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Chair  
Independent  
Consultant

Manuel Bernal  
Vice Chair  
Cesar Chavez  
Foundation

Daniel Rodriguez  
Treasurer  
Bank of America

Guillermina Gonzalez  
Secretary  
Community Resident

Leticia Andrade  
Member  
Community Resident

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Arnoldo Ulloa  
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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](mailto: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](mailto: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, East LA Community Corporation (ELACC), 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.

ELACC is a nonprofit CDC. Our mission is to advocate for economic and social justice in Boyle Heights and East Los Angeles by building grassroots leadership, developing affordable housing and neighborhood assets, and providing access to economic development opportunities for low and moderate income families.

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.<sup>1</sup>

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.<sup>2</sup>

In the case of the US Bank proposed acquisition of Union Bank, and the loss of Union Bank and its 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 (CBA) 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.

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<sup>2</sup> <https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/>

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."<sup>3</sup>

### **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, 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.

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 Latine 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 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.

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

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 Elba Schildcrout at [eschildcrout@elacc.org](mailto:eschildcrout@elacc.org).

Thank you for your consideration of our views.

Sincerely,

*Monica Mejia*

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Monica Mejia  
President & CEO

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

## **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 Latine borrowers;
    - Increase lending to each Latine disaggregated group.
  - Mortgage lending to Asian American Pacific Islander borrowers;
    - Increase lending to each AAPI disaggregated group.
  - Mortgage lending to Native American borrowers;
  - Mortgage lending in LMI census tracts; and
  - Mortgage lending in majority-minority census tracts.
- Continue Union Banks down payment assistance of \$6,000-\$9,000 and increase down payment assistance to BIPOC 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;
- 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 Chexsystems for this account, and will not require parent/guardian permission to open. This account will meet the standards agreed to above on affordable accounts.
- 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



## Faith and Community Empowerment

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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](mailto: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](mailto: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, Faith and Community Empowerment (FACE) 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.

At FACE, our mission is to advance the Asian American & Pacific Islander (AAPI) community's participation, contribution, and influence through faith and community partnerships.

FACE serves as a light and bridge between the AAPI & faith communities and the greater community at large by connecting and creating private and public collaboration. FACE works to maximize the capacities of faith-based communities by increasing their access to resources and funds, assisting low-income individuals and revitalizing neighborhoods. FACE is a HUD approved housing counseling agency that has helped over 10,900 low-to-moderate income individuals and families get connected with over \$1.8 million in downpayment and other assistance. FACE also works to advocate for the AAPI community by educating private and public leaders on Anti-AAPI hate, the Model Minority Myth, and the disproportionate impact of COVID-19 in order to highlight their areas of need for resources. FACE is located in Koreatown in Los Angeles but works on a national level with partnerships all across the country.

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.



# Faith and Community Empowerment

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## **Public Benefit Standard**

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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.<sup>2</sup>

In the case of the US Bank proposed acquisition of Union Bank, and the loss of Union Bank and its 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 (CBA) with the Bank for the good of California communities.

## **Community Benefits Agreement**

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<sup>1</sup>see 12 U.S.C. § 1842(c); 12 U.S.C. § 1828(c).

<sup>2</sup> <https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/>



## Faith and Community Empowerment

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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. We ask that the key members are retained. We also ask that steps are taken to assure that commitments made pre-merger are honored. 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."<sup>3</sup>

### **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**

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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 Latin 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 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. As a group that works with the Asian American community,

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



## Faith and Community Empowerment

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disaggregated data tells a different story of AAPI communities where there are 12 AAPI subgroups below the Hispanic homeownership rates and 7 AAPI groups below the Black homeownership rates. Korean and Black homeownership rates are the same.

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**

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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 FACE's President & CEO Hyepin Im by email at [info@facela.org](mailto:info@facela.org) or by telephone at 2139851500, or 2132163676.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hyepin Im', is written over a light blue horizontal line.

Hyepin Im  
President/CEO of FACE

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



# Faith and Community Empowerment

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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 Latine borrowers;
    - Increase lending to each Latine disaggregated group.
  - Mortgage lending to Asian American Pacific Islander borrowers;
    - Increase lending to each AAPI disaggregated group.
  - Mortgage lending to Native American borrowers;
  - Mortgage lending in LMI census tracts; and
  - Mortgage lending in majority-minority census tracts.
- Continue Union Banks down payment assistance of \$6,000-\$9,000 and increase down payment assistance to BIPOC 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



## Faith and Community Empowerment

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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.





## Faith and Community Empowerment

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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.**

Annually increase small business lending for each of the following

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- 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.



## Faith and Community Empowerment

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- Develop an SBA product offering and become a Preferred SBA lender. Commit to increasing overall SBA lending each year. Of the total commitment for SBA lending, 50% each year shall be to underserved communities and low and-moderate-income census tracts. Additionally, 50% of SBA lending annually shall be in loan amounts of \$150,000 or less, and the number of loans of such lending shall increase each year.
- Work with CRC to develop a Special Purpose Credit Program (SPCP) product for small businesses that are owned by registered members of state or federally recognized First Nation tribes and commit \$100 Million for this program.
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- 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.



## Faith and Community Empowerment

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- 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.



## Faith and Community Empowerment

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- Commit to reconfigure all ATMs to waive out-of-network surcharges for California public assistance recipients who use Electronic Benefits Transfer Cards (EBT).
- Establish a checking and savings account for young people under 22. The bank will not use Chexsystems for this account, and will not require parent/guardian permission to open. This account will meet the standards agreed to above on affordable accounts.
- 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



## Faith and Community Empowerment

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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 MUFJ 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



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](mailto: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](mailto: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, Strategic Actions for A Just Economy 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.

Strategic Actions for A Just Economy has been working side-by-side with tenants in Los Angeles for over 20 years to improve our community by advocating for tenant rights, healthy housing, and equitable development. In the last decade, we have seen bad-acting corporate landlords buy up more and more of our City's rental housing and engage in the perpetuation of slum housing, mismanagement of properties, rent gouging, harassment and illegal evictions. GH Palmer, owned by Geoffrey Palmer who is one of the largest and worst acting landlords in L.A., received one of the three largest PPP loans US Bank has made. Corporate landlords like Palmer should not have free access to capital.

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.<sup>1</sup>

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.<sup>2</sup>

In the case of the US Bank proposed acquisition of Union Bank, and the loss of Union Bank and its 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 (CBA) 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

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<sup>1</sup>see 12 U.S.C. § 1842(c); 12 U.S.C. § 1828(c).

<sup>2</sup> <https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/>



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."<sup>3</sup>

### **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, 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.

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 Latine 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 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%.

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





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 [cstrathmann@saje.net](mailto:cstrathmann@saje.net).

Thank you for your consideration of our views.

Sincerely,

Cynthia Strathmann  
Executive Director

cc: Paulina Gonzalez-Brito, Executive Director, California Reinvestment Coalition  
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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 Chexsystems for this account, and will not require parent/guardian permission to open. This account will meet the standards agreed to above on affordable accounts.
- 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





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](mailto:MA@mpls.frb.org)

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San Francisco, CA 94102

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

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*Re: CAMEO 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, and calls 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, CAMEO – California Association for Micro Enterprise Opportunity, 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.

CAMEO is the statewide network of entrepreneurial training programs and small business microlenders in California. CAMEO is California's statewide network made up of over 300 organizations, agencies, and individuals dedicated to furthering microbusiness development in the state. Annually, CAMEO members serve about 84,000 very small businesses with training, business and credit assistance and loans. These firms – largely start-ups with less than five employees – support or create 101,000 new jobs in California and generate a total of \$7.5 billion in economic activity.

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



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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.<sup>1</sup>

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.<sup>2</sup>

In the case of the US Bank proposed acquisition of Union Bank, and the loss of Union Bank and its 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 (CBA) 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

<sup>1</sup> see 12 U.S.C. § 1842(c); 12 U.S.C. § 1828(c).

<sup>2</sup> <https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/>



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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."<sup>3</sup>

### **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, Latin, 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 Latin 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 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%.

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



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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 [hpickman@CAMEOnetwork.org](mailto:hpickman@CAMEOnetwork.org).

Thank you for your consideration of our views.

Sincerely,

Heidi Pickman  
VP, Engagement and External Relations

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

Most Sincerely,

Heidi Pickman  
VP, Policy and Programs



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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](mailto: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](mailto:Largebanks@occ.treas.gov)

Re: *Consumer Federation of California opposition to proposed U.S. Bancorp/MUFG Union Bank merger*

Dear Chairman Powell and Acting Comptroller Hsu,

The Consumer Federation of California (CFC) is a nonprofit advocacy organization that has been a powerful voice for consumer rights since 1960. Based on a myriad of concerns about the impact to consumers of this proposed merger/purchase, CFC respectfully opposes the merger at this time. CFC supports public hearings on the merger to be held throughout California over the next few months and would like to share some brief thoughts on key components for your consideration.

### **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. 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.<sup>1</sup>

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<sup>1</sup> <https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/>

In the case of the US Bank proposed acquisition of Union Bank and the loss of Union Bank and its CRA activity, 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 as much of the Federal Reserve and Department of Justice analysis of this acquisition be made available to the public prior to public hearings so that the public can comment and provide feedback on the analysis.

### **Community Benefits Agreement**

Looking at past performance and prospective activity, CFC has serious community reinvestment, consumer, and anti-competitive concerns relating to the proposed merger. California community groups, including CFC, 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. 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 low and moderate income (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."<sup>2</sup>

### **Jobs**

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. 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. We are

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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 rife with disparities.

For these reasons CFC believes that an extremely thorough analysis of the impacts on consumers, particularly low-income consumers and communities of color, and multiple public hearings are necessary before due consideration of the merger/purchase can take place. For these and other reasons CFC respectfully opposes the merger at this time.

If you would like to discuss the matter further, please contact me at [herrell@consumercal.org](mailto:herrell@consumercal.org). Thank you for your consideration of CFC's views on this matter critically important to consumers.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Herrell". The signature is written in a cursive, slightly slanted style.

Robert Herrell  
Executive Director  
Consumer Federation of California

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



**A 501(c)(3) Nonprofit Corporation**

Jerome Powell, Chairman  
Board of Governors of the Federal Reserve System  
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Michael Hsu, Acting Comptroller  
Office of the Comptroller of the Currency  
400 7th St SW,  
Washington, DC 20219  
Via email: [Largebanks@occ.treas.gov](mailto: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, Haven Neighborhood Services 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.

At Haven Neighborhood Services, our mission is to financially empower vulnerable communities in Los Angeles County by providing no-cost financial and housing education and direct services to end their financial and housing crisis. For a decade, Haven Neighborhood Services, a 501 (c)(3) nonprofit organization has maintained an unwavering commitment to the financial health, housing security, and education of our community members. All services that Haven Neighborhood Services provides are at no-cost to our clients. Our organization, founded during the aftermath of the 2008 Economic Recession, addresses financial and housing cries among economically vulnerable individuals and families.

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.<sup>1</sup>

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.<sup>2</sup>

In the case of the US Bank proposed acquisition of Union Bank, and the loss of Union Bank and its 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 (CBA) 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

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<sup>1</sup>see 12 U.S.C. § 1842(c); 12 U.S.C. § 1828(c).

<sup>2</sup> <https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/>

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."<sup>3</sup>

### **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, 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.

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 Latine 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 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.

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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 [etoriz@havenservices.org](mailto:etoriz@havenservices.org) or direct # 818-632-98766

Thank you for your consideration of our views.

Sincerely,

*Erika Toriz*

Erika Toriz-Kurkjian  
Founder, Executive Director

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

## **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 Latine borrowers;
    - Increase lending to each Latine disaggregated group.
  - Mortgage lending to Asian American Pacific Islander borrowers;
    - Increase lending to each AAPI disaggregated group.
  - Mortgage lending to Native American borrowers;
  - Mortgage lending in LMI census tracts; and
  - Mortgage lending in majority-minority census tracts.
- Continue Union Banks down payment assistance of \$6,000-\$9,000 and increase down payment assistance to BIPOC 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

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- 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.
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  - 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 Chexsystems for this account, and will not require parent/guardian permission to open. This account will meet the standards agreed to above on affordable accounts.
- 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 MultiCultural Real Estate Alliance

for Urban Change

6820 La Tijera Blvd. #109  
Los Angeles, CA 90045

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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](mailto: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](mailto: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, MultiCultural Real Estate Alliance for Urban Change, 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 Alliance was formed in the Spring of 1992 after the Los Angeles riots. A group of real estate professional from diverse neighborhood come together to address how to improve economic conditions in the community.

Our mission is to eliminate redlining and predatory lending, increase and maintain homeownership through advocacy, educate, counseling and empowerment

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.<sup>1</sup>

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.<sup>2</sup>

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 (CBA) with the Bank for the good of California communities.

### **Community Benefits Agreement**

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<sup>1</sup>see 12 U.S.C. § 1842(c); 12 U.S.C. § 1828(c).

<sup>2</sup> <https://corpgov.law.harvard.edu/2019/09/17/modernizing-bank-merger-review/>

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."<sup>3</sup>

### **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, 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.

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 Latine borrowers, US Bank is at 10.6% of loans, compared to 16.9% for its peers. The only area

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

where U.S. 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 Sherri Jackson, (310)904-4568 or kozzysack@hotmail.com.

Thank you for your consideration of our views.

Sincerely,

*Sherri Jackson,*

President

cc: Paulina Gonzalez-Brito, Executive Director, California Reinvestment Coalition  
Maxine Waters, Chair, HFSC  
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- 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 Chexsystems for this account, and will not require parent/guardian permission to open. This account will meet the standards agreed to above on affordable accounts.
- 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

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](mailto: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](mailto: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 San Diego Housing Federation 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 San Diego Housing Federation is a non-profit advocacy and education organization dedicated to increasing the supply of affordable housing in the County of San Diego, California. For over 30 years, the Housing Federation has provided peer-to-peer trainings for affordable housing developers and operators, community development corporations, and providers of resident services. We have also engaged in advocacy and public education in the areas of affordable housing, fair housing, and homelessness.

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 its 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. 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 high loan volume.

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.

Thank you for your consideration.

Sincerely,



Stephen Russell,  
President/CEO

San Diego Housing Federation  
[steve@housingsandiego.org](mailto:steve@housingsandiego.org)

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



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: Applications by U.S. Bancorp and U.S. Bank to merge with MUFG Union Bank and call for public hearings and extension of the comment period.

Dear Chairman Powell and Acting Comptroller Hsu,

This proposed merger will have substantial impacts on South Los Angeles and its neighborhoods of color. The Los Angeles LDC, at this time request that public hearings be required before any regulatory consideration is given for the approval of this proposed merger. Without public hearings to accurately ascertain the current unmet needs and future community considerations the Los Angeles LDC 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 Los Angeles LDC has long standing banking relationships with both U.S. Bancorp and MUFG Union Bank. N.A. These relationships have lasted over 25 years. By working collaboratively with both institutions, our mission to provide capital and advisory services to foster positive community development impacts in distressed neighborhoods by aligning the needs of our borrowers and investors has been greatly enhanced.

By way of example, in 2004 we received investment from both banks totaling \$2.8 Million for the \$10 Million 504 ACE Loan Fund LLC. Based on current CRA investment practices it is very unlikely that, post-merger, the newly combined bank would make an individual investment of \$2.8 million. There must be grave concerns that the combined bank would provide less access and resources to the low-income neighborhoods of South Los Angeles

and throughout California. Based on the recent Wall Street analysts inquires, the question arises of how feasible is it that 1+1=2.5 (will the combined bank produce impacts that exceed each bank individually?) Given the focus on cost savings (40%) which raises serious local concerns over how low-income communities will benefit, in a post-merger environment, rather than decline with the stated U.S Bank focus on the pursuit of **“Demographically Attractive Markets”**.

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.

### **Comment Period**

The regulatory deadline for comment is too short. It has been determined that the presence of COVID 19 has shown that low-income communities of color have a clear lack of access to information and technology. With a short comment period many customers and Los Angeles based community groups will NOT have the time to review, understand, and comment of the complexity of this proposed merger. More time, at least another 60 days, will allow for an active and constructive dialogue with U.S. Bank and give the public, that will suffer, if this merger is not done right. How much time is necessary to understand the MUFG Union Bank consent order and its long-term impacts? Why not allow for adequate time to integrate a thoughtful Community Benefits Agreement (CBA) that addresses community credit needs throughout California to ensure that any combined bank increases reinvestment activity that delivers benefits to **Demographically Underserved Markets?**

### **Community Benefits Agreement**

A strong CBA is needed to ensure that the newly approved federal infrastructure assistance is not a missed opportunity to leverage stimulative resources or investments targeted toward low-income neighborhoods and targeted populations. An example is the \$985 Million allocation to California under the Small Business Credit Initiative (SSBCI 2.0). I am not aware of any expressed interest or understanding by either U.S. Bank or MUFG Union Bank of this unfolding small business credit initiative; furthermore, there is not any evidence that under the \$169 Million Obama Administration’s SSBCI 1.0 these banks were active participants. With the SSBCI 2.0, a 10X leveraging outcome may not be possible without leadership and participation by California leading banks. Please be mindful that this merger, if approved, removes California lead bank from our market. A strong bi-lateral commitment that establishes a measurable framework with benchmarks and reportable metrics will support an ecosystem to grow ALL small businesses while reducing public harm and ensure public benefit as required by law.

Without a strong Community Benefits Agreement, we believe that the bank applicants have not demonstrated that they have sufficiently articulated any publicly available plan that meets



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the current 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 213-448-8043 or [mbanner@losangelesldc.com](mailto:mbanner@losangelesldc.com).

Make A Deal, Make A Difference

Sincerely,

A handwritten signature in cursive script that reads "M. Banner". The signature is written in black ink and is positioned below the word "Sincerely,".

Michael Banner  
President and CEO  
U.S. Bank Shareholder