



NATIONAL
MINORITY
COMMUNITY
REINVESTMENT
CO-OPERATIVE



October 7, 2021

Office of the Comptroller of the Currency

Acting Comptroller Mr. Michael Hsu
400 7th St SW
Washington DC 20219

Federal Reserve System

Chairman Jerome Powell
20th & C Street NW
Washington, DC 20551

Federal Deposit Insurance Corporation

Chair Jelena McWilliams
550 17th Street NW
Washington D.C. 20429

Federal Reserve System

Governor Lael Brainard
20th & C Street NW
Washington, DC 20551

Delivered via email and certified mail

RE: Request for Public Hearing in Los Angeles on U.S. Bank-MUFG Bank Merger: Hearing Local Voices on Racial Economic Inclusion

Honorable Governor Lael Brainard, Honorable Michael Hsu, Honorable Chair Jelena McWilliams:

We want to begin by thanking you for your exceptional leadership and your honest desire to create racial economic inclusion that strengthens the United States economically. Our nation is in a critical point in time, with Covid-19 exposing a significant racial economic divide that has resulted in major losses for minority communities, families, and small businesses. The Community Reinvestment Act must include racial relevancy to address the racial economic exclusion exposed by the pandemic. This begins with bank mergers. We are requesting public hearings for the U.S. Bank-MUFG Union Bank merger so that the voices of our communities can be heard that can provide your agencies guidance on this merger.

This pandemic has clearly shown that the economic safety net for Blacks and Latinos was not only fragile but ineffective against any major economic storm. The economic distress of minority communities is the most pressing issue facing Black, Latino and minority communities across the United States. The lack of businesses and jobs fuels a crushing cycle of increasing poverty and crippling social problems, such as drug abuse and crime in Black and Latino communities. The establishment of a sustainable economic base together with employment opportunities, wealth creation, role models, and improved local infrastructure is critical to the future well-being of Black and Latino communities throughout the United States.

The Community Reinvestment Act of 1977 (CRA) was supposed to be the economic fuel for Black, Latino, and minority communities, but it was ineffective as we all witnessed with this pandemic. Public hearings on the U.S. Bank-MUFG Union Bank merger will provide critical information and feedback to your agencies on how these financial institutions responded to the financial needs of Black, Latino and minority communities during this pandemic. It will also expose any financial deficiencies by these banks in addressing the capital needs of our communities, families and small businesses.

Inequalities in both homeownership and small business equity are what drive the racial wealth gap. Capital is the fuel that drives both of these two racial wealth gap factors. Bank mergers must be adequately graded on access to capital for Black, Latino and minority communities, families and small businesses.

The following is an actual excerpt from the Community Reinvestment Act of 1977 that highlights financial institutions requirement to provide access to capital: *"The Community Reinvestment Act (CRA) is a federal law that requires banks to meet the credit needs of their entire communities, including low-moderate income (LMI) neighborhoods. The CRA Act begins by reciting to Congress three findings. First, financial institutions are required to serve the "convenience and needs" of the communities in which they are chartered to do business. Second, "the convenience and needs of the communities include credit services." Third, financial institutions have "continuing and affirmative obligation(s) to help meet the credit needs of the local communities in which they are chartered."*

Yet, financial institutions (banks) continue to focus on "grants" to nonprofits with a marginal emphasis on actual lending and access to capital for Black, Latino and minority communities, small businesses and families. This in turn has resulted in a widening racial wealth gap that not only harms Blacks and Latinos, but the ability for America to better compete in the global economy. This fact is highlighted with a recent Federal Reserve Bank of San Francisco study that found the U.S. lost almost \$3 trillion in GDP in 2019 due to racial/gender discrimination. This is further highlighted with an over 15-year-old Brookings Institution study that found that minorities represent over 40% of the population of all major urban cities, yet only contribute less than 5% of those cities' GDP. Access to capital and investments for Black and Latino communities, small businesses and homeownership is the only way to reverse this. A public hearing for the U.S. Bank-MUFG Union Bank merger will allow for public debate on the ability of these financial institutions to address the rising racial wealth gap.

Acting Comptroller Hsu, Chair Powell, Governor Brainard, and Chairwoman McWilliams, you are respected champions of racial, economic inclusion that strengthens America's ability to compete for better globally. We respectfully request public hearings in Los Angeles on this proposed U.S. Bank-MUFG Union Bank merger that will serve as a symbol of transparency and racial economic inclusion. God bless you and we wish you, your families, staff to stay safe and healthy. Together we will rebuild our beloved communities and country.

Sincerely,



Al Pina
Chair/CEO, Florida MCRC
Co-Founder, National MCRC



Marcia Griffin
CEO/Founder, HomeFree-USA



John Gamboa
Chair, California Community Builders

Co-signors to this letter

Dina Harris
President and Founder,
National Faith Homebuyers Program

Dr. Rubén Guerra, PhD
Chairman, Latin Business Assoc.
CA Black & Latino Business CRA
Council

Marcos Morales
Executive Director, Hogar Hispano Inc

Jules Dunham Howie
CRA Baltimore, Co-Chair
Director, UPC Westside CDC

Kelvin W. Perry,
President, Black Chamber of
Commerce of Greater Kansas City

Steve Figueroa
President, Inland Empire Latino Coalition

Darrel Saucedo
Chair, LA Latino Chamber

Sonya Flores
Chair, San Diego 200

Bertha Garcia
Executive Director, Ventura CCDC

Joey Quinto
Publisher, CA Journal for Filipino
Americans

Jose Antonio Ramirez
Chair, Central CA Latino PAC

Adam Briones
CEO, California Community Builders

CC:
Andrew Cecere
Chairman, President and CEO
U.S.Bancorp
U.S. Bancorp Center,
Minneapolis, Minnesota 55402



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Hogar Hispano inc



October 6, 2021

Mr. Andrew Cecere
Chairman, President and CEO
U.S. Bancorp
U.S. Bancorp Center
800 Nicollet Mall
Minneapolis, Minnesota 55402
Sent via mail and email (leena.paxinos@usbank.com)
Attached: Community Data Request

Meeting request to discuss U.S. Bank acquisition of Union Bank

Dear Mr. Cecere,

The undersigned organizations invite you to a meeting of community leaders, small business chambers, and diverse nonprofits to discuss U.S. Bank's CRA plans related to your acquisition of Union Bank. Our organizations welcome responsible competition in the markets we represent and hope that one day soon, under your leadership, U.S. Bank will play an even more significant role in the market and our communities.

As you may be aware, the multiethnic coalition of diverse business and civil rights groups that have added their names to this letter have played a leading role in advancing the community reinvestment agenda supported by federal regulators. For example, we collectively participated in numerous merger proceedings that have resulted in over \$50 billion in commitments with banks such as PNC, Silicon Valley Bank, Banc of CA, Citibank, and Wells Fargo.

Acquisition Could Benefit Community, but Union Bank Loss & U.S. Bank Lending is Cause for Concern

The undersigned believe that your acquisition of Union Bank *could* substantially benefit all the states in which the new U.S. Bank will be a top lender *if*, under your leadership, U.S. Bank develops a very strong CRA commitment that builds on the history and community commitment of the bank you are acquiring.

Despite the potential benefit of the merger, the loss of one of California's oldest banks, one of the first banks to negotiate and create a multi-year CRA agreement, and one that has in the past been known for its small business lending acumen is significant. While Union Bank has never been the largest bank, it is one of the very few banks with a special purpose credit product that made small business loans more accessible and affordable to minority-owned small businesses. Combined with a best-in-class supplier diversity program that no bank can currently match and an amazing high school branch program in low-income communities, there is much to protect that this merger could threaten.

It is also concerning that, based on an initial analysis of your loan data, we found that U.S. Bank's mortgage lending underperforms among low-and moderate-income mortgage borrowers compared to some of your competitors. Using the third-party LendingPatterns software, we found that your peers originated ~21% of their loans to moderate-income borrowers, while you only originated ~15%. Further, while your peers' portfolio of originated and purchased loans is made up of ~26% verified low- and moderate-income borrowers, your portfolio is only made up of approximately ~7%. We have also found that nationally, only ~8% of your mortgage originations went to Latinos and African Americans, while that same group received ~19% of your peers' originated loans. In California, it appears that your total loan portfolio includes only ~6% of loans to African Americans and Latinos (0.9% to African Americans), compared to approximately ~24% of your peer lending institutions. In states as diverse as those we represent, improving these metrics offers a win-win opportunity to benefit diverse borrowers and enhance your profitability.

We would be pleased to work with you, as we have with many banks, on developing a commitment that will ensure strong support from diverse communities of color in the states we represent. In the long term, a strong CRA commitment will enhance the profitability of U.S. Bank as it grows its geographic footprint and expands into diverse communities.

Our organizations also want to emphasize that this is a merger of national consequence, and as such, many great organizations are working to ensure that their communities are supported. Our coalition respects and supports the good work of our national and state-level colleague organizations and would like to be clear that **US bank must be responsive to all community demands** as a part of this merger.

Moving Forward Together on a Win-Win Commitment

The undersigned request to meet with you in the next two weeks to discuss how U.S. Bank will incorporate our communities and their unique needs into its growth plans. We also ask that you agree to a community hearing in Los Angeles to discuss your merger plans with local community groups. We are especially interested in hearing about your planned commitments related to mortgage lending, small business lending, supplier diversity, management diversity, community development, and philanthropy specific to the states we represent. To help aid our discussion, we have included the attached data request.

We believe U.S. Bank has a unique opportunity to set a new standard of responsible bank leadership in states with consumer markets that are more than 60% people of color. Our sincere hope is to see U.S. Bank announce itself and define the U.S. Bank model by making a CRA commitment that exceeds other large banks.

Adam Briones, CEO of California Community Builders, will follow up with your staff within a week and can be reached any time at abriones@ccbbuilders.org. We hope to hear from you at your earliest convenience.

Respectfully,



Al Pina
*Chair/CEO, Florida MCRC
Co-Founder, National MCRC*



Marcia Griffin
CEO/Founder, HomeFree-USA



John Gamboa
Chair, California Community Builders

Co-Signors to this letter

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Adam Briones
CEO, California Community Builders

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Chair Jelena McWilliams
550 17th Street NW
Washington D.C. 20429

House Financial Services Committee

Congresswoman Maxine Waters
2221 Rayburn House Office Building
Washington, DC 20515

Community Data Request

Please provide the following data for 2020, 2019, and 2018 for California, Arizona, Georgia, Maryland, Missouri, Florida, and Michigan¹:

- Small business
 - Total # and average \$ amount of SBA, CA Small Business Loan Guarantee Program, Small Business credit cards
 - Total # and average \$ amount of loans to businesses under 5 employees
 - Total # and average \$ amount of PPP loans to businesses of color
 - Total \$ amount of PPP fees earned
- Home lending
 - What special programs, products or initiatives does the bank have to increase homeownership for communities of color?
 - What special programs, products or initiatives does the bank have to increase homeownership for low and moderate-income families?
 - What special programs, products or initiatives does the bank have to avoid foreclosure?
- Community Development lending:
 - Income-restricted affordable housing loans (# and \$)
 - LIHTC investments (# and \$)
 - Community development lending to developers of color
 - Investments in CDFIs led by people of color (\$ and % of total CDFI investments)
 - Does the bank have any programs to specifically support developers of color?
 - Single-family affordable housing loans (# and \$) to CDFIs that target capital to affordable housing developers of color
 - Direct construction lines of credit to POC-led/focused nonprofit affordable housing developers
- Diversity at the bank
 - Breakdown by gender and race:
 - Board of Directors
 - Exec/Sr. level officials and managers
 - 1st/Mid-level officials and managers
 - Professionals
 - All other
- Supplier diversity
 - Total 2020 spend, by ethnicity
 - Total 2020 spend on ethnic media
 - Describe tier 1 and tier 2 supplier diversity programs
- Philanthropy
 - Total 2020 grants (# and \$)
 - Total 2020 grants to organizations led by people of color (# and \$)
 - Breakout by ethnicity
 - Breakout by gender
 - Breakout by geography

¹ If there is no revenue generated in a particular state, please note.



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November 6, 2021

Michael Hsu, Acting Comptroller
Office of the Comptroller of the Currency
400 7th St SW,
Washington, DC 20219
Via email: Largebanks@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: MA@mpls.frb.org

Re: Fifty-one (51) California community groups oppose the applications by U.S. Bancorp and U.S. Bank to acquire MUFG Union Bank, N.A., San Francisco, California, a direct wholly-owned national bank subsidiary of MUFG Americas Holdings Corporation, 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 communities without a significant commitment to California communities, the undersigned fifty-one (51) community groups at this time oppose the applications by U.S. Bancorp and U.S. Bank to acquire MUFG Union Bank, N.A., San Francisco, California, a direct wholly-owned national bank subsidiary of MUFG Americas Holdings Corporation.

In addition, we call 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 or through the end of calendar year, whichever comes later, to ensure that all impacted communities have a meaningful opportunity to provide comments to inform your deliberations.

The regulatory deadline for comment is too short. While we are beginning constructive dialogue with U.S. Bank regarding a Community Benefits Agreement (CBA) that addresses community credit needs in California to ensure than any combined bank increases reinvestment activity beyond that of both banks by 50%, there has not been sufficient time to make meaningful progress. As the OCC deadline for comment arrives, we are



compelled to file these comments. We urge the regulators to revise bank application and CRA rules to allow for longer comment periods, which will facilitate more constructive dialogue between community groups and financial institutions.

We thank U.S. Bank for beginning such discussions, and for making its CEO and key staff available to listen to over 40 California nonprofit organizations describe community credit needs and concerns. We look forward to continued, productive dialogue with the Bank for the good of California communities.

At the same time, looking at past performance and prospective activity, we do have serious community reinvestment, consumer, and anti-competitive concerns relating to the proposed merger. A strong CBA is needed to ensure any pro forma bank will: keep open all branches in LMI neighborhoods and neighborhoods of color in our state; extend mortgages to all qualified borrowers and communities; support the many very small, women and BIPOC-owned small businesses serving our communities; retain all front line and reinvestment staff; offer lower priced consumer loans to bank customers; refrain from charging consumers excessive overdraft and other fees; support the broadband needs of California's diverse communities; and maintain appropriate Information Technology and operational risk controls, amongst other concerns.

Additionally, California community groups are concerned that the loss of Union Bank, a large and impactful stakeholder in housing and community development efforts, will have an outsized impact on our state. Many groups have had strong relationships with Union Bank's community reinvestment and community development staff and are concerned that these relationships will be lost. Additionally, both banks have been active in helping to meet the state's critical affordable housing challenges. A combined bank will likely have less appetite for low income housing tax credit investments, and nonprofit affordable housing developers will see fewer bids at less competitive pricing for their projects, which could have severe and devastating impacts on our LMI communities.

In fact, the White House recently issued a statement noting "Excessive consolidation raises costs for consumers, restricts credit for small businesses, and harms low-income communities."

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.

In addition, the OCC must consider not only the impact on consumers, but also how consolidation under US Bank would impact communities through elimination and degradation of frontline bank worker jobs. These roles sustain local communities, determine customer satisfaction, and ensure bank health by connecting branches to the economies they serve.

As such, we urge regulators to agree to hold public hearings in Los Angeles, San Francisco, and Fresno, extend the comment period until the end of such hearings, and reject this merger proposal unless U.S. Bank commits to a strong Community Benefits Agreement that is negotiated with community groups and which has mechanisms in place to ensure compliance.



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We submit as an attachment, a proposed CBA that we have submitted to the Bank.

If you have any questions about this letter, or would like to discuss the matter further, please contact Paulina Gonzalez-Brito, Executive Director, or Kevin Stein, Deputy Director, at the California Reinvestment Coalition, at (415) 864-3980.

Thank you for your consideration of our views.

A handwritten signature in black ink, appearing to read "Paulina Gonzalez-Brito".

[Paulina Gonzalez-Brito](#)
Executive Director

A handwritten signature in black ink, appearing to read "Kevin Stein".

Kevin Stein
Deputy Director

Endorsers:

AmPac Business Capital

Anti-Eviction Mapping Project

Asian Pacific Islander Small Business Program

Black Business Association

Burbank Housing

Business Resource Group

CAARMA Consumer Advocates Against Reverse Mortgage Abuse

California Capital Financial Development Corporation

California Community Land Trust Network

California Housing Partnership

California Reinvestment Coalition



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CDC Small Business Finance

Chinatown Community Development Center

Committee for Better Banks

Community Economics, Inc.

Community Housing Development Corporation

Consumer Action

EAH Housing

East Bay Asian Local Development Corporation

East Bay Housing Organizations

East LA Community Corporation

Esperanza Community Housing Corporation

Fair Housing Council of the San Fernando Valley

Faith and Community Empowerment(formerly KCCD)

Fresno Native American & Business Development Center

Haven Neighborhood Services

Housing and Economic Rights Advocates

Housing Leadership Council of San Mateo County

Housing Rights Center

Inclusive Action for the City

JEDI

Los Angeles LDC

LTSC Community Development Corporation

Microenterprise Collaborative of Inland Southern California



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Mission Economic Development Agency
Multicultural Real Estate Alliance for Urban Change
NEW Community Investments
New Economics for Women
Non-Profit Housing Association of Northern California
Nor-Cal FDC
Oakland Community Land Trust
Reinvent South Stockton Coalition
SAJE
SF Public Bank Coalition
Tenderloin Neighborhood Development Corp.
The Central Valley Urban Institute
The Fair Housing Council of San Diego
The Greenlining Institute
The Public Interest Law Project
The Unity Council
Western Center on Law & Poverty
Youth Finance Institute of America

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



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Attachment

CRC's Draft Proposal on California Commitment to US Bank/Union Bank

Overall commitment:

Beginning in 2022 and extending over the next 5 years, US 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 \$90 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 aspirational goals for each of the key components of the CRA qualified activity. Over the term of the commitment, our goal is to achieve the following:

Homeownership:

- 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.
- Continue Union Banks down payment assistance of \$6,000-\$9,000 and increase down payment assistance to BIPOC by 10% each year for 5 years. The increase should be across all race/ethnicity groups.
- Continue to offer Union banks FHA and HomeReady 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.
- US Bank will have a mortgage product that is accessible to Individual Tax Identification Number (ITIN) borrowers. Union bank currently accepts ITIN borrowers and US Bank should just adopt this policy.

- Work with CRC to develop a Special Purpose Credit Program (SPCP) mortgage product to target underserved BIPOC home buyers in California and commit \$100 million to subsidize such loans.



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- Provide \$7.5 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 home buyer clients. Grants will be awarded through an open and transparent process. These marketing dollars shall be separate from the Bank's philanthropy budget.
- Keep loan origination and regional representatives in all markets currently served by Union bank. 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.
- \$20 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.
- Provide \$5 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 Americans.
- 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.
- 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 made contact with the homeowner, and consider the homeowner for all available loss mitigation options before resuming foreclosure proceedings.
- Non-profit organizations, including Community Land Trusts, should have right of first refusal on Bank REO properties (single family and multi-family properties).

Policy:

- 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.
- 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.



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- Commit to work with community groups to establish new small business lending goals by race, ethnicity and gender when the data is public.
- Develop Green initiatives and screens. The Bank shall review its investment portfolio with a green screen, and work to ensure its community development efforts promote a green economy and green communities that build wealth in communities of color.

Small Business Lending - \$37.5 billion in small business lending.

Annually increase small business lending for each of the following

- LMI borrowers;
- African American borrowers;
- 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.
- The Bank will also achieve 50% of its 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.
- Lend to small business owners that do not have a social security number and use ITIN.
- Develop a line of credit product for smaller businesses, in partnership with a minimum of 5 CDFI partners, with a focus on CDFIs led by people of color.
- 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:
 - CRA-qualified charitable contributions will be “unrestricted” for organizations to use as they see fit.
 - Support small business technical assistance provided by nonprofit providers and commit to allocate \$2 Million annually for technical assistance and \$750,000 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.
 - Formalize a process to refer a minimum of 30% of small business loan denials to local Technical Assistance providers, CDFI’s and other community development lenders in our assessment areas. Prioritize BIPOC led TA providers, CDFIs and other community development lenders and expand referral program beyond one partner.
 - Actively participate in the California state-guarantee loan program.



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- 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.
- Work with CRC to develop a Special Purpose Credit Program (SPCP) product for small businesses that are owned by registered members of state or federally recognized First Nation tribes and commit \$100 Million in loans for this program.
- The Bank will provide \$7.5 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.
- Set aside \$20 million to provide direct grants to small business owners suffering from pandemic related impacts.
- US Bank will develop a Special Purpose Credit Program for commercial down payment assistance targeted at BIPOC and commit \$100 Million to this program
- The bank will donate all of its proceeds from PPP loans to grants to small businesses with less than \$1 million in revenue or to CDFIs and other community lenders led by and serving BIPOC. These PPP dollars will be separate from the bank's philanthropy budget.

Community Development: Commit to \$15 billion in CD lending and \$5 billion in CD investments

- At least 70% of lending and investment in affordable housing should be targeted to deed restricted affordable rental housing for persons experiencing homelessness, extremely low-income households, and very low-income households.
- Create a \$50 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.
- Establish an annual pool of \$250 million for Community Development Financial Institution, Community Development Corporation lending, including faith based lenders, and other non-profit community development funds led by people of color and with assets less than \$2 million to include EQ2 financing, initiated through formal broad based "request for proposal" (RFP) processes.
- 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.
- 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.



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- 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 \$50 million to these efforts.
- Commit \$50 million for investments (\$47 million) and capacity building grants (\$3 million) to support nonprofit, community land trust and community efforts to acquire and preserve distressed assets, consistent with recently passed legislation (SB 1079-Skinner), which encourage the purchase of distressed properties with up to 25 units by nonprofits, community land trusts, and tenant occupants.
- Invest annually in CRA-qualified small business investment companies (SBIC's), with 20% targeted for minority enterprises.
- Prioritize infill and small site development.
- Help nonprofits purchase, refinance and green their buildings.
- Dedicate investment dollars to green community development initiatives led by people of color and located in communities of color.
- Low Income Housing Tax Credits each year should be no less than the aggregate between US Bank and Union Bank at the time of the merger application and should increase by 30% each year over 5 years. This annual increase in LIHTC investments is meant to acknowledge the unique impact of this merger on California communities.
- The bank will offer an EQ2 product and dedicate \$100 Million each year to EQ2 investments.

Consumer:

The Bank agrees to:

- Continue to offer, actively market and service an account that serves the banking needs of the unbanked, underbanked, and low-to-moderate income communities within its assessment areas within one year from the date of this commitment. This will be done in accordance with 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 a SSN for financial products.
- Commit to reconfigure all ATMs to waive out-of-network surcharges for California public assistance recipients who use Electronic Benefits Transfer Cards (EBT).
- Establish a checking and savings account for young people under 22. The bank will not use ChexSystems for this account and will not require parent/guardian permission to open. This account will meet the standards agreed to above on affordable accounts.
-



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- Establish an age friendly bank account that is also accessible to survivors of domestic violence.
- 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.
- Commit to opening 5 new branches in LMI neighborhoods of color.
- The bank will not close ANY branches in LMI neighborhoods or neighborhoods of color.
- US Bank will adopt Union Bank's APR for personal consumer loans and develop this or other products as meaningful low cost alternatives to payday loans.

Charitable Donations - Increasing charitable contributions to 1.5 times past performance

- 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.
- Support capacity-building grants for faith-based organizations engaged in community development and advocacy efforts.
- Commit that at least 70% of the Bank's contributions will be for housing, economic development, financial capability, fair housing, and legal services.
- US Bank contributions for 2022 shall be \$42.6 Million (1.5x 2020 contributions), and should increase by 20% each year. This annual increase in contributions is meant to acknowledge the unique impact of this merger on California communities.

Board 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.
- The Bank will make its management demographic data publicly available.

Racial Equity Audit:

US Bank will work 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.



California
Reinvestment
Coalition

Supplier Diversity:

US Bank commits to increase its spending with diverse suppliers by 20% of the combined US Bank and MUFG benchmark levels, while increasing the number of BIPOC suppliers the bank works with over the plan's period. Bank shall retain supplier diversity personnel in California to preserve, grow its spend and relationships with diverse firms located in California. US 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.

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.
- US Bank will include this CRA plan in its application to the regulators.
- US bank commits to making the plan public and making it available on its website.
- US Bank commits that before the 5 year period is up, it will negotiate a new plan with CRC and other community partners.

Market Representation & Community Development Personnel

- Bank will retain the combined total # of CRA and Community Development staff members representing California so that all regions of California are represented by no less than the existing combined # of individuals across the Sacramento Northern CA, Central Valley, Southern CA, Inland Empire and San Diego regions of the state, This representation is important to ensuring US Bank is able to maintain strong and beneficial partnerships with stakeholders in each local region



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November 12, 2021

Federal Reserve System

Governor Lael Brainard
Board of Governors
20th & C Street NW
Washington, DC 20551
Sent via email

Honorable Lael Brainard:

We wish to take this opportunity to applaud the Federal Reserve Board and Banks for their historic focus on the Racial Wealth Gap. The recent U.S. census showed that people of color now make up over 43% of the population. With this in mind, it is critical that Blacks, Latinos, Asians and people of color become a more integral part of the U.S. economy. This is why the Alliance to End the Racial Wealth Gap feels it is absolutely critical that the Federal Reserve Board and the Office of the Comptroller of the Currency hold a public hearing in Los Angeles related to the U.S. Banks-MUFG Union Bank merger.

The Alliance to End the Racial Wealth Gap met with the CEO of U.S. Bank and discussed the significant economic needs of our communities and, in spirit of U.S. Bank’s poor home lending to Blacks and Latinos, the bank must become a leader in racial economic inclusion. This pandemic clearly exposed a racial economic fault line in the U.S. economy that harms America’s standing in the global economy. We are at a crossroads in our economy and it is critical that bank regulators take the road less traveled.

For this reason, we feel it is imperative that a public hearing be held on the U.S. Bank-MUFG Union Bank merger so that the many voices of our community be heard and that the CEO of U.S. Bank speak to the bank’s commitment towards racial economic inclusion. This public hearing will also serve as a symbol to Blacks, Latinos and people of color that they matter.

Again, thank you Governor Brainard for your leadership. If there are any questions, please feel free to contact Al Pina at pina@fmrc.org or Adam Briones at abriones@ccbbuilders.org.

Respectfully,

Al Pina
Chair/CEO, Florida MCRC
Co-Founder, National MCRC

John Gamboa
Chair, California Community Builders

1 Attachment: Alliance Letter To U.S. Bank CEO on \$100 CRA Plan
CC: Alliance to End the Racial Wealth Gap



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November 10, 2021

Mr. Andrew Cecere
Chairman, President and CEO
U.S. Bancorp
U.S. Bancorp Center
800 Nicollet Mall
Minneapolis, Minnesota 55402
Sent via mail and email (erica.opstad@usbank.com)

Thank you and Next Steps

Dear Andy,

The undersigned members of the Alliance to End the Racial Wealth Gap wish to thank you and your staff for meeting with us this past Tuesday the 8th. We feel that it was a very positive discussion of how the U.S. Bank-MUFG Union Bank merger – and subsequent creation of the 5th largest bank in America – can best serve the economic needs of Black, Latino and other communities of color. As discussed in today’s meeting, we strongly feel a CRA commitment by U.S. Bank of \$100 billion over 5 years, in the areas we discussed, would surely send a signal to our Black, Latino and diverse families, businesses and communities that we “matter.” It would also signal that U.S. Bank is committed to racial economic inclusion that strengthens America in this rising global economy. That said, we truly feel that U.S. Bank will find this \$100 billion commitment will be financially beneficial as well to your bank and shareholders with significant increased business opportunities as discussed in our meeting today.

We are equally delighted that U.S. Bank will not conclude its community outreach with our Alliance, but instead will be reaching out to Black, Latino and diverse communities, organizations and leaders across the United States as you develop your CRA commitment, if this merger is approved. Your CRA listening tour will provide you and U.S. Bank executives an opportunity to not just listen to the voices of the privileged few, but to allow the voices of community to be heard much wider and deeper. As discussed in our meeting, it is essential that your CRA commitment not to be publicly claimed by the few but the many that will become a true symbol of racial economic inclusion. This builds racial economic bridges when ALL can lay claim not just the privileged few.

Specific points we ask be included in your next signed commitment

While we do not expect a detailed community commitment prior to the end of the upcoming Federal Reserve comment period, the undersigned do ask for an agreement in concept on the following items below. We ask that you provide a response by Monday, November 15 to allow the Alliance and our member organization time to determine what, if any comment, we will make on the merger to federal regulators.

- **Signed agreement:** We ask that a co-chair of the Alliance be a signatory to your eventual community commitment agreement and that commitment will be posted on a publicly accessible section of the U.S. Bank website
- **Board approval:** We ask that your new community commitment be presented to U.S. Bank’s board and approved by the board of directors.
- **Community Commitment:**
 - **Total amount and period:** We ask that U.S. Bank agree to a \$100 billion commitment over five years.
 - **Philanthropic diversity and investing:** We ask that U.S. Bank agree to
 - 2% after-tax philanthropic commitment in its CRA areas and other geographic regions where it does business (e.g. mortgage purchases, etc.).
 - Annual publication on the U.S. Bank website of its grants and grant size, including to organizations led by and serving people of color.

- U.S. Bank provide 1 slot to the Alliance to End The Racial Wealth Gap to serve on the U.S. Bank National Community Advisory Council
- Continue to track CRA eligible philanthropic support to nonprofits by community-based Black, Latino led-focused organizations, and;
 - Commit to increasing the amount of support provided to these organizations yearly
 - Support both Program funding and Capacity-Building grants for Black & Latino led-focused organizations
 - Offer general operating grants to these organizations, with a priority on increasing the U.S. Bank support for Black & Latino led-focused nonprofit business development and advocacy organizations
- ***Small business lending/Supplier diversity/Ethnic media contracting:*** We ask that U.S. Bank agree to
 - Turn fees earned through the PPP program into small business grants, as Union Bank has done.
 - Meet with community stakeholders, including members of the Alliance, to review its current product offerings and investigate what additional it can do to support the patient capital needs of diverse businesses.
 - Meet with community stakeholders, including members of the Alliance, to review current commitment to diverse developers and builders and investigate what can be done to support this crucial industry.
 - Meet with community stakeholders, including members of the Alliance, to review current commitment to ethnic media outlets and how these can be improved.
 - Make a commitment that no less than 35% of its outsourced contracts will be awarded to Black, Latino or Asian owned companies.
 - Make a commitment that it required that 100% of its prime contractors (Tier 1) commit to outsource no less than 30% of their sub-contractor contracts are Black, Latino or Asian owned companies.
 - Make a national commitment towards lending to Black & Latino construction companies with an annual targeted annual lending goal of \$3 billion.
 - Make a national commitment that it will make \$2 billion of equity investments into Black, Latino and Asian owned companies.
 - Make a national commitment that of \$20 billion of loans to Black, Latino, Asian owned companies over next five years.
- ***Faith-based outreach and lending and investments:*** We ask that U.S. Bank agree to
 - Meet with community stakeholders, including members of the Alliance, to review its current faith-based business strategy and explore areas for improvement.
 - Making a national commitment of \$3 billion of loans and investments into faith-based organizations and churches over the next 5 years
- ***Management and board diversity:*** We ask that U.S. Bank agree to
 - Post annual updates to its website on its board and management diversity.
 - Include diversity targets in its upcoming CRA community commitment.
 - Explore partnerships with HBCUs and other educational institutions to create diverse staff pipelines.
 - Make a Commitment that senior staff and market Presidents of U.S. Bank will comprise of no less 25% Black, Latino and Asian
 - Make a Commitment that that bank branch managers of U.S. Bank will comprise of no less than 40% Black, Latino, Asian in markets that minorities account for at least 40% of current population
 - Make a Commitment that community development, community affairs/CRA staff will comprise of no less than 50% Black, Latino and Asian
- ***Community Development Diversity:*** We ask that U.S. Bank agree to
 - Create direct and targeted support to affordable housing developers of color.
 - Continue and expand its support of Black and Latino-led CDFIs with multi-year capacity grants and patient debt capital.
 - Create Single Family Housing Investment Fund to deploy internally, Via CDFI's, MDI's and Minority Lead Fund's
 - Invest up to \$5 billion dollars in non-CDF minority lead funds that serve Black and Latino Communities in both Single-Family Housing and Foreclosure Prevention and Wealth Preservation programs
 -

- Create or expand single-family affordable housing loan programs that target capital to affordable housing developers of color
 - Create or expand direct construction lines of credit to POC-led nonprofit affordable housing developers
 - Meet with community stakeholders, including members of the Alliance, to review current commitments to diverse CDFI and affordable housing professionals to review its current programs and see how they can be strengthened and expanded.
 - Making a national commitment to provide of \$2.5 Billion dollars (over 5 years) of direct construction lines of credit for single-family construction (new construction & rehab) to Black & Latino non-profit affordable housing developers that will also include long term (7 years) interest only payments that will provide much needed equity
 - Creation of a national U.S. Bank Affordable Housing Advisory Council that will work with U.S. Bank on all aspects of affordable housing to include affordable housing development and Black and Latino home ownership
- **Home lending:** We ask that U.S. Bank agree to
 - Making a national commitment of increasing Black and Latino home lending by 50% over next 5 years
 - Making a national commitment of \$40 billion in affordable home loans over next 5 years
 - Continue Union Banks down payment assistance of \$6,000-\$9,000 and increase down payment assistance to BIPOC by 10% each year for 5 years. The increase should be across all race/ethnicity groups.
 - Become a member of the Federal Home Loan Bank
 - Meet with community stakeholders, including members of the Alliance, to create a strategy to
 - combat appraisal bias against people of color.
 - strengthen and support housing counseling organizations led by people of color.
 - strengthen and expand existing first-time homebuyer and down payment assistance programs.
 - **Bank expansion:** We ask that U.S. Bank agree to
 - Include areas where it does business/generates profit in its commitment, not just areas with physical bank branches.
 - Extend its commitment to areas it may expand during the term of the agreement.
- **Implementation of the commitment:** We ask that U.S. Bank agree to the following during the term of its community commitment:
 - Review of the commitment during the annual shareholder meeting.
 - Appoint a direct-report to the CEO to oversee the successful implementation of the bank's commitment.
 - Appoint regional managers that will be responsible for the successful implementation of the bank's commitment.
 - Quarterly meetings with community stakeholders and regional managers on the implementation of the commitment.
 - U.S. Bank agrees to work with local city CRA initiatives to decentralize resources ensuring they reach Black & Latino communities within the U.S. Bank geographic footprint.
 - U.S. Bank CEO agrees to do unveiling of national CRA plan in Los Angeles with all stakeholders
 - U.S. Bank CEO agrees to publicly acknowledge and credit all community stakeholders they engaged with in development of their upcoming National CRA Plan & Commitment and not to single out one organization as the stakeholder they worked with in development of this CRA Plan & Commitment

Thank you again for your time and attention during what we know is a very busy time. Our organizations look forward working with U.S. Bank in building an economically stronger and more racially inclusive America. Your staff can reach out directly to Adam Briones at abriones@ccbuiders.org with any questions prior to the 15th.

Respectfully,



Al Pina
Chair/CEO, Florida MCRC
Co-Founder, National MCRC



Marcia Griffin
CEO/Founder, HomeFree-USA



John Gamboa
Chair, California Community Builders

CC:

**Office of the Comptroller of the
Currency**

Mr. Michael Hsu
Acting Comptroller
400 7th St SW
Washington DC
20219

**Federal Deposit Insurance
Corporation**

Chair Jelena McWilliams
550 17th Street NW
Washington D.C. 20429

Federal Reserve System

Chairman Jerome Powell
Board of Governors
20th & C Street NW
Washington, DC 20551

**House Financial Services
Committee**

Congresswoman Maxine Waters
2221 Rayburn House Office Building
Washington, DC 20515

Federal Reserve System

Governor Lael Brainard
Board of Governors
20th & C Street NW
Washington, DC 20551