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8065 Emerson Avenue  
Los Angeles, CA 90045

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, Westchester United Methodist Church 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.

Westchester United Methodist Church is a Christian Church in Los Angeles that exists to help persons live out their calling as members of God's family through worship, social gatherings, service, study and working for social justice, racial equity, and economic equity for all God's children.

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

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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/>

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 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.

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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 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 Pastor Lyda Eddington, at [lyda@wumcla.org](mailto:lyda@wumcla.org).

Thank you for your consideration of our views.

Sincerely,

Lyda Eddington  
Senior Pastor

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

Attachment

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

### **Overall commitment:**

Beginning in 2022 and extending over the next 5 years, US Bank pledges to increase its overall qualified CRA lending, investment, charitable contribution, supplier diversity, and related activities as described below, to achieve a minimum of \$90 billion in cumulative qualified CRA activity in California as defined below during this 5-year period.

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

### **Homeownership:**

- Annually increase mortgage originations for each of the following:
  - Mortgage lending to LMI borrowers;
  - Mortgage lending to African American borrowers;
  - Mortgage lending to 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 diverse firms located in California. US Bank will report on supplier diversity goals and spend with California firms by category annually and meet with the community representatives to discuss the results and action plans to address any underperformance.

## **Enforcement:**

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

## **Market Representation & Community Development Personnel**

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



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Washington, D.C. 20551  
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Michael Hsu, Acting Comptroller  
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*Re: The California Reinvestment Coalition 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, 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 our state without a significant commitment to California communities, the California Reinvestment Coalition at this time opposes the applications by U.S. Bancorp and U.S. Bank to acquire MUFG Union Bank, N.A., San Francisco, California, a direct wholly-owned national bank subsidiary of MUFG Americas Holdings Corporation.

The California Reinvestment Coalition builds an inclusive and fair economy that meets the needs of communities of color and low-income communities by ensuring that banks and other corporations invest and conduct business in our communities in a just and equitable manner. We envision a future in which people of color and low-income people live and participate fully and equally in financially healthy and stable communities without fear of displacement and have the tools necessary to build household and community wealth. CRC has commented on many merger applications and negotiated several Community Benefits Agreements over the years. The proposed merger of U.S. Bank and Union Bank is amongst the biggest of them all with regard to the impact such a merger will have on California's LMI and BIPOC communities.

In addition to opposing the merger until U.S. Bank enters into a strong Community Benefits Agreement, 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 the 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” refers to the impact on the bank(s) ability to meet the convenience and credit needs of communities.<sup>1</sup>

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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 based on the current application 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 before public hearings so that the public can comment and reflect on the analysis.

Additionally, we object to Applicant’s efforts to seek confidential treatment for: 1) Additional Information Regarding Consent Order (Exhibit 7); 2) Applicant Litigation or Investigations by Government Authorities (Exhibit 14); and 3) Union Bank Litigation or Investigations by Government Authorities (Exhibit 15).<sup>3</sup> This information goes directly to the requirements that Applicant serves community credit needs and meet convenience and needs, and that the merger has a public benefit. Additionally, litigation and the existence of Investigations are generally a matter of public record and should not be kept confidential. Pursuant to the Freedom of Information Act (“FOIA”), 5 U.S.C. § 552 et seq, we request that this information be disclosed and that these exhibits be made public.

Additionally, in the application, “The Applicant and Union Bank respectfully request that Board and Reserve Bank staff seek information directly from the other applicable regulatory agencies regarding any governmental inquiries as to which the Applicant and Union Bank may not be legally permitted to share information in this Application.”<sup>4</sup> If any relevant information is discovered by the Federal Reserve as a result of such interagency communication, we believe that a summary of any investigations or inquiries, at the least, should be made available to the public for comment.

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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/>

<sup>3</sup> U.S. Bancorp, “Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company --- FR Y-3,” October 6, 2021, Table of Confidential Exhibits, p. 2.

<sup>4</sup> U.S. Bancorp, “Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company --- Preliminary Statement, p. 111.



### **Comment Period**

The regulatory deadline for comment is too short. While California community groups are beginning a 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 forty (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 fifty (50) California community groups, urging the Bank to finalize strong commitments to our communities. We are submitting an updated version of that letter with sixty-two (62) signatories. We urge continued, productive dialogue and negotiations towards a Community Benefits Agreement (CRA) with the Bank for the good of California communities. We note and acknowledge that U.S. Bank indicated it might very soon respond directly to our proposed CBA.

### **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; employ loss mitigation tools to keep families in their homes; 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 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>5</sup>

## **Branches**

A major concern is that this merger will mean branch closures. This is always a concern during a bank merger. However, here, the concerns are pronounced as two large banks propose to merge a combined network of nearly 750 branches in the state. U.S. Bank alludes to branch closures in its investor presentation,<sup>6</sup> by touting that the merger “creates significant value through expense synergies.” If this was not clear, a later slide notes that approximately 80% of Union Bank’s 280 branches are within 3 miles of a U.S. Bank branch.<sup>7</sup>

U.S. Bank has a poor record when it comes to closing branches in our state. According to National Community Reinvestment Coalition (NCRC) analysis,<sup>8</sup> U.S. Bank closed 28 branches in the Los Angeles MSA alone between 2017 and 2020, and had a much worse rate of closing branches in neighborhoods than the industry combined. Indeed, U.S. Bank closed a greater percentage of branches than its peers did in high minority, medium minority, moderate minority, low minority, high income, middle income, and moderate-income neighborhoods (see table below).

At the state level, the U.S. Bank branch closure picture is arguably worse. From 2017 to 2020, U.S. Bank closed over a quarter of all of its branches in the state. According to NCRC analysis, during this four-year period, U.S. Bank closed 175 full-service branch and retail offices in California, falling from 643 CA branches to 468 CA branches. The Bank closed 92 branches between June 30, 2020, and June 30, 2021. Looking at the closures from the start of the pandemic (3/1/2020), there was a net closure of 254 branches in the state.

A bank that just closed over 90 branches in the state right before acquiring 280 more seems poised to shutter many more branches.

Even nationally, U.S. Bank’s record of branch closures is concerning. According to NCRC analysis, while all banks oversaw a 5% decrease in branches nationwide between 2017 and 2020, for U.S. Bank the decrease was twice as much, with a nearly 12% decrease in branches. None of the top nine biggest banks in the country had a larger decrease in branch presence than U.S. Bank except for Truist, which went through its own mega-merger in 2019. Overall, U.S. Bank closed 368 branches nationwide during this four-year period.

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<sup>5</sup><https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-competition-in-the-american-economy/>

<sup>6</sup> <https://ir.usbank.com/static-files/584be4aa-3ab4-4c5b-a7de-899f97ab6522>

<sup>7</sup> <https://ir.usbank.com/static-files/584be4aa-3ab4-4c5b-a7de-899f97ab6522>

<sup>8</sup> Branch analysis comes from the NCRC Branch Locator tool, available to NCRC members: <https://ncrc.org/research-brief-bank-branch-closure-update-2017-2020/>



# California Reinvestment Coalition

## Bank Branch Change by Race & Income (2017 - 2020)

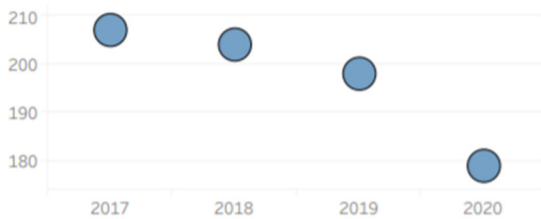


Sources:  
FDIC Summary of Deposits (2020)  
FFIEC Census Flat File (2019)

Area  
Los Angeles-Long Beach-Anaheim, CA

Institution  
U.S. Bank

	Low Minority	Moderate Minority	Medium Minority	High Minority	Grand Total
Upper Income	-16.18%	-12.90%	-25.00%		-14.95%
Middle Income	-23.08%	-14.81%	23.08%	0.00%	-7.27%
Moderate Income	-33.33%	-33.33%	-18.75%	-22.22%	-24.32%
Low Income		0.00%	100.00%	-33.33%	16.67%
Grand Total	-16.67%	-15.94%	-2.63%	-14.29%	-13.66%



## Bank Branch Change by Race & Income (2017 - 2020)

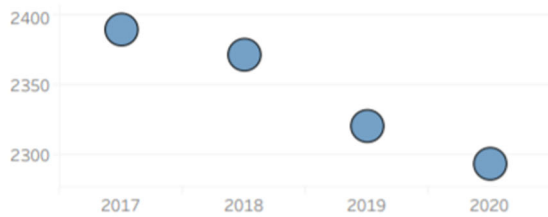


Sources:  
FDIC Summary of Deposits (2020)  
FFIEC Census Flat File (2019)

Area  
Los Angeles-Long Beach-Anaheim, CA

Institution  
All

	Low Minority	Moderate Minority	Medium Minority	High Minority	Grand Total
Upper Income	-4.92%	-6.52%	0.00%	100.00%	-4.64%
Middle Income	-4.44%	-3.45%	-2.46%	-24.00%	-4.87%
Moderate Income	4.55%	-8.22%	-1.55%	0.61%	-1.55%
Low Income	100.00%	-11.76%	7.41%	-13.21%	-6.12%
Grand Total	-4.49%	-5.78%	-1.25%	-5.19%	-4.16%







## Bank Branch Change by Financial Institution (2017 - 2020)

Sources:  
FDIC Summary of Deposits (2020)  
FFIEC Census Flat File (2019)



Institution	2017	2018	2019	2020	Branch Change	Change (%)
Grand Total	86,094	84,519	82,936	81,723	-4,371	-5.08%
Wells Fargo Bank	5,820	5,632	5,368	5,235	-585	-10.05%
JPMorgan Chase Bank	5,153	5,044	4,932	4,891	-262	-5.08%
Bank of America	4,521	4,402	4,258	4,177	-344	-7.61%
Truist Bank (c. 2019)	3,432	3,157	2,900	2,868	-564	-16.43%
U.S. Bank	3,095	3,056	2,914	2,727	-368	-11.89%
PNC Bank	2,487	2,410	2,330	2,259	-228	-9.17%
Regions Bank	1,424	1,411	1,402	1,348	-76	-5.34%
TD Bank	1,260	1,243	1,234	1,219	-41	-3.25%
KeyBank	1,209	1,179	1,106	1,081	-128	-10.59%

Nationally U.S. Bank closed more branches than any other bank since the start of the pandemic, with 524 closings reported between 3/1/20 and 9/14/21, and with 295 of those closures occurring in the 4<sup>th</sup> quarter of 2020 alone.<sup>9</sup>

In its application, the Federal Reserve asks the Applicant to “List all offices of the depository subsidiary (ies) of the applicant or target that .... (c) are existing branches that will be closed or consolidated as a result of the proposal (to the extent the information is available) and indicate the effect on the branch customers served. For

<sup>9</sup> NCRC research and analysis of pandemic related branch closures prepared for an upcoming report.



each branch, list the popular name, street address, city, county, state, and zip code specifying any that are in low- and moderate-income geographies.”<sup>10</sup>

U.S. Bank responds, “The Applicant’s evaluation as to whether certain branches of Union Bank or U.S. Bank will be closed or consolidated with U.S. Bank’s other branches, based on proximity to one another or for other business reasons, remains ongoing.”<sup>11</sup> This provides little comfort to California communities, especially as U.S. Bank likely knows exactly which branches it will close.

Any closure of U.S. Bank or Union Bank branches, especially if in LMI communities or communities of color, merely confirms that this merger will not meet the merger’s convenience and needs requirement.

U.S. Bank must be transparent and make public the number and locations of the branches in California that it plans to close as a result of this merger, and the Federal Reserve should submit Additional Information requests to the Bank to illuminate:

- its plans to close branches, including the number and addresses
- whether there will be any branch closures in LMI or BIPOC neighborhoods
- whether the Bank will commit to opening one new branch in an LMI or BIPOC neighborhood for every branch it closes in such neighborhoods
- what plans it has to support local communities in which it plans to close branches, and
- how much of the proposed \$900MM that U.S. Bank estimates as “cost synergies” is attributed to branch closures in California and nationally.

## **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. Additionally, several CRC member organizations have expressed concern about the loss of expertise and strong community relationships if Union Bank CRA and community development staff are let go after the merger for the sake of cost savings and efficiencies.

## **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

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<sup>10</sup> U.S. Bancorp, “Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company,” RESPONSES TO QUESTIONS FROM FORM FR Y-3, IV. Convenience and Needs, Question 20, p. 113.

<sup>11</sup> U.S. Bancorp, “Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company,” RESPONSES TO QUESTIONS FROM FORM FR Y-3, IV. Convenience and Needs, Question 20, p. 114.



standard for FHA loans, even though FHA lending 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.

We are concerned U.S. Bank's mortgage lending lags the industry with regard to lending to borrowers and neighborhoods of color. We urge the regulators to investigate any fair housing concerns and to condition any approval of this merger on the bank taking concrete steps and making concrete commitments to lend to underserved groups and neighborhoods. We have proposed to the Bank ways to do so in our draft Community Benefits Plan, which is attached to this letter.

For the year 2020, the Bank reported 56,008 applications and 30,597 originations on single-family homes (1-4 unit properties) in the state of California. We focus, as is our custom, on loan originations as opposed to loan purchases:

- The Bank did exceed its peers with regard to originations to Asian borrowers, with 22% of the Bank's originations going to Asian borrowers, compared to only 15.9% for the industry as a whole. We encourage the regulators to analyze disaggregate lending to Asian borrowers to ensure there are no disparities amongst different Asian groups.
- However, the Bank significantly lagged its peers in originations to LMI borrowers and neighborhoods. While only 7.7% of U.S. Bank's loan originations were to LMI borrowers, the figure was 14.2% for all lenders. While U.S. Bank originated 11% of its loans in LMI census tracts, all lenders combined originated 16.7% of all loans in such neighborhoods.
- Disturbingly, the Bank outpaces its peers in lending to white borrowers and significantly underperforms peers in lending to other borrowers and neighborhoods:
  - 49.3% of the Bank's loans were to white borrowers, compared to 43.7% for peers;
  - 1.5% of the Bank's loans were to African American borrowers compared to 2.9% for peers, meaning the Bank made loans to Black borrowers at only about half the rate of the industry;
  - 10.6% of the Bank's loans were to Latine borrowers compared to 16.9% for peers;
  - .1% of the Bank's loans were to Native American borrowers compared to .2% for peers, meaning the Bank made loans to Native American borrowers at only half the rate of all lenders;
  - 40.9% of Bank loans were originated in neighborhoods of color (where over 50% of tracts are composed of people of color) compared to 48.9% for peers. In addition, the Bank made only 11.4% of loans in neighborhoods where over 80% of residents are people of color, compared to 16.5% for the industry at large.

Using the LendingPatterns software to explore redlining risk<sup>12</sup> flags statistically significant disparities for U.S. Bank across several categories of activity, including applications (which can be a proxy for how hard an institution is trying to serve various communities) taken from:

- Black borrowers
- Latine borrowers

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<sup>12</sup> Difference between the lender's market share in majority White tracts and the lender's market share in tracts that are not majority White (e.g. Black, Hispanic, Asian, etc.). Confidence level is 95%. LendingPatterns.Com., a product of ComplianceTech.



- Majority-Minority neighborhoods
- Majority Black/Hispanic neighborhoods

Looking at bank originations, statistically significant disparities also exist for lending to:

- Black borrowers
- Latine borrowers
- Majority-Minority neighborhoods
- Majority Black/Hispanic neighborhoods

Looking at bank loans (originations and purchases) for U.S. Bank and the industry, statistically significant disparities show for loans to:

- Black borrowers
- Latine borrowers
- Majority-Minority neighborhoods
- Majority Black/Hispanic neighborhoods

Looking at incomplete applications, which can be a measure of high loan fallout suggesting issues with the loan process, U.S. Bank's incomplete applications showed statistically significant disparities for applications submitted by:

- Latine applicants
- Majority Black/Hispanic neighborhoods

Looking at approvals, statistically significant disparities exist for loan approvals to:

- Black applicants
- Latine applicants
- Majority-Minority neighborhoods
- Majority Black/Hispanic neighborhoods

Looking at loan denials, statistically significant disparities exist for loan denials to:

- Black applicants
- Latine applicants
- Majority-Minority neighborhoods
- Majority Black/Hispanic neighborhoods

More specifically, looking at collateral loan denials, statistically significant disparities exist for collateral loan denials to:

- Latine applicants
- Majority-Minority neighborhoods
- Majority Black/Hispanic neighborhoods

Finally, looking at subprime loan pricing, statistically significant disparities exist with regard to:

- Subprime spread to Latine borrowers



- Subprime spread in Majority Black/Hispanic neighborhoods

We assert that the data show in 2020 the Bank clearly underperformed the industry in its lending to borrowers and communities of color, and also with regard to LMI borrowers and tracts. These numbers raise red flags with regards to the Bank's compliance with the Fair Housing Act and with the Community Reinvestment Act.

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

- Set goals to increase lending to borrowers and neighborhoods of color annually;
- Develop a Special Purpose Credit Program to target homeownership opportunities to BIPOC households. We believe that all banks should develop one or more Special Purpose Credit Programs to begin to address the history of exclusion of BIPOC consumers and communities from mainstream banking and finance;
- Develop, market and offer an FHA loan product. We believe 99% of U.S. Bank's single-family loan originations in California are conventional loans, and only .3% are FHA. However, over 6% of industry loan originations come through the FHA channel. FHA lending does appear to provide greater access for certain borrowers of color, and developing an FHA loan product may help the Bank better provide equal access to all borrowers and communities. One important caveat is that we believe that all lenders offering conventional and FHA financing must ensure that their borrowers are able to get the best-priced product for which they qualify (in other words, they must "refer up" any FHA applicants to conventional loans for which they qualify). To do otherwise, presents its own serious fair housing concerns. We urge U.S. Bank to offer and market an FHA loan product and to guarantee its borrowers the best-priced product for which they qualify.
- Work with housing counseling agencies to develop a portfolio product that meets the needs of BIPOC homebuyers and home loan seekers, and partner with such groups to reach borrowers that the Bank may be missing.

Union Bank, with some disparities of its own, does nonetheless perform much better in nearly all areas of home mortgage lending and offers a good downpayment assistance product. 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.

### **Foreclosure Prevention and Property Disposition**

As a large mortgage lender, servicer, and trustee, U.S. Bank can play a critical role in ensuring that California homeowners do not lose their homes unnecessarily through the implementation of loss mitigation best practices. We urge U.S. Bank to support and work with housing counselors, legal aid lawyers and other advocates to avoid homeowner foreclosures in every instance where that is possible. At a minimum, we urge U.S. Bank to commit to working with housing counselors to reach homeowners before any "no contact" foreclosures, which are triggered by the Bank's inability to reach the homeowner, are processed.

Where foreclosures are unavoidable, we urge the Bank to develop REO policies that put single-family and multi-family properties in the hands of nonprofit CDFIs, Community Land Trusts, and other mission-driven affordable housing groups that can potentially preserve tenancies of any occupants, and keep units affordable and off of the speculative market.



## Overdraft and other Fees

CRC is generally concerned about banks charging consumers abusive, excessive, confusing and unnecessary fees. Overdraft fees rise to the top of this list of concerns. We are concerned that the Bank is harming consumers through the imposition of high overdraft fees. Overdraft fees are pernicious for consumers, resulting in large fees for often-small purchases. Overdraft fees are disproportionately borne by vulnerable consumers, and disproportionately BIPOC customers. When consumers incur repeated overdraft fees, they may find themselves not only suffering financially, but also seeing their accounts closed and find themselves excluded from the financial mainstream.<sup>13</sup>

The San Francisco Office of Financial Empowerment (OFE) in its review and analysis of ChexSystems found that the majority of records result from repeated overdrafts or other unwitting or good faith behavior.<sup>14</sup> OFE's research found numerous clients who had their accounts closed due to repeated overdrafts or because they were victims of fraud or even because of bank error.<sup>15</sup> OFE determined that banks' own practices and account structures could contribute to the prevalence of repeated overdrafts and involuntary account closures. Closures triggered by overdraft are often the result of outstanding unpaid debt that consists mostly of fees, which dwarf the actual amounts withdrawn and represent profit rather than loss recovery for banks.<sup>16</sup>

We are concerned that overdraft fees are borne disproportionately by vulnerable consumers and BIPOC account holders. A recently released report on overdraft notes that "because financial services charges, such as overdraft fees, are disproportionately borne by Black and Latinx consumers, high institutional reliance on overdraft fees risks undermining the commitments many institutions have made to racial equity in recent months."<sup>17</sup> Consumers expect their financial institutions to help them improve their financial health.<sup>18</sup> While a Consumer Bankers Association survey found that just over 40% of consumers surveyed indicated they wanted a particular transaction to go through, 55% either reported an overdraft as a mistake or as incurred while hoping a recent deposit would clear.<sup>19</sup> The report goes on to discuss consumer needs, overdraft reform proposals, and a framework for banks to think about how best to serve their customers.

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<sup>13</sup> For more on overdraft fees and their impacts on consumers, as well as a methodology for comparing overdraft impacts across financial institutions, see Peter Smith, Shezal Babar, and Rebecca Borné, "OVERDRAFT FEES: Banks Must Stop Gouging Consumers, Center for Responsible Lending, June 2020, available at:

<https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-overdraft-covid19-jun2019.pdf>

<sup>14</sup> San Francisco Office of Financial Empowerment, "BLACKLISTED: How ChexSystems Contributes to Systemic Financial Exclusion," June 2021, available at: [https://sfgov.org/ofe/sites/default/files/2021-06/Blacklisted-](https://sfgov.org/ofe/sites/default/files/2021-06/Blacklisted-How%20ChexSystems%20Contributes%20to%20Systemic%20Financial%20Exclusions.pdf)

[How%20ChexSystems%20Contributes%20to%20Systemic%20Financial%20Exclusions.pdf](https://sfgov.org/ofe/sites/default/files/2021-06/Blacklisted-How%20ChexSystems%20Contributes%20to%20Systemic%20Financial%20Exclusions.pdf)

<sup>15</sup> Id.

<sup>16</sup> Id., citing Consumer Financial Protection Bureau (CFPB), "CFPB Study of Overdraft Programs: A white paper of initial data findings," June 2013, available at: [https://files.consumerfinance.gov/f/201306\\_cfpb\\_whitepaper\\_overdraft-practices.pdf](https://files.consumerfinance.gov/f/201306_cfpb_whitepaper_overdraft-practices.pdf)

<sup>17</sup> Mark Feldman, David Silberman, Amelia Josephson, "Reexamining Overdraft Programs: A Guide for Financial Institutions," Financial Health Network, available at: <https://fhn-finhealthnetwork-assets.s3.amazonaws.com/uploads/2021/09/Reexamining-Overdraft-Programs-Report-Final.pdf> (citing: Stephen Arves, Necati Celik, Hannah Gdalmán, Elaine Golden, & Meghan Greene, "The FinHealth Spend Report 2021," Financial Health Network, June 2021).

<sup>18</sup> Id., at p. 4.

<sup>19</sup> Id., at p. 4.



To the extent that U.S. Bank's overdraft policies and practices are more onerous and far-reaching than those employed by Union Bank, then this merger would clearly undermine the convenience and needs of California and national consumers and communities by subjecting increasing numbers of consumers and small businesses to harsher overdraft fees. This is unfair and potentially harmful to California customers. 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>20</sup>

According to Consolidated Reports, U.S. Bank levied an astounding \$339,961,000 in overdraft on its own customers in 2020 and is on course to post a similar fee threshold for 2021, having assessed \$241,972,000 in fees through the first three quarters of this year. U.S. Bank charged even more, \$476,426,000, in overdraft and related fees in 2019. In comparison, Union Bank levied \$18,901,000 on its own customers in 2020. While Union Bank has a much smaller customer base than U.S. Bank nationally, Union Bank has a much larger customer base in California, with roughly twice the deposit base in our state. We believe that U.S. Bank's ratio of overdraft fees as a percentage of non-interest income (3.5%) is roughly 4.5x that of Union Bank (.77%). According to the Center for Responsible Lending, which utilizes this methodology, for all banks with at least \$1 billion in assets that provided data to regulators, 5.0% of noninterest income came from such fees in 2019,<sup>21</sup> and 3.65% did so in 2020.<sup>22</sup> While U.S. Bank approximated the industry average for overdraft fees,<sup>23</sup> Union Bank came in well below with .77% and 1.15% of non-interest income coming from overdraft and related fees in 2019 and 2020, respectively. While we believe these banks should align with the growing trend of banks moving away from overdraft fees, we certainly oppose the idea that a bank that collects more overdraft fees from its customers should be able to acquire a less aggressive overdraft fee-collecting bank without any conditions or restrictions. This is inconsistent with serving the convenience and needs requirement.

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<sup>20</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/09/fact-sheet-executive-order-on-promoting-competition-in-the-american-economy/#:~:text=Excessive%20consolidation%20raises%20costs%20for,leads%20to%20higher%20interest%20rates.&text=That%20increases%20the%20cost%20of%20the%20new%20bank%20extending%20you%20credit.>

<sup>21</sup> Laura Alix, "Two more regional banks are rethinking overdraft fees," American Banker, June 15, 2021.

<sup>22</sup> Industry aggregate figures for overdraft fees as a percentage of non-interest income for 2019 and 2020 are derived from analysis and methodology employed by the Center for Responsible Lending.

<sup>23</sup> In a recent article, the American Banker used a similar methodology in analyzing disclosures by more than 500 banks and found that average overdraft fees as a percentage of non-interest income was 2.78% for banks with over \$10 Billion in assets, and 4.49% for banks with \$10 Billion or less in assets. Using these numbers, we think U.S. Bank may be charging more in 2021 in overdraft fees as a percentage of non-interest income as compared to its large bank peers. See, Polo Rocha, "Small banks face bigger threat to overdraft fees this time around," American Banker, July 27, 2021.



In the last few months, a number of banks have decided to change their overdraft policies or move away from charging overdraft fees altogether.<sup>24</sup> The recent changes range from eliminating overdraft fees to introducing new products that will offer less expensive options to customers<sup>25</sup> and likely less revenue for the banks.<sup>26</sup>

“Most consumer checking and money market accounts with U.S. Bank automatically come with Standard Overdraft Coverage.” As we understand it, the Bank charges a high \$36 for each overdraft of over \$5, up to four times daily.<sup>27</sup> This is excessive, especially as these charges have been levied during the pandemic when families have been struggling financially, emotionally and physically. Such a policy can leave consumers owing \$144 per day for overdraft fees. Union Bank, in contrast, appears to charge less per overdraft (\$33), but allows up to five overdrafts per day for up to \$165 in daily overdraft charges.<sup>28</sup>

Despite most U.S. Bank consumer checking accounts coming automatically with Standard Overdraft Coverage, customers of the Bank can opt-out of overdraft. This raises the question of how many U.S. Bank customers “opt-in” or “opt out” to overdraft, and how does the Bank frame this choice for customers. We are concerned because in years past, CRC and allies conducted mystery shopping of various financial institution consumer accounts and found bank explanations of overdraft policies confusing at best, and misleading at worst. The Bank should end overdraft charges.

We urge the Federal Reserve to issue Additional Information requests to U.S. Bank to clarify:

- What percentage and number of Bank customers opt in to overdraft coverage?
- What percentage and number of Bank overdraft charges are tied to debit card and ATM withdrawal transactions that are easily declined by the Bank and with negligible costs?
- How does the Bank explain overdraft to its customers? The Bank should provide sample disclosures and marketing materials.
- How many Bank customers have opted for the alternatives to overdraft protection?
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<sup>24</sup> Allissa Kline, Jon Pryor, Laura Alix, “Why more banks are weaning themselves off overdraft fees,” American Banker, June 3, 2021, noting that Ally Bank will permanently stop charging overdraft fees, and that Huntington Bank launched a line of credit for emergency expenses that figures to erode its overdraft fee revenue. PNC Financial Services Group and Cullen/Frost Bankers had announced changes earlier this year that are expected to reduce their haul from overdraft fees.

<sup>25</sup> Laura Alix, “Citizens joins list of banks helping customers avoid overdraft fees,” American Banker, October 7, 2021 (reporting that “Citizens Financial Group has launched a feature designed to help customers avoid overdraft fees, joining a growing roster of banks that are weaning themselves from that revenue stream. Citizens Peace of Mind automatically reverses overdraft fees if customers deposit or transfer enough money to bring their accounts to a positive balance by the end of the next business day. Citizens said Thursday that the feature was added to all of its checking accounts as of Oct. 1. In addition, the \$185 billion-asset bank plans to roll out a new checking account specifically intended to meet affordability standards for low-income consumers, Citizens said. That product, which the Providence, Rhode Island, company expects to debut in the first quarter of 2022, will not charge overdraft fees.”).

<sup>26</sup> Laura Alix, Polo Rocha, Jon Prior, Allissa Kline, “These 10 banks are rethinking overdraft fees. Here's why and how,” American Banker, July 7, 2021.

<sup>27</sup> <https://www.usbank.com/customer-service/knowledge-base/KB0205931.html>

<sup>28</sup> <https://www.unionbank.com/personal/checking-accounts/overdraft-protection>





- How are these alternatives to overdraft marketed? The Bank should provide sample disclosures and marketing materials.
- How many accounts did the Bank close, if any, due to excessive overdraft charges imposed by the Bank against a given consumer, or consumers?

U.S. Bank and Union Bank should cease assessing overdraft fees, or at the least, substantially modify such policies, and move to ensure that all account products fully align with Bank On standards.<sup>29</sup>

We note also that the Bank's assessment of overdraft fees on its own customers appears to far exceed the amount of funds it has contributed to its communities. In 2020, while U.S. Bank collected nearly \$340 million in overdraft fees nationally, it only donated \$13 million to California philanthropy. Using California's 12% share of U.S. Bank's national deposits, and thereby estimating that \$41 million in overdraft fees was assessed by U.S. Bank in California, we are concerned that U.S. Bank collects three times more in overdraft fees than it reinvests in California communities through its philanthropic efforts. It is hard to see how this is helping to meet community credit needs, serving community convenience and needs, or providing a public benefit, as required.

#### **Native American outreach and SPCP**

We note again that using the one clear, public measure of bank performance, HMDA data, U.S. Bank is lending to Native American borrowers at half the rate of all lenders. We urge the Bank to develop and conduct targeted outreach to tribal lands and to Native American communities. We further call on the Bank to develop a Special Purpose Credit Program that is targeted to the credit needs of tribal lands and Native American communities and to commit \$100 million for lending pursuant to this SPCP.

We think this represents an opportunity for both the Bank and for Native American communities. We believe the Bank's footprint makes its access, lending and services to tribal lands and Native American communities particularly relevant. Of the top ten counties in California that have had a historically large American Indian/Alaskan Native population,<sup>30</sup> U.S. has had a significant branch presence in eight, one branch in a ninth county (Kern), and hopes to acquire Union Bank branches in the tenth (Fresno). Further, of the 34 California counties that are home to Tribal Nations,<sup>31</sup> most (23 counties) are in U.S. Bank's CRA assessment areas, and these counties represent the majority of counties in the Bank's CRA assessment areas. These communities should be able to expect that the Bank, and other banks, will provide services and outreach there. It is not clear if this is occurring. The Bank should commit to reaching and serving tribal lands.

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<sup>29</sup> BankOn standards are available at: <https://2wvkof1mfraz2etgea1p8kiy-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/Bank-On-National-Account-Standards-2021-2022.pdf>

<sup>30</sup> see <https://www.courts.ca.gov/documents/NativeAmerResUpdate.pdf>

<sup>31</sup> See <https://www.etr.org/ccap/tribal-nations-in-california/county-list-of-tribal-nations/>



Leadership at two Native American Collaboratives in California confirm that “Indian Country is underserved by financial institutions,” and support the following service considerations by banks to improve access to capital in Indian Country, especially in Kern, Fresno, Tulare and Kings Counties<sup>32</sup>:

- Create and promote financial services that are more available to Native Americans to grow their businesses, tribal entities and communities.
- Promote micro-loans, outreach financial education, and hiring bank staff of color, especially employees that are sensitive to Indian culture and way of life.
- Provide information/transparency to track data on business and housing loans provided to Native Americans in LMI census tracts.
- Market financial services and outreach to rural communities.
- If we cannot prevent further branch closures, develop a plan for bank branches that are closing in our underserved communities.
- Create educational support for Indian youth seeking higher education and entrepreneurship in Indian Country.
- Create bank employee volunteer/incentive programs to help Native American/Alaskan Native and Hawaiian Native businesses grow.

The regulators should determine how many tribal lands are within the Bank’s CRA assessment areas, and whether and how the Bank is serving the credit needs of those communities.

### **Broadband**

In the US, 6% of Americans, or more than 20 million people, do not have access to high-speed Wi-Fi. Many of them live in rural areas. The World Economic Forum reported that this number is likely understated and that 19 million unconnected households are in rural areas.<sup>33</sup> The Federal Reserve Bank of Kansas found that there are two reasons for the lack of adoption of financial services - financial exclusion and digital exclusion.<sup>34</sup> Without widespread access and connection to high-speed Internet, technology will never be the great equalizer. Instead, it will continue to widen the divide and underscore the systemic racial barriers that permeate multiple overlapping systems.

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

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<sup>32</sup> Owens Valley serves TANF communities from Stockton to San Luis Obispo with 32 career counselors and 7 service centers in the Central Valley, serving 33 tribes in the Central Valley. Outreach to Native American Collaboratives was conducted and information shared by Fresno Native American Business Development Center, a project of Asian, Inc.

<sup>33</sup> <https://www.weforum.org/agenda/2020/04/coronavirus-covid-19-pandemic-digital-divide-internet-data-broadband-mobbile/>

<sup>34</sup> [forbes.com/advisor/banking/digital-divide-and-its-impact-on-banking/](https://forbes.com/advisor/banking/digital-divide-and-its-impact-on-banking/)



connecting to the Internet, with digital literacy and the lack of appropriate computing devices also being relevant factors.<sup>35</sup>

The Biden Administration has proposed closing the digital divide by including a \$65 Billion investment to ensure that, “Every American has access to reliable high-speed Internet,” and by lowering the cost of Internet for low-income households by requiring providers to offer low cost, affordable plans.<sup>36</sup> This public investment of taxpayer dollars seeks to end “digital redlining” while also growing the customer base for privately-owned Internet providers. Our Governor and Legislature have also committed significant resources to address the broadband issue.<sup>37</sup>

We believe that banks and other financial institutions should become part of the solution here. Specifically, banks must support efforts to increase infrastructure access to high-speed broadband, increase access to devices, and increase access to digital literacy training on a wide scale. The U.S. Bank/Union Bank transaction represents one of the biggest bank mergers affecting urban, rural, Native American communities and tribal lands that lack meaningful broadband access. We urge U.S. Bank to address these needs in a strong Community Benefits Agreement and for regulators to condition any merger approvals on the development of such strong and transparent plans. U.S. Bank can help address broadband needs through critical support and funding for infrastructure, local planning efforts, appropriate devices and digital literacy training.

### **Affordable Housing**

This is such a critical need in our state. CRC members are concerned that the loss of Union Bank may have clear negative impacts on California’s efforts to address this crisis. This concern cannot be overstated. Specifically, we are concerned that:

- 1) The combined company may make fewer investments in LIHTC projects than the two banks make currently;
- 2) With less competition, there will be less favorable pricing for LIHTC projects, resulting in fewer affordable housing projects, fewer projects targeted at the lowest-income Californians, or both.
- 3) Union’s Bank’s relatively transparent and beneficial process for year 15 exits will be lost, resulting in greater financial and staff costs to nonprofit housing developer partners and less predictability.

U.S. Bank needs to commit to increase investments in affordable housing over the current performance of both banks, increase such investments by 30% annually, retain Union Bank staff, and invest in staff training and outreach to nonprofit partners to ensure more predictable and efficient exits from the LIHTC program.

### **Anti-Displacement: CRC Code of Conduct**

Our organization is concerned that banks are financing the displacement of low-income residents and residents of color. This may take the form of financial institutions making loans to problematic property owners

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<sup>35</sup> <https://www.cetfund.org/action-and-results/statewide-surveys/2021-2/>

<sup>36</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/28/fact-sheet-historic-bipartisan-infrastructure-deal/>

<sup>37</sup> <https://www.gov.ca.gov/2021/07/20/governor-newsom-signs-historic-broadband-legislation-to-help-bridge-digital-divide/>



while seeking CRA credit for “community development” loans on multifamily residential properties where rents are “affordable” to low- and moderate-income (LMI) households at the time of loan origination, but where such landlord/borrowers may foreseeably be likely to harass, raise rents on, or evict tenants. We do not know that this is an issue with U.S. Bank, but we are raising it broadly with banks and regulators. We are also beginning to review U.S. Bank’s PPP lending data and note loans to G.H. Palmer Inc, banking companies and private equity firms, and we are confirming with our members and allies if any of these entities have harmed communities. We urge U.S. Bank to ensure that it has policies in place to prevent the financing of displacement, consistent with CRC’s Anti-Displacement Code of Conduct.<sup>38</sup> We further urge the FDIC to ensure that no CRA credit or consideration be given for loans or other bank activity that have resulted in harassment or displacement of the very residents CRA was meant to benefit.

The issue of displacement is additionally relevant and timely as the federal eviction moratorium ended on October 1, and there will be tremendous pressure on, and housing insecurity facing, tenants living under landlords who may wish to take advantage of a heated real estate market to pressure tenants to leave so that the owners can rent out units at much higher rents. Even with the moratoria that were supposedly in place, research shows that from July 2020 through March 2021, sheriff’s departments in 56 of California’s 58 counties across the state-enforced lockouts of at least 7,677 households. Residential evictions increased dramatically in the first three months of 2021.<sup>39</sup>

This is why we have called for financial institutions to enhance their due diligence procedures to ensure they are not lending to problematic landlords subject to litigation and complaints, that their borrowers fully understand their obligations to honor state and local tenant protections laws, that banks do not underwrite to higher rents than what tenants are currently paying, that banks follow up with their borrowers and tenants to ensure there are no problems at their properties post-origination, and that banks intervene where problems arise.

### **MWDBE Vendor Programs**

While we commend both banks for developing supplier diversity programs, they both can and should do more here. Most concerning is that U.S. Bank’s procurement spend with Black-owned businesses appears to be nearly 1/50<sup>th</sup> that of Union Bank’s procurement spend with Black-owned businesses. Further, U.S. Bank’s spend with Black-owned businesses represents only one-half of 1% (.5%) of its own diverse spend. This is not acceptable.

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<sup>38</sup> CRC’s Anti-Displacement Code of Conduct, endorsed by over 100 organizations, can be found here:

<https://calreinvest.org/about/code-of-conduct/>

<sup>39</sup> Manuela Tobias, Nigel Duara, and John Osborn D’Agostrino, “Where are tenants falling through the cracks of California eviction ban?” CalMatters July 1, 2021, available at: <https://calmatters.org/housing/2021/07/california-eviction-moratorium-tenants/>



**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 we have 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 Paulina Gonzalez-Brito at [pgonzalez@calreinvest.org](mailto:pgonzalez@calreinvest.org) or Kevin Stein at [kstein@calreinvest.org](mailto:kstein@calreinvest.org).

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in blue ink that reads "Paulina Gonzalez-Brito".

Paulina Gonzalez-Brito  
Executive Director

A handwritten signature in blue ink that reads "Kevin Stein".

Kevin Stein  
Deputy Director

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



Attachment

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

### **Overall commitment:**

Beginning in 2022 and extending over the next 5 years, US Bank pledges to increase its overall qualified CRA lending, investment, charitable contribution, supplier diversity, and related activities as described below, to achieve a minimum of \$90 billion in cumulative qualified CRA activity in California as defined below during this 5-year period.

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

### **Homeownership:**

- Annually increase mortgage originations for each of the following:
  - Mortgage lending to LMI borrowers;
  - Mortgage lending to African American borrowers;
  - Mortgage lending to 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 homebuyers 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 homebuyer clients. Grants will be awarded through an open and transparent process. These marketing dollars shall be separate from the Bank's philanthropy budget.



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- Keep loan origination and regional representatives in all markets currently served by Union Bank. Increase loan officer staffing by 1 FTE per year for the Plan period focused on LMI and majority-minority census tracts. The Bank will consider diversity and experience working in underserved communities when making hiring decisions.
- \$20 million over five years in philanthropic allocations to housing counseling organizations, legal aid offices and fair housing organizations, and get this money out as quickly as possible, especially for organizations serving BIPOC that are being hit the hardest by the pandemic. This support will help grow the pipeline of mortgage-ready, first-time homebuyers through pre- and post-purchase homebuyer education, credit rehabilitation counseling, and will serve as the first line of defense to keep homeowners in their homes when faced with foreclosure.
- Provide \$5 Million in grant support for homelessness prevention and support services, including mental health services. This support will be prioritized to organizations led by African Americans in order to address the disproportionate impact homelessness has on African Americans.
- 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.



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- 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.



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- 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

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)

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)

*Re: Sixty-two (62) California community groups oppose the applications by U.S. Bancorp and U.S. Bank to acquire MUFG Union Bank, N.A., San Francisco, California, a direct wholly-owned national bank subsidiary of MUFG Americas Holdings Corporation, call for public hearings and extension of the comment period.*

Dear Acting Comptroller Hsu and Chairman Powell,

In light of the substantial impact that this proposed merger will have on California communities without a significant commitment to California communities, the undersigned sixty-two (62) community groups at this time oppose the applications by U.S. Bancorp and U.S. Bank to acquire MUFG Union Bank, N.A., San Francisco, California, a direct wholly-owned national bank subsidiary of MUFG Americas Holdings Corporation.

In addition, we call for public hearings on the merger to be held in Los Angeles, San Francisco, and Fresno. We further urge the regulators to extend the comment period through the end of the public hearings or through the end of calendar year, whichever comes later, to ensure that all impacted communities have a meaningful opportunity to provide comments to inform your deliberations.

The regulatory deadline for comment is too short. While we are beginning constructive dialogue with U.S. Bank regarding a Community Benefits Agreement (CBA) that addresses community credit needs in California to ensure than any combined bank increases reinvestment activity beyond that of both banks by 50%, there has not been sufficient time to make meaningful progress. As the OCC deadline for comment arrives, we are compelled to file these comments. We urge the regulators to revise bank application and CRA rules to allow for longer comment periods, which will facilitate more constructive dialogue between community groups and financial institutions.

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

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

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

In fact, the White House recently issued a statement noting "Excessive consolidation raises costs for consumers, restricts credit for small businesses, and harms low-income communities."<sup>4</sup>

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

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

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

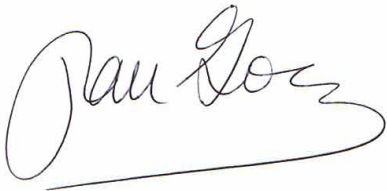
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<sup>4</sup><https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-com-petition-in-the-american-economy/>

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

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

Thank you for your consideration of our views.



Paulina Gonzalez-Brito  
Executive Director



Kevin Stein  
Deputy Director

Endorsers:

AmPac Business Capital  
Anti-Eviction Mapping Project  
Asian Pacific Islander Small Business Program  
Asian Pacific Policy & Planning Council  
Bay Area Organization of Black Owned Businesses - BAOBOB  
Black Business Association  
BRIDGE Housing Corporation  
Burbank Housing  
Business Resource Group  
CAARMA Consumer Advocates Against Reverse Mortgage Abuse  
California Capital Financial Development Corporation  
California Community Land Trust Network  
California Housing Partnership  
California Reinvestment Coalition  
CAMEO- California Association for Microenterprise Opportunity  
CDC Small Business Finance  
Chinatown Community Development Center  
Committee for Better Banks  
Community Economics, Inc.  
Community Housing Development Corporation  
Consumer Action  
Courage California  
EAH Housing  
East Bay Asian Local Development Corporation  
East Bay Housing Organizations

East LA Community Corporation  
Esperanza Community Housing Corporation  
Fair Housing Council of the San Fernando Valley  
Faith and Community Empowerment(formerly KCCD)  
First Community Housing  
Fresno Native American & Business Development Center  
Haven Neighborhood Services  
Housing and Economic Rights Advocates  
Housing Leadership Council of San Mateo County  
Housing Rights Center  
Inclusive Action for the City  
Jakara Movement  
JEDI  
Los Angeles LDC  
LTSC Community Development Corporation  
Microenterprise Collaborative of Inland Southern California  
Mission Economic Development Agency  
Multicultural Real Estate Alliance for Urban Change  
NEW Community Investments  
New Economics for Women  
Non-Profit Housing Association of Northern California  
Nor-Cal FDC  
Oakland Community Land Trust  
Public Counsel  
Reinvent South Stockton Coalition  
SAJE  
SF Public Bank Coalition  
Tenderloin Neighborhood Development Corp.  
The Central Valley Urban Institute  
The Fair Housing Council of San Diego  
The Greenlining Institute  
The Public Interest Law Project  
The Unity Council  
Unite A Nation  
Westchester United Methodist Church, Los Angeles  
Western Center on Law & Poverty  
Youth Finance Institute of America

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



## **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 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, Community Economics, Inc. (CEI) would like to express our concerns about 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. We agree with the comment letter of Community Reinvestment Coalition and support their request for negotiation of a strong Community Benefits Agreement.

Community Economics, Inc. was created in 1976 to provide technical expertise in the emerging field of nonprofit affordable housing development and community-based economic development. Through direct technical assistance to nonprofit developers, and as leaders in local, state, and national housing policy issues, CEI has been at the forefront of the affordable housing movement, developing creative solutions and resources to meet the housing needs of low-income households.

Working in the Low-Income Housing Tax Credit affordable housing industry, US Bank and Union Bank are both prominent financial institutions that provide tax credit equity and lending for affordable housing developments. In order to continue to provide for the industry and help us address the affordable housing crisis, we want to see U.S. Bank commit to continue investing and lending in these communities at the same level as the current combined efforts of the two banks. We fear that with this merger, there will be a net decrease in investment and lending. This



commitment to maintaining the current level of activity should include foundation support. We want to ensure that this merger does not erode their quality service to nonprofit developers, particularly during the year 15 exit where the investor leaves the Limited Partnership that owns the affordable housing development.

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.

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 Andrew Matsas at [andrew@communityeconomics.org](mailto:andrew@communityeconomics.org).

Thank you for your consideration of our views.

Sincerely,



Staff at Community Economics, Inc.  
Elissa Dennis, Executive Director  
Diana Downton, Senior Affordable Housing Finance Consultant  
Zohreh Khodabandelu, Senior Affordable Housing Finance Consultant  
Andrew Matsas, Affordable Housing Finance Consultant  
Lisa Motoyama, Senior Affordable Housing Finance Consultant

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



November 17, 2021

Jerome Powell, Chairman  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue N.W.  
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Michael Hsu, Acting Comptroller  
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400 7th St SW,  
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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, Esperanza Community Housing Corporation (Esperanza) 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.

Esperanza's mission, as a social justice non-profit in South Central Los Angeles, is to achieve long-term, comprehensive community development. We recognize that Indigenous, Black, and Latino immigrant communities are disproportionately impacted by historical oppression, health disparities, disinvestment, and displacement. Therefore, we develop and preserve affordable housing; elevate health equity and access to care; mobilize for environmental justice; create and protect local economic opportunities; expand engagement in arts and culture; and advocate for policies protecting human rights. Esperanza works collaboratively to strengthen South Los Angeles. In all of our actions, Esperanza builds hope with the community. We do this because in the course of our work, we have seen how historic disinvestment, which is also driven by predatory lending practices by financial institutions, has destabilized neighborhoods, harmed community health, contributed to the deepening crises of a lack of healthy affordable housing and an increase in families becoming unhoused, and the increased vulnerability to displacement and gentrification that further exacerbates existing inequities. Further, the

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current global pandemic has only intensified the systemic inequities already in existence, with these same communities having to bear the disproportionate burden of its economic fallout. Hence, our advocacy alongside impacted community residents for policies and practices that further equitable development. This includes having financial institutions who understand and work to meet the community's credit needs to prevent displacement and stabilize our neighborhoods, which include developing healthy affordable housing, supporting community-owned small businesses, and working to establish a regenerative and green economy that also advance public health and environmental justice.

In addition, in regards to these applications, 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**

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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/>

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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.

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.

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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.

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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<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 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 Rabeya Sen at [rabeya@esperanzacommunityhousing.org](mailto:rabeya@esperanzacommunityhousing.org).

Thank you for your consideration of our views.

Sincerely,



Nancy Halpern Ibrahim  
Executive Director  
Esperanza Community Housing Corporation

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

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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;
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- 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.

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- Keep loan origination and regional representatives in all markets currently served by Union Bank. Increase loan officer staffing by 1 FTE per year for the Plan period focused on LMI and majority-minority census tracts. The Bank will consider diversity and experience working in underserved communities when making hiring decisions.
- \$20 million over five years in philanthropic allocations to housing counseling organizations, legal aid offices and fair housing organizations, and get this money out as quickly as possible, especially for organizations serving BIPOC that are being hit the hardest by the pandemic. This support will help grow the pipeline of mortgage-ready, first-time homebuyers through pre- and post-purchase homebuyer education, credit rehabilitation counseling, and will serve as the first line of defense to keep homeowners in their homes when faced with foreclosure.
- Provide \$5 Million in grant support for homelessness prevention and support services, including mental health services. This support will be prioritized to organizations led by African Americans in order to address the disproportionate impact homelessness has on African Americans.
- 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.
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**Small Business Lending - \$37.5 billion in small business lending.**

Annually increase small business lending for each of the following

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- LMI borrowers;
- African American borrowers;
- Latine borrowers;
  - Increase lending to each Latine disaggregated group.
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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.
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- 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.
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  - Actively participate in the California state-guarantee loan program.
  - Develop an SBA product offering and become a Preferred SBA lender. Commit to increasing overall SBA lending each year. Of the total commitment for SBA lending, 50% each year shall be to underserved communities and low and-moderate-income census tracts. Additionally, 50% of SBA lending annually shall be in loan amounts of \$150,000 or less, and the number of loans of such lending shall increase each year.
  - 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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- 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.
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  - providing appropriate devices to community residents.
  - funding digital literacy training so residents can take advantage of access to high-speed internet/broadband services.
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### **Building hope with community**

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.
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### **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:**

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

### **Market Representation & Community Development Personnel**

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

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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,

Housing Leadership Council of San Mateo County works with communities and their leaders to create and preserve quality affordable homes. We envision a future where everyone that lives, works, or grew up in our community can have a home they can afford. We are in full support of CRC's recommendations on process and content of a Community Benefits Agreement.

In light of the substantial impact that this proposed merger will have on California communities without a significant commitment to California communities, Housing Leadership Council of San Mateo County 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.

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 Evelyn Stivers at [estivers@hlcmsc.org](mailto:estivers@hlcmsc.org)

Thank you for your consideration of our views.

Sincerely,



Evelyn Stivers, 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.
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  - 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 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, San Francisco Public Bank Coalition 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.

We are a volunteer organization working to establish a public bank in San Francisco precisely because the massive corporate banks do not provide funding for the investments most needed in our community, especially energy-efficient affordable housing.

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**

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

---

<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/>

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 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.

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

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 [publicbanksf@gmail.com](mailto:publicbanksf@gmail.com).

Thank you for your consideration of our views.

Sincerely,

Richard Girling  
Member of the Leadership Group, San Francisco Public Bank Coalition

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.
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- 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  
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Re: EBHO and *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 Bay Housing Organizations (EBHO) 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.

Founded in 1984, EBHO is a member-driven organization working to preserve, protect, and create affordable housing opportunities for low-income communities in the East Bay by educating, advocating, organizing, and building coalitions.

We have partnered successfully with both U.S. Bank and MUFG Union Bank in the past, and are hopeful for continued dialogue. A number of our members are affordable housing developers and we have concern that without a Community Benefits Agreement, this merger may lessen competition for lending on affordable housing projects and decrease philanthropic and equity investment. We are mostly concerned about the tight timeline and process – more hearings and discussion is necessary to allow the banks to address these community concerns, and plan increased, rather than decreased, investment in low- and moderate-income communities.

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.



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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 merger as proposed 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

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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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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>

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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.

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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 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 Gloria Bruce at [gloria@ebho.org](mailto:gloria@ebho.org) or 510-663-3830 ext. 322.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in blue ink that reads "Gloria Bruce". The signature is written in a cursive, flowing style.

Gloria Bruce,  
Executive Director, East Bay Housing Organizations (EBHO)

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



Attachment:

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

**Overall commitment:**

Beginning in 2022 and extending over the next 5 years, US Bank pledges to increase its overall qualified CRA lending, investment, charitable contribution, supplier diversity, and related activities as described below, to achieve a minimum of \$90 billion in cumulative qualified CRA activity in California as defined below during this 5-year period.

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

**Homeownership:**

- Annually increase mortgage originations for each of the following:
  - Mortgage lending to LMI borrowers;
  - Mortgage lending to African American borrowers;
  - Mortgage lending to 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-





## East Bay Housing Organizations

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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;



## East Bay Housing Organizations

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- 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 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.

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December 2, 2021

Chris P. Wangen, Assistant Vice President  
Federal Reserve Bank of Minneapolis  
90 Hennepin Avenue  
Minneapolis, Minnesota 55480-0291

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

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

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

Mr. Wangen and Ms. Misback,

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

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

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

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

Regards,

Phillip Chen  
California State Assemblymember  
Assembly District 55