CRF USA®

Capital for Communities – Opportunities for People®

Community Reinvestment Fund, USA
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November 16, 2021

Chris P. Wangen
Federal Reserve Bank of Minneapolis
90 Hennepin Avenue
Minneapolis, MN 55480-0291

Ann E. Misback
Secretary of the Board of Governors
Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551-0001

Dear Mr. Wangen and Ms. Misback:

On behalf of Community Reinvestment Fund, USA, (CRF) I am pleased to support the acquisition of Union Bank of California by U.S. Bank. We believe this merger will be a win for California and the communities that both banks serve.

Community Reinvestment Fund, USA, a national Community Development Financial Institution (CDFI), is a leader in channeling resources from the capital markets to support community economic development and helping mission-driven organizations improve efficiency and build capacity. Our mission is *to empower people to improve their lives and strengthen their communities through innovative financial solutions*. For the past 33 years we have worked with community partners, investors, foundations, and financial institutions to deliver $3.5 billion in loans, investments, and bonds, resulting in the creation or preservation of 156,000 jobs, the financing of nearly 19,600 affordable housing units and funding for a wide range of community facilities. Since its inception, CRF has funded more than 6,750 small business loans, over 3,100 of which were made to businesses owned by women or people of color. CRF has deployed resources in more than 1,000 communities in 49 states and the District of Columbia and served more than 2.3 million people.

CRF is widely known as a financial innovator with expertise in adapting financing tools that connect underserved communities to new sources of capital including establishing the first secondary market for small business and affordable housing loans to supply liquidity to development finance agencies, CDFIs and other mission-driven lenders. We pioneered the creation of securities collateralized by community development assets to offer mainstream institutional investors (banks, pension funds, and insurance companies) with a way to invest capital at scale in projects and businesses serving low-income people and revitalizing distressed communities. Since 1989, CRF has issued 19 series of Notes totaling $284.7 million backed by community development loans. Three of our debt offerings totaling $176 million have been rated and all of which included a senior tranche rated “AAA” by Standard & Poor’s. We have also issued three multifamily affordable housing securities, including one Standard & Poor’s rated issue totaling $84.9 million, backed by 45 multifamily affordable housing loans.

CRF USA®

Since 2012, CRF has been one of 14 national non-depository 7(a) lenders focusing its use of this government guaranteed loan product to support BIPOC and other historically marginalized entrepreneurs, including women, veterans and small businesses located in low- and moderate-income (LMI) areas. To date we have made more than 550 loans totaling over $294.7 million creating or retaining nearly 12,900 jobs. Our SBA expertise and proprietary loan origination software enabled CRF to originate $700 million in Paycheck Protection Program Loans preserving 70,200 jobs. As a Preferred Lender under the SBA 7(a) program, CRF has been ranked among the top SBA 7(a) lenders nationally. We also participated in an innovative recovery loan fund in Chicago originating over 1,700 loans for over $43.8 million which retained 6,475 jobs and created 3,144 jobs.

Together with its affiliate, National New Markets Tax Credit Fund, Inc., (NNMTCF), CRF has received $919.5 million in tax credits of which $907.5 million have been deployed in the form of flexible loans for both non-profit and for-profit operating businesses located in low-income communities across the country. U.S. Bank has been a leveraged lender in many of our NMTC transactions.

In 2013, CRF was named the first Qualified Issuer (QI) for the CDFI Bond Guarantee Program. We have issued bonds in seven funding rounds and our total issuance since 2014 stands at $940 million on behalf of eight CDFIs.

Throughout the entire history of CRF, U.S. Bank and its predecessors have been key partners in CRF's success. U.S. Bank and its predecessor have invested in all of CRF's 21 asset backed securities. It has provided loans and grants to help CRF grow its presence throughout U.S. Bank's assessment areas. Senior officers of the bank have served on CRF's board of trustees since our inception.

U.S. Bank is truly committed to the organizations and communities it serves. There is no better evidence than the bank's accommodation to CRF in the aftermath of the 2008 Great Recession. When the capital markets froze in late 2008, CRF was aggregating loans for its next securitization. U.S. Bank had provided a $50 million warehouse line of credit of which CRF had more than $30 million in use. With no ability to issue asset-backed securities, CRF faced a profound liquidity crisis. Rather than call the note, U.S. Bank found a solution that kept CRF going. To this day I wonder if other banks would have been so accommodating.

I also note that CRF has a long history with Union Bank. Union Bank was an early investor in CRF notes and provided both grant and loan support when CRF entered the California market. It has a record of community commitment, as well. Combining these two banks is truly synergistic and a "WIN" for California. As a member of the U.S. Bank Community Advisory Council, I look forward to working with the bank to craft an impactful community benefits agreement as a component of the merger.

Best regards,

Frank Altman
CEO

November 17, 2021

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

Oppose - U.S. Bank-MUFG Union Bank Merger

Honorable Lael Brainard:

The Alliance to End the Racial Wealth Gap (Alliance) is pleased to offer comment on the US Bank acquisition of MUFG Union Bank. While we believe that US Bank is well-intentioned and may someday create a strong CRA community commitment, at this time our coalition of groups has no firm promise from the bank on when this commitment will be created, what it will encompass, and what areas they promise to lead on. **Due to this, the Alliance to Close the Racial Wealth Gap must oppose the US Bank-MUFG merger.**

To begin, we wish to commend US Bank's CEO and staff for meeting with the Alliance earlier this month. The bank, including its CEO, spent two hours with fourteen groups representing more than four states. While the bank leadership did not provide comments of their own, they did listen to members of the Alliance as they shared their communities' needs and expectations from a US Bank CRA commitment. In addition, the Alliance provided the US Bank CEO with a letter (attached) outlining specific economic and capital needs for communities of color to which no formal response was provided before the end of the Federal Reserve public comment period. While US Bank has been responsive during the merger process, to-date they have not formally provided any specifics on the direction, scope or racial relevancy of a national CRA plan or commitment.

While we appreciate their outreach, we cannot say similarly positive things regarding the bank's track record related to one of the most important aspects of closing the racial wealth gap: homeownership. According to the national data analysis firm Lending Patterns, US Bank's mortgage lending underperforms among low-and moderate-income mortgage borrowers compared to their peers. For instance, while the bank's peers originated ~21% of their loans to moderate-income borrowers, the bank only originated ~15%. Further, while their peers' portfolio of originated and purchased loans is made up of ~26% low- and moderate-income borrowers, the bank's portfolio is only made up of approximately ~7% of verified low- and moderate-income borrowers. We have also found that nationally, only ~8% of the bank's mortgage originations went to Latinos and African Americans, while that same group received ~19% of peers lenders originated loans. In CA, it appears that in the bank's total loan portfolio only about ~6% are loans to African Americans and Latinos (0.9% to African Americans), compared to approximately ~24% for their peers. The Alliance believes strongly that no bank with a track record of poorly serving low and moderate-income communities and communities of color should receive rubber-stamp approval for their merger.

The Alliance supports and is in alignment with other community organizations that are raising similar concerns about US Bank's performance related to communities of color. Similar to many other community organizations, the Alliance is calling for a public hearing(s) for this proposed merger so that communities of color can be heard beyond the public comment mechanism.

The pandemic exposed a major economic fault line in the US economy for Blacks, Latinos, Asian Americans and other communities of color. This proposed merger would be the first major bank merger post-pandemic and would create the 5th largest bank in America. If the proposed merger is approved, it will become a post-pandemic symbol for either economic inclusion or exclusion for communities of color. In the attached Alliance letter to the US Bank CEO, our coalition outlined specific expectations for a national US Bank CRA Plan, which we still await a formal response to.

The Alliance feels any CRA plan must include a framework that addresses the following:

1) Racial relevancy with specific capital commitments toward communities of color;
2) Capital commitments targeting Black, Latino, and Asian American home/small business ownership;
3) Capital commitments for Black, Latino, and other diverse led & focused CDFIs and funds;
4) Specific employee diversity commitments that include goals towards women of color, particularly Black, Latino and Asian women in middle and top management positions;
5) Financially supporting organizations that battle hate crimes, particularly against Asian Americans and other communities of color;
6) Targeting facility capital and investments into faith-based organizations in Black, Latino, and Asian American communities;
7) Targeting access to capital for Black, Latino, and Asian American construction companies;
8) Targeting development and access to capital for Black, Latino, and Asian American single-family affordable housing developers;
9) Creating state-specific CRA plans as part of their overall national CRA commitment, including a California-specific CRA plan that has been outlined in the California Reinvestment Coalition's request to US Bank.

We hope that through this merger comment process – as well as a related public hearing – US Bank's CEO, board, and senior management will create a CRA plan that becomes a symbol of racial economic inclusion. If there are any questions, please contact Al Pina at pina@fmcrc.org.

Respectfully,

Co-Chairs

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

Marcia Griffin
CEO/Founder, HomeFree-USA

John Gamboa
Chair, California Community Builders

Attachment: US Bank CEO Letter Dated November 10, 2021

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 (the Alliance) 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's position in the global economy. As discussed in our meeting Tuesday, we truly feel that this commitment will be financially beneficial to your bank and shareholders, with significantly increased business opportunities in the communities that make up a large share of your potential customer base.

We are equally delighted that U.S. Bank will not conclude its community outreach with the 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 a wider and deeper conversation with the community. As discussed in our meeting, it is essential that your CRA commitment not be publicly claimed by the few, but by the many. This will become a true symbol of racial economic inclusion and will build economic bridges when all can lay claim.

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 ask for an agreement in concept on the following items below. We ask that you provide a response by 5pm PST 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 the commitment be posted on a publicly accessible section of U.S. Bank's website
- ***Board approval:*** We ask that your new community commitment be presented to U.S. Bank's board and approved by 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.

  - Provide (1) seat to the Alliance to serve on the U.S. Bank's National Community Advisory Council.
  - Continue to track CRA eligible philanthropic support to community-based nonprofits that are Black and Latino-led and serving, and:
    - Commit to increasing the amount of support provided to these organizations yearly,
    - Support both programmatic funding and capacity-building grants for Black & Latino-led and focused organizations,
    - Offer general operating grants to these organizations, prioritizing an increase in U.S. Bank support for Black & Latino-led and focused nonprofit business development and advocacy organizations.
- ***Small business lending/Supplier diversity/Ethnic media contracting:*** We ask that U.S. Bank agree to
  - Convert 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 work 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 commitments to ethnic media outlets and how these can be improved.
  - Commit that no less than 35% of outsourced contracts will be awarded to Black, Latino or Asian-owned companies. In states where the share of people of color is higher, such as 65% in CA, that figure should match the state's diversity.
  - Require 100% of its prime contractors (Tier 1) to commit to outsource no less than 30% of their sub-contractor contracts to Black, Latino or Asian-owned companies. In states where the share of people of color is higher, such as 65% in CA, that figure should match the state's diversity.
  - Commit to lend to Black & Latino construction companies with an annual goal of $3 billion in lending.
  - Make a national commitment that it will make $2 billion of equity investments into Black, Latino and Asian-owned companies.
  - Make a national commitment 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.
  - Commit $3 billion in loans and investments to 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 Black, Latino and Asian American professionals make up no less than 25% of senior staff and market presidents or leaders. In states where the share of people of color is higher, such as 65% in CA, that figure should match the state's diversity.
  - Make a Commitment that bank branch managers be comprised of no less than 40% Black, Latino, Asian American in markets that people of color account for at least 40% of current population. In states where the share of people of color is higher, such as 65% in CA, that figure should match the state's diversity.
  - Make a Commitment that community development, community affairs/CRA staff will comprise of no less than 50% Black, Latino and Asian Americans. In states where the share of people of color is higher, such as 65% in CA, that figure should match the state's diversity.

- ***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 via CDFIs, MDIs and Minority Led Funds.
  - Create or expand single-family affordable housing loan programs that target capital to affordable housing developers of color.
  - Invest $5 billion dollars in non-CDF minority-led funds that serve Black and Latino Communities in both Single-Family Housing and Foreclosure Prevention and Wealth Preservation programs.
  - 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.
  - Make a national commitment to provide $2.5 Billion dollars of direct construction lines of credit for single-family construction (new construction & rehab) to Black & Latino nonprofit affordable housing developers over 5 years. This will also include long term (7 years) interest only payments that will provide much needed equity.
  - Create 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
  - Become a member of the Federal Home Loan Bank
  - Make 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 Bank's 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.
  - 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.
  - Agree to work with local city CRA initiatives to decentralize resources ensuring they reach Black & Latino communities within the U.S. Bank geographic footprint.
  - Agree to unveil the national CRA plan in Los Angeles with all stakeholders
  - Agree to publicly acknowledge and credit all community stakeholders engaged in development of U.S. Bank's upcoming National CRA Plan & Commitment, and not single out only one organization as the stakeholder they worked with in development of this CRA Plan & Commitment.

Lastly, it is important to note that US Bank and the Alliance, working together, can be a collaboration model that starts a small but important healing of one of our country's most debilitating divisions - the racial wealth gap that has plagued our country for generations

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@ccbuilders.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

Endorsed by The Alliance to Close the Racial Wealth Gap

CC:

Office of the Comptroller of the Currency
Mr. Michael Hsu
Acting Comptroller
400 7th St SW
Washington DC
20219

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

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

Federal Deposit Insurance Corporation
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

NATIONAL MINORITY COMMUNITY REINVESTMENT CO-OPERATIVE

BLACK & LATINO ECONOMIC$

www.blackandlatino.org

NMCRC is an informal national organization made up of Black & Latino led & focused organizations and leaders committed to a co-operative approach to address the socio- economic needs of the Black & Latino communities through the creation of sustainable community economic development opportunities. The co-operative relies on a dynamic set of Black & Latino networks, relationships, common socio-economic interests and experiences to assist one another for the better good of the overall socio-economic health of all Black & Latino communities.

Taking CRA Out of D.C. To Local Cities for Blacks & Latinos

November 17, 2021

Federal Reserve System
Honorable Lael Brainard
Board of Governors
20th & C Street NW
Washington, DC 20551

Office of the Comptroller of the Currency (OCC)
Mr. Michael Hsu
Acting Comptroller
400 7th St SW
Washington DC 20219

RE: Opposition to Letter of Support (CRF USA-November 16, 2021) for U.S. Bank-MUFG Union Bank Merger: U.S. Bank Promotes "In White We Trust & Invest In-Black & Latinos Need Not Apply"

Honorable Lael Brainard and Acting Comptroller Michael Hsu:

I am both disgusted and not surprised that the U.S. Bank CEO would call on his "white economic brigade" to defend them and this proposed merger. This white economic brigade (including CRF USA) are well fed with capital by U.S. Bank while they economically starve Black & Latino groups and funds. This one white CDFI (mostly white in management) brags about the $50 million U.S. Bank invested in them while Black & Latino CDFIs get crumbs. From our research, U.S. Bank invests into White Funds 50 to 1 compared to Black & Latino led/focused funds. They might as well hold up a sign that reads "In White We Trust In-Blacks & Latinos Need Not Apply". Absolutely disgusting.

This harms America's future in the rising global economy. When people of color now make up 43% of the U.S. population (per 2020 census) and contribute a fraction of the U.S. GDP, that clearly shows the massive economic divide. Blacks & Latinos MUST become a more integral part of the U.S. economy for our country to remain the global economic leader for the next century. But that will NEVER happen when banks, such as U.S. Bank target capital and investment into white organizations and businesses. They not only redline our capital funds and businesses, but they "steal" the intellectual bandwidth that fuels economic growth within Black & Latino communities. This shouts out to Black & Latino communities that white organizations, such as CRF USA, can only be trusted to build and rebuild Black & Latino communities. This is nothing short of capital redlining. But this seems to be a pattern with U.S. Bank when you review their "horrendous" HMDA data in key cities. Blacks & Latinos are clearly redlined by U.S. Bank when it comes to home ownership. The data does not lie. I am 100% positive that when Section 1071 data is available, it will show the same for U.S. Bank when it concerns providing access to capital for Black & Latino businesses, including Black & Latino women owned businesses.

This racial economic exclusion by U.S. Bank is reason by itself why it is critical that the Federal Reserve Board-OCC hold public hearings on this proposed merger. Los Angeles must be one of the cities selected for a public hearing.

I am requesting this letter be placed into the U.S. Bank-MUFG Union Bank merger and opposition to both this letter of support and this proposed merger until a public hearing is held. Please feel free to contact myself at (813) 598-6361 or pina@fmcrc.org with any questions. Have a blessed day and be healthy.

Al Pina
Chair/CEO, FMCRC
Co-Founder, NMCRC

1 Attachment: Letter of Support for U.S. Bank/MUFG Union Bank Merger by CRF USA-November 16, 2021

Copy:
U.S. Bank
Simpson Thacher & Bartlett LLP
CRF USA

NEW Community Investments

Powered by New Economics for Women™

NEW Community Investments

November 17, 2021

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

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

Re: *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 Chairman Powell and Acting Comptroller Hsu,

As a former banking executive and executive at US Bank I have a broad perspective of the culture of the organization, and a profound understanding of what to expect in the future as this merger is integrated.

The bank's culture has been built on expense management and not organic growth. They have survived the scramble of banking acquisitions over the years as a result of that focus on expense management. The performance of the bank in the California market for the last 10 years validates the previous statement. They have not been able to grow market share consistently as a result of performance of the branch network and small business lending on the ground when they have a substantial number of branches in the system.

The opportunity to do something special in the California market would automatically be discounted as a result of the corporate culture of the bank getting in the way. In a recent conversation with the investment analyst community the CEO of the bank Mr. Cecere spoke primarily about the expense numbers that would be taken out as the merger is integrated and very little on the opportunity to grow the bank organically as new and powerful player in the California landscape.

I am opposed to the acquisition due to the above-mentioned reasons and more. The merger of US Bank and MUFG Union Bank will be harmful for all communities across California unless they can come to the table with a plan of action that would allow true goal setting and monitoring performance over the next few years. There are a number of metrics where both banks underperform that are highlighted in the attachment of this letter. Please, look closely at where there are opportunities for the merged entity, if approved can focus on communities across the state, it's employees, and the shareholders in that order.

The substantial impact that this proposed merger will have on California communities without a significant commitment to California communities, New Community Investments, at this time opposes 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.

To bring inspiration and innovation to every underserved and underrepresented small business community through training, promoting entrepreneurship and lending

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.

Public Benefit Standard

One of the key mandates of the Federal Reserve System is to promote the public interest.

The Bank Holding Company Act and the Bank Merger Act prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served. Probable effect is referring to the impact on the bank(s) ability to meet the convenience and credit needs of communities.[1]

The Bank Merger Act and the Bank Holding Company Act, direct the federal banking agencies to consider four main factors including evaluating a proposed merger for the transaction's probable effect on the public interest. The statutes authorize the agencies to reject a merger proposal if any one of these factors weighs against approval.[2]

In the case of the US Bank proposed acquisition of Union Bank, and the loss of Union Bank and it's CRA activity, it is clear that currently the application reflects that the merger will have a negative impact on the bank's ability to meet the credit needs of the community it serves.

The Federal Reserve is also required to consult with the Department of Justice on this merger's impacts and potential anti-competitive effects on low-income communities and communities of color. We request that the analysis and screen of this acquisition by the Federal Reserve and Department of Justice be made available to the public prior to public hearings so that the public can comment and weigh in on the analysis.

Comment Period

The regulatory deadline for comment is too short. While California community groups are beginning constructive dialogue with U.S. Bank regarding a Community Benefits Agreement (CBA) that addresses community credit needs in California to ensure that any combined bank

[1]see 12 U.S.C. § 1842(c); 12 U.S.C. § 1828(c).

[2] https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/

increases reinvestment activity beyond that of both banks by 50%, there has not been sufficient time to make meaningful progress. As the Federal Reserve Board 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 also thank the Bank for reviewing and considering the letter dated November 8, 2021, signed by over 50 California community groups, urging the Bank to finalize strong commitments to our communities. We urge continued, productive dialogue and negotiations for a Community Benefits Agreement (CRA) with the Bank for the good of California communities.

Community Benefits Agreement
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 currently employed by both banks; offer lower-priced consumer loans to bank customers; end overdraft fees; support the broadband needs of California's diverse communities; and maintain appropriate Information Technology and operational risk controls, amongst other concerns. A strong commitment on these fronts is necessary to prevent public harm and ensure public benefit as required by law.

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."[3]

Jobs

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.

Home Lending in California

US Bank falls below the industry standards on multiple categories of mortgage lending, including lending to Black, Latino, Native American, and low-income borrowers. In fact, U.S. Bank's lending to low and moderate-income borrowers is nearly half that of the industry as a whole. US Bank is also below its peers in applications and originations to low and moderate-income census tracts. In addition, US Bank falls below the industry standard for FHA loans which can be an entry point to homeownership for borrowers who may not qualify for conventional financing. This is of concern to communities given the housing challenges in California and the competition in the market.

More specifically, in originations to Black borrowers as a percentage of all originations, US Bank is lending at half the rate of its peers (1.5% for US Bank compared to 2.9% for peers). For Latino borrowers, US Bank is at 10.6% of loans, compared to 16.9% for its peers. The only area where U.S. Bank exceeds its peers in originations is to Asian borrowers, where

[3] https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-competition-in-the-american-economy/

US Bank is at 20.4% while its peers are at 15.6%. We encourage the regulators to analyze disaggregate lending to Asian borrowers to ensure there aren't disparities amongst different groups.

We are particularly concerned that US Bank is also below its peers in originations in majority BIPOC census tracts. Most glaring is its originations in 80-100% majority BIPOC census tracts where it falls at 11.4% of originations, while its peers are at 16.5%.
We are concerned that many of these mortgage lending disparities are statistically significant and impact applications/outreach, denials, originations, and pricing decisions impacting BIPOC borrowers and neighborhoods. We urge the Bank and the regulators to investigate these disparities to ensure compliance with fair housing laws.

Union Bank performs much better in nearly all areas of home mortgage lending. It is concerning to think that a bank like US Bank would absorb a better performing bank into its lending culture that is rife with disparities.

Public Hearings
We urge regulators 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.

We submit as an attachment, a proposed CBA that has been submitted to the Bank.

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 me at qstrode@neworg.us, or by phone at 909-210-9023

Thank you for your consideration of our views.

Sincerely,

Quentin D Strode
President & CEO
NEW Community Investments

cc: Paulina Gonzalez-Brito, Executive Director, California Reinvestment Coalition
Maxine Waters, Chair, HFSC
Sherrod Brown, Chair, Senate Banking Committee
Jesse Van Tol, CEO, National Community Reinvestment Coalition

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, the 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 Latino borrowers.
        - Increase lending to each Latino 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 borrowers 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 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 for such loans.
- 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. 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.
    - Latino borrowers.
        - Increase lending to each Latina 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.
- 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 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.
    - 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 an 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 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.
- 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.

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

COMMITTEE FOR BETTER BANKS
BRINGING CHANGE TO OUR INDUSTRY

November 16, 2021

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

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

Re: *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 Chairman Powell and Acting Comptroller Hsu,

In light of the substantial impact that this proposed merger will have on California communities without a significant commitment to California communities, the Committee for Better Banks at this time opposes 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.

The Committee for Better Banks unites frontline bank workers to advocate for better working conditions and raising standards across the financial industry, including equitable pay and staffing, sustainable performance metrics and sales goals, and better communication and transparency. Our members have demonstrated how empowered bank workers are better able to serve the best interests of customers and their communities.[1]

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

[1] Find out more about Committee for Better Banks at www.betterbanks.org and www.bankaccountability.org

impacted communities have a meaningful opportunity to provide comments to inform your deliberations.

Public Benefit Standard

One of the key mandates of the Federal Reserve System is to promote the public interest. The Bank Holding Company Act and the Bank Merger Act prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served. Probable effect is referring to the impact on the bank(s) ability to meet the convenience and credit needs of communities.[2]

The Bank Merger Act and the Bank Holding Company Act, direct the federal banking agencies to consider four main factors including evaluating a proposed merger for the transaction's probable effect on the public interest. The statutes authorize the agencies to reject a merger proposal if any one of these factors weighs against approval.[3]

In the case of the US Bank proposed acquisition of Union Bank, and the loss of Union Bank and it's CRA activity, it is clear that currently the application reflects that the merger will have a negative impact on the bank's ability to meet the credit needs of the community it serves.

The Federal Reserve is also required to consult with the Department of Justice on this merger's impacts and potential anti-competitive effects on low income communities and communities of color. We request that the analysis and screen of this acquisition by the Federal Reserve and Department of Justice be made available to the public prior to public hearings so that the public can comment and weigh in on the analysis.

Comment Period

The regulatory deadline for comment is too short. While California community groups are beginning constructive dialogue with U.S. Bank regarding a Community Benefits Agreement (CBA) that addresses community credit needs in California to ensure that 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 Federal Reserve Board 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 also thank the Bank for reviewing and considering the letter dated November 8, 2021, signed by over 50 California community groups, urging the Bank to finalize strong commitments to our communities. We urge continued, productive dialogue and negotiations for a Community Benefits Agreement (CRA) with the Bank for the good of California communities.

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[2] see 12 U.S.C. § 1842(c); 12 U.S.C. § 1828(c).

[3] https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/

Community Benefits Agreement
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 currently employed by both banks; offer lower-priced consumer loans to bank customers; end overdraft fees; support the broadband needs of California's diverse communities; and maintain appropriate Information Technology and operational risk controls, amongst other concerns. A strong commitment on these fronts is necessary to prevent public harm and ensure public benefit as required by law.

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."[4]

Jobs
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.

Even before this proposed merger, racial bias runs deep with US Bank's employment practices. In a recent study[5] assessing issues related to race in the workplace at 13 of the largest retail banks, US Bank received an overall grade of D for the level of diverse representation within job classifications according to EEO-1 disclosure data. With respect to job advancement opportunities, the study found Black employees at US Bank have a 13.5 percent chance and Latine employees have a 22 percent chance of being in Senior Management or Executive positions compared to their white colleagues. Meanwhile, Black employees are 2.17 times more likely and Latine employees are 2.45 times more likely to hold entry level positions.

[4] https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-competition-in-the-american-economy/
[5] "Advancing Racial Justice for Frontline Bank Workers," Committee for Better Banks, March 2021. https://www.bankaccountability.org/system/files/cbb_di_analysis_april_23_update_0.pdf

Commenting on the findings from this report, Committee for Better Banks member Marcus Dodson, an Account Coordinator in US Bank's Corporate Credit Card department, stated, "In eight years, I've interviewed for a higher position at US Bank about 15 times and been promoted only once. I was meeting my goals and working hard, but I couldn't help but notice that people with a connection to the hiring manager continued to be promoted over me. This isn't complicated: diversifying the workforce at US Bank requires an intentional effort to identify Black talent and promote us."

Without stringent requirements and enforcement mechanisms, banks rarely live up to their verbal commitments made prior to obtaining merger approval. As an example, a recent analysis conducted by the Committee for Better Banks of the commitments made by SunTrust and BB&T prior to gaining merger approval to form Truist Bank found the bank has not lived up to the pledges made by its CEO to open 15 new branches in low and moderate income communities, instead opening only 10.[6]

Truist also dramatically shifted away from opening new branches in minority or low income areas. Since the merger, Truist has reduced branch openings in low-moderate income and minority neighborhoods by 35 percent while reducing its branch openings in minority communities by 50 percent after the merger; cutting off an important pipeline for access to entry-level jobs. Meanwhile, it increased branch openings in upper income white communities.

Finally, in the first full year of the merger, Truist laid off 8 percent of its total workforce or approximately 3,800 full-time employees.[7] Without consideration of the impact on employees, we expect the US Bank/Union Bank merger to have a similar negative impact on frontline workers.

Home Lending in California

US Bank falls below the industry standards on multiple categories of mortgage lending, including lending to Black, Latine, Native American, and low-income borrowers. In fact, U.S. Bank's lending to low and moderate income borrowers is nearly half that of the industry as a whole. US Bank is also below its peers in applications and originations to low and moderate income census tracts. In addition, US Bank falls below the industry standard for FHA loans which can be an entry point to homeownership for borrowers who may not qualify for conventional financing. This is of concern to communities given the housing challenges in California and the competition in the market.

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[6] "Truist Merger: new branch investment cut out low-income, diverse areas", Committee for Better Banks. September, 26, 2021. https://cwalocals.org/system/files/truist_merger_impact_9-26.docx.pdf

[7] "Truist accelerates cost-cutting steps." Winston-Salem Journal, Richard Craver, January, 24, 2021.

We are particularly concerned that US Bank is also below its peers in originations in majority BIPOC census tracts. Most glaring is its originations in 80-100% majority BIPOC census tracts where it falls at 11.4% of originations, while its peers are at 16.5%.
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If you have any questions about this letter, or would like to discuss the matter further, please contact **Nick Weiner** at **staff@betterbanks.org**.

Thank you for your consideration of our views.

Sincerely,

Nick Weiner
Senior Campaign Organizer

cc: Paulina Gonzalez-Brito, Executive Director, California Reinvestment Coalition
Maxine Waters, Chair, HFSC
Sherrod Brown, Chair, Senate Banking Committee
Jesse Van Tol, CEO, National Community Reinvestment Coalition

Attachment

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to US Bank/Union Bank**

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- 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.
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- 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. 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.
  - 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 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.
    - 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 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.
- 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.

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

THE ASSOCIATION OF
Financial Development Corporations

Members:

California Southern Small Business. Development Corporation
Juan Carlos Hernandez
President & CEO

Nor-Cal Financial Development Corporation
Sanford Livingston
CEO

Small Business Development Corporation of Orange County
Michael A. Ocasio
President & CEO

Valley Small Business Development Corporation
Debbie Raven
President & CEO

Pacific Coast Regional Small Business Development Corporation
Mark J. Robertson, Sr.
President & CEO

California Coastal Rural Development Corporation
Lee Takikawa
President & CEO

California Capital Financial Development Corporation
Debbie Muramoto
President & CEO

November 16, 2021

Michael Hsu, Acting Comptroller
Office of the Comptroller of the Currency
400 7th Street S.W.
Washington, D.C. 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.frg.org

RE: Acquisition of MUFG Union Bank by U.S. Bancorp and U.S. Bank

Dear Acting Comptroller Hsu and Chairman Powell,

On behalf of the Association of Financial Development Corporations (TAFDC) in California, we are writing regarding our concern and impact of the proposed merger, as aforementioned, and the impact the merger will have on California communities.

The FDCs are comprised of seven non-profit economic development community-based organizations strategically located across the state. Each FDC is independently operated offering critical capital access programs and technical assistance to small business through deployment of direct capital and credit loan guarantees under California's Small Business Loan Guarantee Program (SBLGP). The loan guarantees allow small businesses including non-profit organizations access to vital funds. The guarantees support commercial banks by creating risk incentives to provide financing to small businesses. Most FDCs have multiple bandwidth and capacity to help with other technical, training and lending programs. The FDCs will also be the conduit of the federal State Small Business Credit Initiative (SSBCI) dollars when enacted providing capital access for small businesses in California.

The FDCs are concerned with the number of banks that are being merged, therefore, making it more difficult to find banking partners to work with our programs and the small businesses in our communities. We believe by combining the banks they will have less of an appetite or incentive to partner with us and the diverse small businesses we assist. Historically, both institutions have exhibited an indifference to participating in California's capital access programs.

We ask for public hearings beheld and urge regulators to extend the comment period to ensure our communities have a meaningful opportunity to provide comments to inform your deliberations.

Thank you for your consideration.

Michael A. Ocasio
President

California
Community
Land Trust
Network
Perpetual Home Affordability-Stewardship-Community Control

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

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

Re: *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 Chairman Powell and Acting Comptroller Hsu,

In light of the substantial impact that this proposed merger will have on California communities without a significant commitment to California communities, the California Community Land Trust Network, at this time opposes 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.

The California Community Land Trust Network represents 25 nonprofit members who develop and steward permanently affordable, community-owned housing. Our member organizations span California from Humboldt County in the North to San Diego, encompassing both rural and urban areas. The Network maintains an active program of peer-to-peer technical assistance, capacity building, and policy advocacy in an effort to support the dozens of grassroots community organizations seeking to establish or grow community land trusts in their neighborhoods and regions.

For our members, the housing affordability crisis and racial wealth gap are top priorities, and we look to major corporations who are active in the state to play their part in addressing them. Specifically, we need more access to low-interest financing to produce and preserve permanently affordable housing. Without a substantial commitment to investing in community development, the merger of these two banks promises to reduce our members' options when seeking financing and compounding their challenges. The same can be said of low-income, predominantly BIPOC, individuals and families who seek homeownership opportunities on our community land trusts and beyond – sky high prices require access to affordable mortgage products and down payment assistance, yet without a community benefits agreement, this merger promises neither.

For that reason, 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.

Public Benefit Standard

One of the key mandates of the Federal Reserve System is to promote the public interest.
The Bank Holding Company Act and the Bank Merger Act prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served. Probable effect is referring to the impact on the bank(s) ability to meet the convenience and credit needs of communities.[1]

The Bank Merger Act and the Bank Holding Company Act, direct the federal banking agencies to consider four main factors including evaluating a proposed merger for the transaction's probable effect on the public interest. The statutes authorize the agencies to reject a merger proposal if any one of these factors weighs against approval.[2]

In the case of the US Bank proposed acquisition of Union Bank, and the loss of Union Bank and it's CRA activity, it is clear that currently the application reflects that the merger will have a negative impact on the bank's ability to meet the credit needs of the community it serves.

The Federal Reserve is also required to consult with the Department of Justice on this merger's impacts and potential anti-competitive effects on low income communities and communities of color. We request that the analysis and screen of this acquisition by the Federal Reserve and Department of Justice be made available to the public prior to public hearings so that the public can comment and weigh in on the analysis.

Comment Period

The regulatory deadline for comment is too short. While California community groups are beginning constructive dialogue with U.S. Bank regarding a Community Benefits Agreement (CBA) that addresses community credit needs in California to ensure that 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 Federal Reserve Board 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 also thank the Bank for reviewing and considering the letter dated November 8, 2021, signed by over 50 California community groups, urging the Bank to finalize strong commitments to our communities. We urge continued, productive dialogue and negotiations for a Community Benefits Agreement (CRA) with the Bank for the good of California communities.

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[1]see 12 U.S.C. § 1842(c); 12 U.S.C. § 1828(c).

[2] https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/

California Community Land Trust Network
Perpetual Home Affordability-Stewardship-Community Control

Community Benefits Agreement
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 currently employed by both banks; offer lower-priced consumer loans to bank customers; end overdraft fees; support the broadband needs of California's diverse communities; and maintain appropriate Information Technology and operational risk controls, amongst other concerns. A strong commitment on these fronts is necessary to prevent public harm and ensure public benefit as required by law.

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."[3]

Jobs
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.

Home Lending in California
US Bank falls below the industry standards on multiple categories of mortgage lending, including lending to Black, Latinx, Native American, and low-income borrowers. In fact, U.S. Bank's lending to low and moderate income borrowers is nearly half that of the industry as a whole. US Bank is also below its peers in applications and originations to low and moderate income census tracts. In addition, US Bank falls below the industry standard for FHA loans which can be an entry point to homeownership for borrowers who may not qualify for conventional financing. This is of concern to communities given the housing challenges in California and the competition in the market.

More specifically, in originations to Black borrowers as a percentage of all originations, US Bank is lending at half the rate of its peers (1.5% for US Bank compared to 2.9% for peers). For Latinx borrowers, US Bank is at 10.6% of loans, compared to 16.9% for its peers. The only area where U.S.

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[3] https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-competition-in-the-american-economy/

Bank exceeds its peers in originations is to Asian borrowers, where US Bank is at 20.4% while its peers are at 15.6%. We encourage the regulators to analyze disaggregate lending to Asian borrowers to ensure there aren't disparities amongst different groups.

We are particularly concerned that US Bank is also below its peers in originations in majority BIPOC census tracts. Most glaring is its originations in 80-100% majority BIPOC census tracts where it falls at 11.4% of originations, while its peers are at 16.5%.
We are concerned that many of these mortgage lending disparities are statistically significant and impact applications/outreach, denials, originations, and pricing decisions impacting BIPOC borrowers and neighborhoods. We urge the Bank and the regulators to investigate these disparities to ensure compliance with fair housing laws.

Union Bank performs much better in nearly all areas of home mortgage lending. It is concerning to think that a bank like US Bank would absorb a better performing bank into its lending culture that is rife with disparities.

Public Hearings

We urge regulators 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.

We submit as an attachment, a proposed CBA that has been submitted to the Bank.

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 Leo Goldberg at leo.goldberg@cacltnetwork.org or 510-244-3784.

Thank you for your consideration of our views.

Sincerely,

Leo Goldberg
Co-Director
CA Community Land Trust Network

cc: Paulina Gonzalez-Brito, Executive Director, California Reinvestment Coalition
Maxine Waters, Chair, HFSC
Sherrod Brown, Chair, Senate Banking Committee
Jesse Van Tol, CEO, National Community Reinvestment Coalition

California
Community
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Network
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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, the 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 Latinx borrowers;
        - Increase lending to each Latinx 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 borrowers 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 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 for such loans.
- 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:

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- 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.

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    - Latinx borrowers;
        - Increase lending to each Latinx 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:
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    - 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.
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    - Actively participate in the California state-guarantee loan program.
    - 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.
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    - 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.

California Community Land Trust Network
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    - 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.
    - 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 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.
- 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.

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

California Housing Partnership
California's Experts on Affordable Housing Finance, Advocacy & Policy

November 15, 2021

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

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

Re: *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 Chairman Powell and Acting Comptroller Hsu,

In light of the substantial impact that this proposed merger will have on California communities without a significant commitment to California communities, the California Housing Partnership at this time opposes 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.

The Partnership is a state-created private nonprofit technical assistance organization that creates and preserves affordable and sustainable homes for Californians with low incomes by providing expert financial and policy solutions to nonprofit and public partners. Since 1988, the Partnership's on-the-ground technical assistance, applied research, and legislative leadership

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SAN DIEGO
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SANTA BARBARA
Santa Barbara, CA 93103*
Tel: (805) 914-5401

Mailing address: SF office

has leveraged more than $25 billion in private and public financing to preserve and create more than 75,000 affordable homes and to provide training to more than 30,000 people.

One of the key mandates of the Federal Reserve System is to promote the public interest. The Bank Holding Company Act and the Bank Merger Act prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served. Probable effect is referring to the impact on the bank(s) ability to meet the convenience and credit needs of communities.

The Bank Merger Act and the Bank Holding Company Act, direct the federal banking agencies to consider four main factors including evaluating a proposed merger for the transaction's probable effect on the public interest. The statutes authorize the agencies to reject a merger proposal if any one of these factors weighs against approval.

In the case of the US Bank proposed acquisition of Union Bank and the loss of Union Bank and it's CRA activity, it is clear that the merger, as currently proposed, will have a negative impact on the bank's ability to meet the credit needs of the community it serves. Of greatest concern to us is that this merger is likely to decrease investment in affordable housing, both through a reduction in aggregate Low-Income Housing Tax Credit investments as well as through a loss of Union Bank's competitive loan rates and fees and high loan volume.

In addition, we urge regulators 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.

Thank you for your consideration.

Sincerely,

Mark Stivers

Mark Stivers
Director of Advocacy

cc: Paulina Gonzalez-Brito, Executive Director, California Reinvestment Coalition

November 16, 2021

Comments concerning an application to acquire a Bank Holding Company subject to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.)

US. Bancorp, Minneapolis, Minnesota;	to acquire MUFG Union Bank, National Association, San Francisco, California, a direct wholly-owned national bank subsidiary of MUFG Americas Holdings Corporation, New York, New York, and more.	Bank acquisition and merger proposals filed under section 3 or sections 3 and 4 of the Bank Holding Company Act	Federal Reserve Bank of Minneapolis Chris Wangen, Assistant Vice President, 90 Hennepin Avenue, Minneapolis, MN 55480-0291 via email to MA@mpls.frb.org

We understand that the companies above:

"seek System approval to acquire a bank holding company, a savings and loan holding company, bank or savings and loan association or a nonbanking company in a transaction that is subject to the Bank Holding company Act of 1956 (12 U.S.C. 1841 et seq.), the Change in Bank Control Act (12 U.S.C. 1817 (j)), the Home Owners' Loan Act (12 U.S.C.1467a), Regulations Y, LL, MM, or other applicable statutes and regulations."

The Bank has stated that:

"MINNEAPOLIS and NEW YORK – September 21, 2021 – U.S. Bancorp (NYSE: USB) today announced that it has entered into a definitive agreement to acquire MUFG Union Bank's core regional banking franchise from Mitsubishi UFJ Financial Group (NYSE: MUFG) in a transaction that will bring together two premier organizations with a focus on being the leader in serving customers and communities in California, Washington and Oregon.

With the acquisition, U.S. Bank will gain more than 1 million loyal consumer customers and about 190,000 small business customers on the West Coast in addition to approximately $58 billion in loans and $90 billion in deposits based on MUFG Union Bank's June 30, 2021 balance sheet. The combination will improve U.S. Bank's deposit position in California from 10 th to 5th and will significantly increase its customer base in California.

This increased scale will make the U.S. Bank brand a stronger player in these markets, which will increase competition with California's three largest banks. This will provide benefits for both customers

info@creativeinvest.com

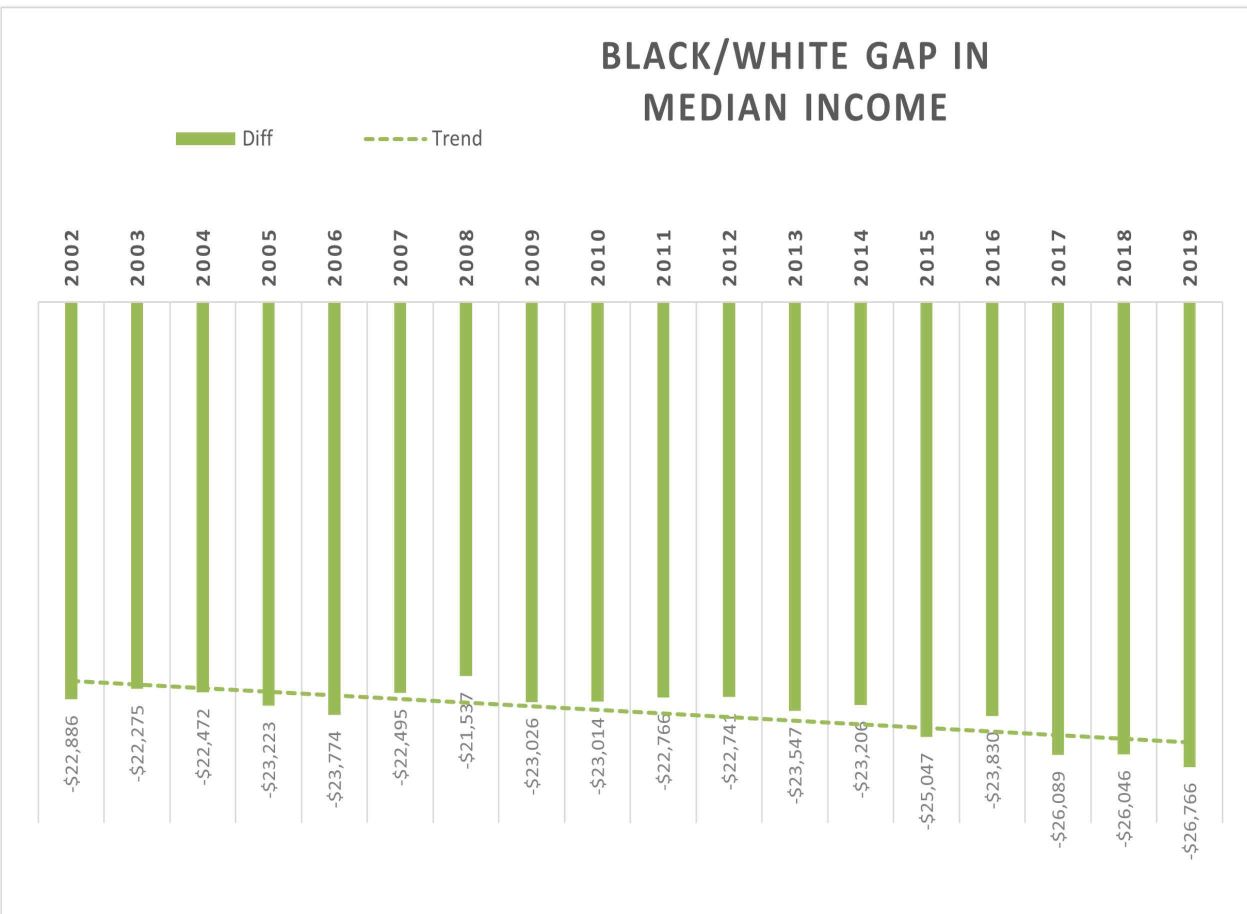
and the communities served by the combined organization through improved technology, products and customer choice."

For the reasons listed below, we request the Federal Reserve Board carefully review the information submitted and deny this application.

Applicant Considerations

While we understand U.S. Bancorp's contention that "This increased scale will make the U.S. Bank brand a stronger player in these markets, which will increase competition with California's three largest banks. This will provide benefits for both customers and the communities served by the combined organization through improved technology, products and customer choice" there is no objective, fully independent data to support this contention, thus, we consider these statements false.

Source: Creative Investment Research from data provided by the U.S. Census Bureau, Current Population



Survey, Annual Social and Economic Supplements (CPS ASEC).

info@creativeinvest.com

Given broad and continuing social[1] and environmental volatility, these statements should be evaluated in full. False statements[2] are a *prima facie* reason to deny an application.

We reference[3] 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

Maternal Mortality Reparation Facility for Black Women. 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."[4]

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 U.S. Bancorp (NYSE: USB) and/or Mitsubishi UFJ Financial Group (NYSE: MUFG) by any Board policymakers or staff.

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[1] We also note that "New Zealand central bank to consider impact of monetary policy on housing." https://reut.rs/3smXPYU

[2] See the Appendix below, "Opposition to the Morgan Guaranty Trust Company Merger at the Federal Reserve Board." May 16, 1996.

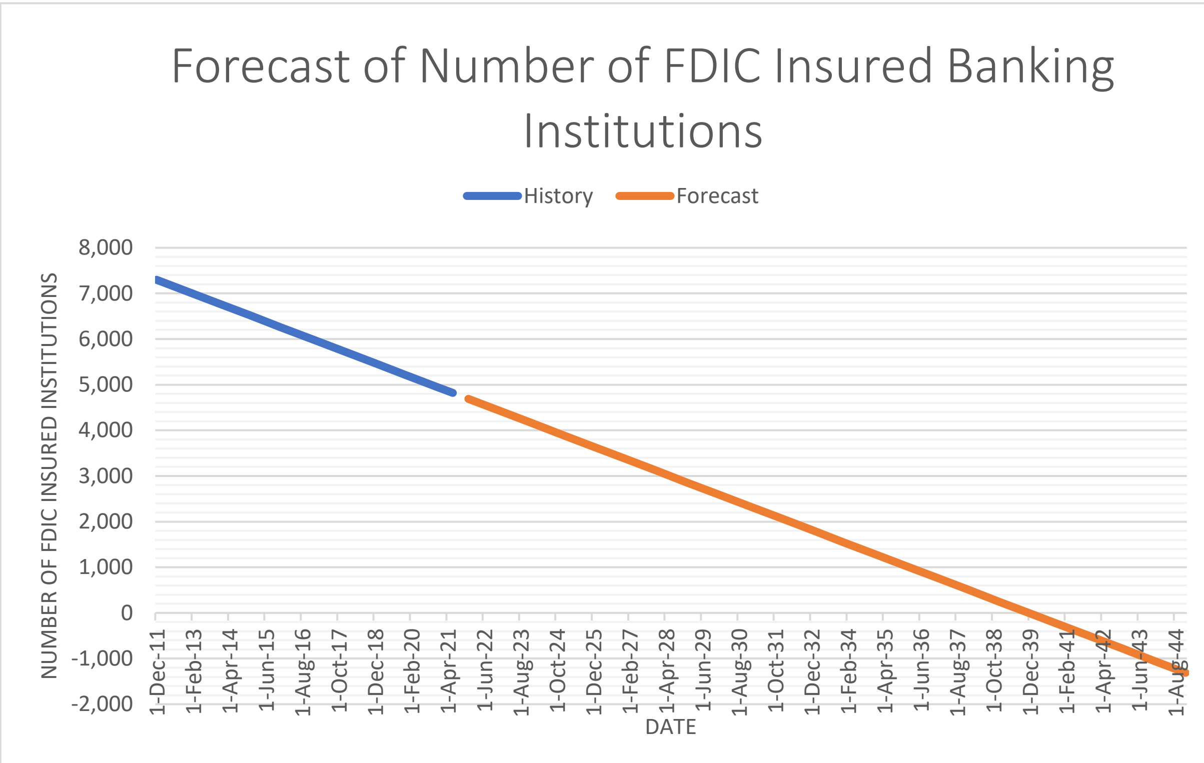
[3] We do not seek, nor will we accept, any funding or assistance from MSPBNA concerning these innovations. This document is not submitted to subject the bank to "CRA blackmail" by protesting bank applications. In point of fact, we are not protesting this application. We are, however, protesting lax regulatory enforcement, a violation of 12 CFR 25.18. The items we have developed are examples of what *can* be done and are confirmation of the lack of support for an "Outstanding" CRA rating. After all, if we, an impoverished African American firm, can have such an impact, one might expect a much larger, non-minority firm to have even greater impact. They do not.

[4] *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

Given these facts, we question the Board's ability, without an independent, empowered and objective ethics advisor, to fairly and ethically[5] evaluate the public interest regarding this proposed transaction.[6]

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.

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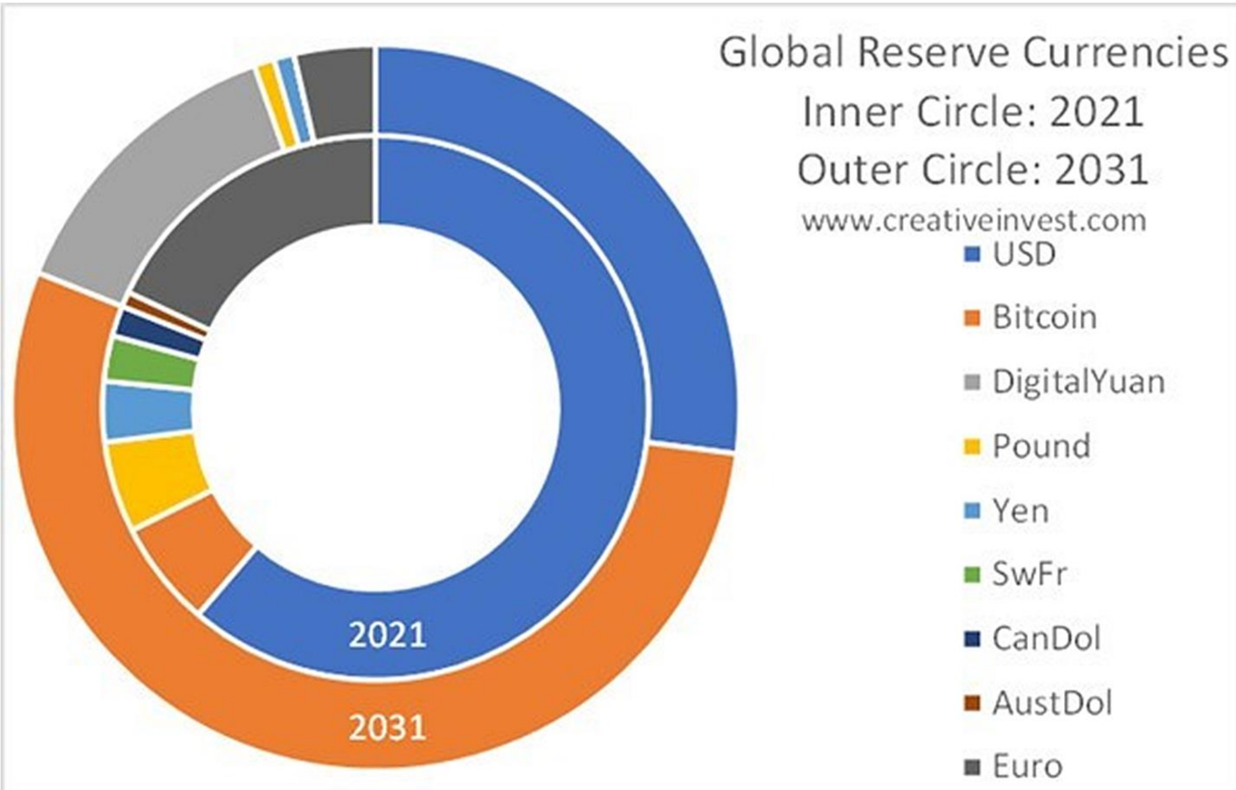
[5] *The Eight Commitments of Ethical Culture from the Philadelphia Ethical Society*. Online at: https://www.impactinvesting.online/2021/09/the-eight-commitments-of-ethical.html

[6] 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 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[7].

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

[7] 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

We believe in the need to continue integrating, at the time of merger application, sustainable and creative pathways to fund restoration and conservation.

Summary: The Board is Unable to Fairly Evaluate This Application and Should Deny The Request Until Such Time as it is Able To Do So

Given the fact that incompetence, discrimination and exclusionary practices based on race are prevalent in investment and finance, including at regulatory bodies, we decline to directly address the issue noted, having done so over the past 40 years. We note 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."

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December 2, 2021

Chris P. Wangen, Assistant Vice President
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Ann E. Misback
Secretary of the Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington DC 20551-0001

Email: MA@mpls.frb.org

RE: U.S. Bancorp's proposal to acquire MUFG Union Bank, National Association

Mr. Wangen and Ms. Misback,

It is my pleasure to submit a letter of support for U.S. Bancorp's (U.S. Bank's) proposal to acquire MUFG Union Bank, National Association. I represent the 55th Assembly District in California, which includes the communities of Los Angeles, Orange and San Bernardino counties and includes the cities of Brea, Chino Hills, Diamond Bar, La Habra, Industry, Placentia, Rowland Heights, Walnut, West Covina and Yorba Linda. I also serve as Vice Chair of the Assembly Committee on Banking and Finance, which covers the policy issues of financial institutions, real property finance, consumer finance, and corporate securities law.

As an elected official in California, I have worked with U.S. Bank in my district as well as on policy issues in Sacramento. During that time, my staff and I have worked with U.S. Bank employees and have a good understanding of their commitment to their customers, their employees, their communities, and providing access to financial services to all.

One such example of this commitment is an affordable housing project in my district where U.S. Bank National Association provided a large community development investment. U.S. Bank partnered with Mercy Housing to bring a high quality, service enriched, and affordable apartment development for United States Military Veterans who are homeless and or disabled. Placentia Veterans Village (1945 East, Veterans Wy, Placentia, CA 92870) was completed in 2020 and offers 50 units as well as financial and health assistance to residents.

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U.S. Bank is highly regarded in our community for the work they do every day and for the services they provide. I am proud to partner with them and look forward to continuing to work with the combined organization in the future. I fully support the proposed transaction and believe it will have a positive impact on my community.

Regards,

Phillip Chen

Phillip Chen
California State Assemblymember
Assembly District 55