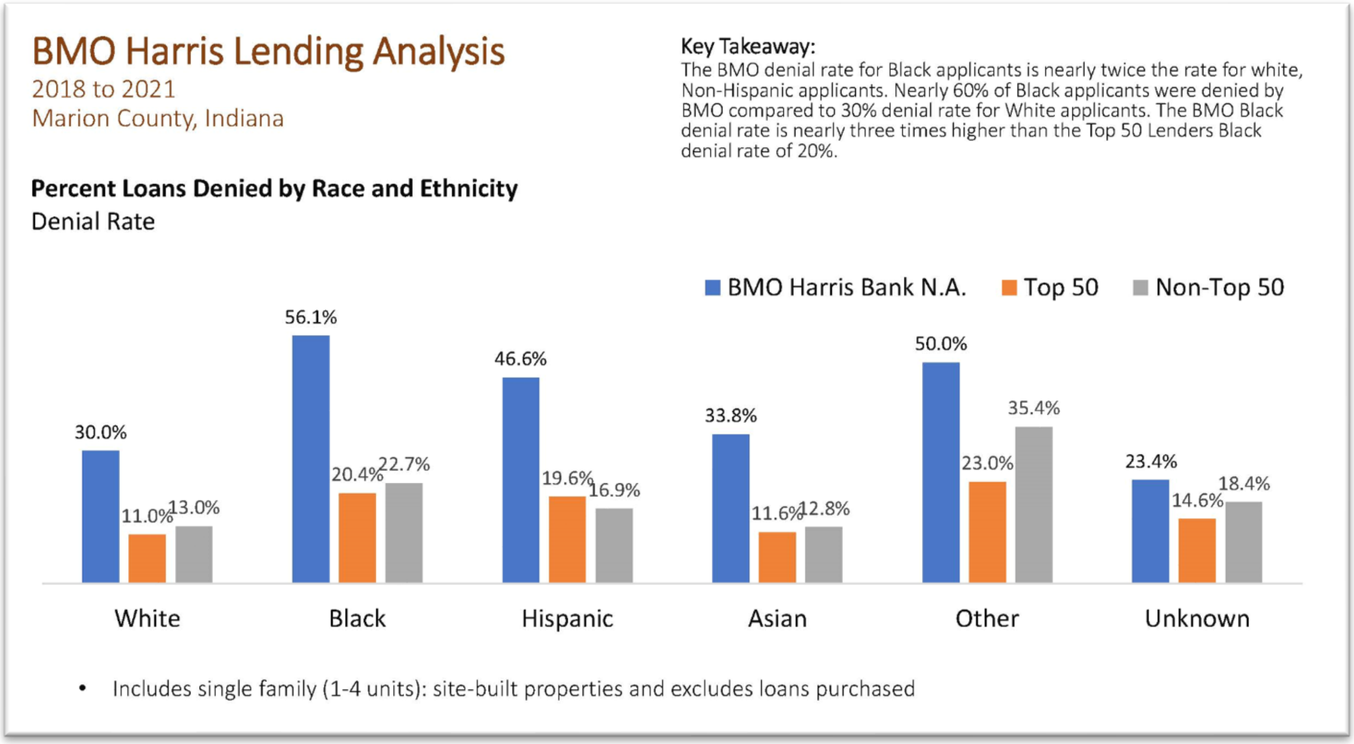




Mortgage Denials: In the denial of a mortgage opportunity, BMO Harris has one of the highest denial rates (56.1%) among the Top 50 Lenders for Blacks based upon data from 2018 to 2021 for Marion County. In fact, only one other Top 50 lender had a higher denial rate for Black borrowers.



In evaluating how BMO Harris denial rates compared across race and ethnicity for those it serves in Marion County, it denied Black applicants at nearly twice the rate of white applicants (56% for Blacks to 30% for whites). BMO Harris' denial rate of 56% for Blacks was nearly three times the denial rate of its fellow Top 50 Lenders (20%).



As outlined in this fair housing analysis, BMO Harris does an extremely poor job in meeting the needs of Black home seekers in Marion County. In fact, they are at or near the bottom for performance as compared to their peers.

The FHCCI will remain opposed to the merger until the bank has a) responded satisfactorily to how it will address the concerns raised in these comments, and b) whether BMO Harris will engage in a community reinvestment commitment that addresses the needs of Black home seekers in Marion County/Indianapolis, IN, an agreement that is reviewed and accepted by the FHCCI. Below are goals to counteract deficiencies and inequities by BMO Harris in the Indianapolis, Indiana market:

- Addition of two loan production branch locations in majority Black neighborhoods.
- Addition of at least four full service bank branch locations in majority Black neighborhoods.
- Designation of at least three Mortgage Loan Officer (MLO) assignments in majority Black neighborhoods.
- Creation of a Special Purpose Credit Program (SPCP) targeting Black home seekers with a (1) goal of distributing at least $3 million in loan subsidies (subsidies would allow for up to $20,000 per home to support down payment assistance, PMI premiums, closing cost assistance, and other costs); and (2) goal of $40 million in home mortgage originations for owner-occupied single-family housing, over three years.
- Distribution of $15 million over three years to nonprofit developers through low-cost loans to support affordable multifamily development in majority white neighborhoods or census tracts.
- Allocation of at least $5 million to area nonprofits and/or community development organizations for home-owner repair programs to assist in counteracting displacement and/or gentrification. Such programs should not require liens on homeowner's assisted – only grants or forgivable grants.

- Conduct a redlining assessment through the hiring of an independent third party consultant or law firm to complete a detailed evaluation of the Bank's activities as they relate to fair lending and lending to Black and Hispanic applicants and in majority-Black and Hispanic census tracts in Indianapolis, Indiana and the Indianapolis MSA.
- Mandatory annual training of at least two hours in length for all employees, bank-wide, by an independent third party reviewer on subjects of fair housing, fair lending, implicit bias, redlining, racial covenants, block busting, etc.
- Establish a formalized process for reconsideration of low appraisal values for homes in formerly redlined or majority Black neighborhoods; work to advance opportunities and access for appraisers of color; and become a champion for addressing bias in the appraisal process.
- Appropriate at least $400,000 annually for three years for targeted advertising.
- Designate at least $500,000 over three years for direct mailers to majority Black and LMI areas for increased awareness and marketing of home mortgage opportunities.
- Provide $4 million in charitable donations to area nonprofits for capacity building for BIPOC organizations, fair housing/lending education, homeownership programs, neighborhood stabilization housing efforts, and/or housing legal services.

The Fair Housing Center of Central Indiana urges regulators to require that BMO Harris meet the mortgage needs of Indianapolis/Marion County residents of color. A strongly negotiated Community Benefits Agreement with monitoring and oversight may be an effective mechanism to ensure compliance. These changes will greatly benefit BMO Harris because fair housing and fair lending are good business. We look forward to the opportunity to work with BMO Harris to hold them as an example in how to be a fair housing leader.

If there are any questions, I can be reached at 317-644-0673 x1001 or anelson@fhcci.org. Thank you in advance for consideration of this important matter.

Sincerely,

Amy Nelson
Executive Director

cc: Colette A. Fried, Federal Reserve Bank of Chicago (via email)
Jason Almonte, Office of the Comptroller of the Currency (via email)

From:	Maribel Nunez
To:	CHI SR Comments Applications; LargeBanks@occ.treas.gov
Subject:	[External] public comments: BMO Harris-Bank of the West merger
Date:	Thursday, July 14, 2022 3:03:52 PM

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Dear Federal Reserve Board and Office of the Comptroller of the Currency,

My name is Maribel Nunez from Inland Equity Community Land Trust. We oppose this merger unless the Bank commits to a strong forward looking CBA addressing these concerns and others and we request that the regulators make any merger approval conditioned upon the Bank's continuing compliance with the CBA

- Need for investments: affordable housing, community land trust and etc.
    - Invest: Nonprofit counseling agencies
    - Home lending disparities to communities of color
    - BOTW falling behind industry standards in FHA
    - Redlining risks

National Urban League

Empowering Communities.
Changing Lives.
For An Equitable Future.

Marc H. Morial
President & CEO

80 Pine Street, 9th Floor
New York, NY 10005
Phone 212 558 5336

www.nul.org
presidentoffice@nul.org

VIA ELECTRONIC EMAIL

February 25, 2022

The Honorable Jerome Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

RE: Support for Merger of Bank of the West into BMO Harris Bank

Dear Chairman Powell:

I am writing this letter in support of the BMO Harris acquisition of Bank of the West (BOTW).

The National Urban League and its affiliates create opportunities for people to build wealth. We work with community leaders, policymakers, and financial institutions to champion fairness and end discrimination in lending, housing, and business. We strongly believe a robust consideration of the prior CRA performance of merger participants is a necessary part of any effort by regulators to elevate the needs of the public, and that a review should consider the CRA performance of both institutions.

BMO has been a consistent partner for the Chicago Urban League. They have provided general support through their Golden Fellowship Dinner for over 40 years. This event provides revenue for the pursuit of equity and social justice on behalf of the Black citizens and other underserved residents of Chicago. Additionally, BMO Harris supported the revival of the NextOne program through financial support and volunteer hours as mentors and members of the advisory board.

The Chicago Urban League has collaborated with BMO Harris as they have implemented the BMO Empower Initiative. BMO Empower is their $5 billion commitment over five years to address key barriers faced by minority businesses, communities, and families in the United States. Through lending, investing, giving and engagement in local communities, we have been pleased with BMO's commitment to tackling barriers to inclusion in the financial services industry, which can lead to the creation of more opportunities for recovery and success. Chicago businesses and residents have benefited from this initiative as BMO has invested over $2 billion during the first year of the initiative.

In addition to our understanding of BMO's commitment to a more inclusive society, we are aware of the bank's community investment in affordable housing and neighborhood revitalization using tax credits, CDFIs, and private equity. The fact that both BMO and Bank of the West have achieved "Outstanding" Community Reinvestment Act ratings bodes well for BMO's expanded entity in our view. BMO's commitment to sustainability is also consistent with state and local efforts in California. We are keenly aware that BMO has supported clients' transition to a net-zero world through sustainable financing and

National Urban League

responsible investing. They have also led by example by maintaining carbon neutrality in its operations since 2010.

Based on their track record in Chicago and other parts of the country, we anticipate more expansive benefits for individuals and organizations who would benefit greatly from BMO's support. We are confident that their collaborative, motivated, and innovative leadership team is committed to the ethos and goals of community reinvestment and revitalization; and for these reasons we strongly support BMO's acquisition of Bank of the West.

Sincerely,

Marc H. Morial
President and Chief Executive Officer
National Urban League

From:	D Norman
To:	CHI SR Comments Applications; LargeBanks@occ.treas.gov
Subject:	[External] PUBLIC MEETING
Date:	Tuesday, July 05, 2022 5:22:59 PM

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Following is written testimony respectfully submitted to the Federal Reserve Board and Office of the Comptroller of the Currency Virtual Public Hearing Meeting by United South Broadway Corporation of Albuquerque New Mexico regarding the proposal BMO Harris Bank Merger:

United South Broadway Corporation is a community development agency established in 1986 to promote home ownership, youth development and community-based crime prevention in Albuquerque, New Mexico. We now serve the entire state.

Our offices are a few blocks from the University of New Mexico, in Albuquerque's historic South Valley, with thousands of years of Native American heritage and three centuries of residence by a cultural mix of Latinx, Black, Asian, and white settlers.

We provide direct housing counseling and legal services to home owners statewide facing mortgage delinquency or foreclosure; legislative advocacy on fair housing and fair lending; and anti-racism trainings for policy-makers.

An issue of concern to us is predatory real estate contracts, also known as land installment contracts or contracts for deed. These products target low-income communities of color, not only in New Mexico but nationwide in the same communities that were racially redlined for home loans in the 1930s through the 1960s.

In New Mexico the problem is particularly acute in Doña Ana, Bernalillo and Sandoval counties, where thousands of low-income New Mexicans cannot secure conventional mortgage loans due to a lack of assets or lack of a favorable credit history. Incidentally, these are the three counties in our state with Bank of the West branches.

Buyers enter into these seller-financed contracts because they are a simpler vehicle than a traditional mortgage. The seller continues to hold deed and title to the property until all payments are made.

The contracts become predatory in nature when they lack any consumer protections and only give the illusion of homeownership.

A common abuse occurs when the seller takes a low-income buyer's nest egg as a down-payment, the buyer makes substantial improvements to the property, and then the seller evicts the buyer with no compensation after as little as one missed payment. Many sellers do this on a serial basis, systematically stripping whole communities of hard-earned wealth.

State officials at all levels and public and private housing developers in New Mexico have made the issue a priority since 2011, as the wealth-stripping effects and homelessness that result are a bipartisan concern.

In the BMO Harris Bank Merger, we encourage the bank to:

1) fund community outreach and consumer awareness programs throughout their new service area to help residents of low-income communities of color avoid predatory real estate contracts, also known as land installment contracts or contracts for deed; and
2) develop lending products throughout their new service area to ensure these residents, as BMO Harris customers, have a viable alternative to predatory real estate contracts.

Thank you,
Debbie Norman
Program Manager
United South Broadway Corporation
Community Development/Fair Housing/Fair Lending
505-264-7968 (mobile)
www.unitedsouthbroadway.org