



NATIONAL
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REINVESTMENT
CO-OPERATIVE



October 7, 2021

Office of the Comptroller of the Currency

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

Federal Reserve System

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

Federal Deposit Insurance Corporation

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

Federal Reserve System

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

Delivered via email and certified mail

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

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

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

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

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

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

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

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

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

Sincerely,



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



Marcia Griffin
CEO/Founder, HomeFree-USA



John Gamboa
Chair, California Community Builders

Co-signors to this letter

Dina Harris
President and Founder,
National Faith Homebuyers Program

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

Marcos Morales
Executive Director, Hogar Hispano Inc

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

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

Steve Figueroa
President, Inland Empire Latino Coalition

Darrel Saucedo
Chair, LA Latino Chamber

Sonya Flores
Chair, San Diego 200

Bertha Garcia
Executive Director, Ventura CCDC

Joey Quinto
Publisher, CA Journal for Filipino
Americans

Jose Antonio Ramirez
Chair, Central CA Latino PAC

Adam Briones
CEO, California Community Builders

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



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Hogar Hispano inc



October 6, 2021

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

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

Dear Mr. Cecere,

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

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

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

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

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

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

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

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

Moving Forward Together on a Win-Win Commitment

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

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

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

Respectfully,



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



Marcia Griffin
CEO/Founder, HomeFree-USA



John Gamboa
Chair, California Community Builders

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President, Inland Empire Latino Coalition

Darrel Saucedo
Chair, LA Latino Chamber

Sonya Flores
Chair, San Diego 200

Bertha Garcia
Executive Director, Ventura CCDC

Joey Quinto
Publisher, CA Journal for Filipino
Americans

Jose Antonio Ramirez
Chair, Central CA Latino PAC

Adam Briones
CEO, California Community Builders

CC:

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

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

Community Data Request

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

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

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