



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, Inclusive Action for the City 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.

Inclusive Action for the City (Inclusive Action) is a Community Development Financial Institution (CDFI), founded in 2008, that brings people together to build strong local economies that uplift income urban communities through advocacy and transformative economic development initiatives. As a CDFI and economic development policy advocacy and consulting organization, Inclusive Action takes an innovative, holistic approach to support small businesses and micro-entrepreneurs, especially BIPOC and women-owned businesses in disadvantaged communities. Inclusive Action's approach to uplifting small businesses is rooted in a racial equity framework informed by the populations we serve and the feedback we've received from clients and partners.

We are calling for public hearings on the merger to be held in Los Angeles, San Francisco, and Fresno. Further, regulators must 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.

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

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

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

### **Comment Period**

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

We thank U.S. Bank for beginning such discussions, and for making its CEO and key staff available to listen to over 40 California nonprofit organizations describe community credit needs and concerns. We also thank the Bank for reviewing and considering the letter dated November 8, 2021, signed by over 50 California community groups, urging the Bank to



finalize strong commitments to our communities. We urge continued, productive dialogue and negotiations for a Community Benefits Agreement (CBA) with the Bank for the good of California communities.

### **Community Benefits Agreement**

Looking at past performance and prospective activity, we do have serious community reinvestment, consumer, and anti-competitive concerns relating to the proposed merger. A strong CBA is needed to ensure any pro forma bank will:

- Keep open all branches in LMI neighborhoods and neighborhoods of color in our state;
- Extend mortgages to all qualified borrowers and communities;
- Support the many very small, women and BIPOC-owned small businesses serving our communities;
- Retain all front line and reinvestment staff currently employed by both banks; offer lower-priced consumer loans to bank customers;
- End overdraft fees;
- Support the broadband needs of California's diverse communities; and,
- Maintain appropriate Information Technology and operational risk controls, amongst other concerns.

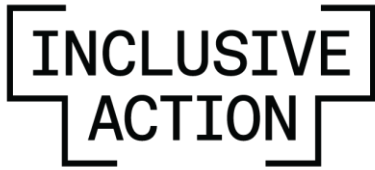
A strong commitment on these fronts is necessary to prevent public harm and ensure public benefit as required by law.

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."

### **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**

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 feel free to reach me at [rudy@inclusiveaction.org](mailto:rudy@inclusiveaction.org).

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Rudy Espinoza", followed by a horizontal line and a period.

Rudy Espinoza  
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



Jerome Powell, Chairman  
Board of Governors of the Federal Reserve System  
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Michael Hsu, Acting Comptroller  
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*Re: California community groups oppose the applications by U.S. Bancorp and U.S. Bank to acquire MUFG Union Bank, N.A., San Francisco, California, a direct wholly-owned national bank subsidiary of MUFG Americas Holdings Corporation, call for public hearings and extension of the comment period.*

Dear Chairman Powell and Acting Comptroller Hsu,

In light of the substantial impact that this proposed merger will have on California communities without a significant commitment to California communities, the Non-Profit Housing Association of Northern California (NPH), 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 Non-Profit Housing Association of Northern California (NPH) is a membership and advocacy organization who activates our members to make the Bay Area a place where everyone has an affordable and stable home. Our members represent thousands of individuals and organizations, including affordable housing developers, advocates, community leaders and businesses. We work to secure resources, promote good policy, educate the public, and support affordable homes as the foundation for thriving individuals, families, and neighborhoods.

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

### **Public Benefit Standard**

One of the key mandates of the Federal Reserve System is to promote the public interest. The Bank Holding Company Act and the Bank Merger Act prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and

needs of the communities to be served. Probable effect is referring to the impact on the bank(s) ability to meet the convenience and credit needs of communities.<sup>1</sup>

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

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

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

### **Comment Period**

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

We thank U.S. Bank for beginning such discussions, and for making its CEO and key staff available to listen to over 40 California nonprofit organizations describe community credit needs and concerns. We also thank the Bank for reviewing and considering the letter dated November 8, 2021, signed by over 50 California community groups, urging the Bank to finalize strong commitments to our communities. We urge continued, productive dialogue and negotiations for a Community Benefits Agreement (CBA) with the Bank for the good of California communities.

### **Community Benefits Agreement**

Looking at past performance and prospective activity, we do have serious community reinvestment, consumer, and anti-competitive concerns relating to the proposed merger. A strong CBA is needed to ensure any pro forma bank will: keep open all branches in LMI neighborhoods and neighborhoods of color in our state; extend mortgages to all qualified borrowers and communities; support the many very small, women and BIPOC-owned small businesses serving our communities; retain all front line and reinvestment staff currently employed by both banks; offer lower-priced consumer loans to bank customers; end overdraft fees; support the broadband needs of California's diverse communities; and maintain appropriate Information Technology and operational risk controls, amongst other concerns. A strong commitment on these fronts is necessary to prevent public harm and ensure public benefit as required by law.

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<sup>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/>

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>

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 addition, Union Bank has been a tax credit partner who made the Year 15 exits smooth with responsiveness to the needs of the community. We hope to see US Bank continue this history and commitment to a smooth process with experienced staff that puts the commitment to the affordable housing residents and the community first in the Year 15 exit process.

### **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

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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/>



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.

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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 me at [amiefishman@nonprofithousing.org](mailto:amiefishman@nonprofithousing.org).

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Amie Fishman", with a long horizontal flourish extending to the right.

Amie Fishman  
Executive Director

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

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

### **Overall commitment:**

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

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

### **Homeownership:**

- Annually increase mortgage originations for each of the following:
  - Mortgage lending to LMI borrowers;
  - Mortgage lending to African American borrowers;
  - Mortgage lending to Latine borrowers;
    - Increase lending to each Latine disaggregated group.
  - Mortgage lending to Asian American Pacific Islander borrowers;
    - Increase lending to each AAPI disaggregated group.
  - Mortgage lending to Native American borrowers;
  - Mortgage lending in LMI census tracts; and
  - Mortgage lending in majority-minority census tracts.
- Continue Union Banks down payment assistance of \$6,000-\$9,000 and increase down payment assistance to BIPOC borrowers by 10% each year for 5 years. The increase should be across all race/ethnicity groups.
- Continue to offer Union banks FHA and HomeReady loans to meet local community credit needs.
  - Commit that all borrowers are offered the Best Priced Product for which they qualify - no steering to FHA or other higher cost products.
- US Bank will have a mortgage product that is accessible to Individual Tax Identification Number (ITIN) borrowers. Union Bank currently accepts ITIN borrowers and US Bank should adopt this policy.
- Work with CRC to develop a Special Purpose Credit Program (SPCP) mortgage product to target underserved BIPOC home buyers in California and commit \$100 million for such loans.
- Provide \$7.5 million in grants over the course of the Plan to nonprofit organizations and ethnic media that will assist the bank in reaching additional LMI and diverse homeowner and prospective home buyer clients. Grants will be awarded through an open and transparent process. These marketing dollars shall be separate from the Bank's philanthropy budget.
- Keep loan origination and regional representatives in all markets currently served by Union Bank. Increase loan officer staffing by 1 FTE per year for the Plan period focused on LMI and majority-minority census tracts. The Bank will consider diversity and experience working in underserved communities when making hiring decisions.
- \$20 million over five years in philanthropic allocations to housing counseling organizations, legal aid offices and fair housing organizations, and get this money out as quickly as possible, especially for organizations serving BIPOC that are being hit the hardest by the pandemic. This support will help grow the pipeline of

mortgage-ready, first-time homebuyers through pre- and post-purchase homebuyer education, credit rehabilitation counseling, and will serve as the first line of defense to keep homeowners in their homes when faced with foreclosure.

- Provide \$5 Million in grant support for homelessness prevention and support services, including mental health services. This support will be prioritized to organizations led by African Americans in order to address the disproportionate impact homelessness has on African Americans.
- Be part of the solution in objecting to pressure low-income homebuyers are under to waive appraisal and inspection contingencies, which can have devastating consequences for homebuyers. Fund nonprofit housing counselors who can advise clients against this, and be a voice for ethical industry practices.
- Offer forbearance for up to a year for all mortgage borrowers, regardless of whether the loan is federally backed. Provide reasonable repayment plans and loan modifications post forbearance.
- Freeze foreclosures due to “no contact,” and commit to connect the homeowner with a nonprofit housing counseling organization, confirm that the nonprofit has made contact with the homeowner, and consider the homeowner for all available loss mitigation options before resuming foreclosure proceedings.
- Non-profit organizations, including Community Land Trusts, should have right of first refusal on Bank REO properties (single family and multi-family properties).

#### **Policy:**

- Sign CRC’s Anti Displacement Code of Conduct, review all programs, products and policies to ensure compliance with the Code, and report on such efforts.
- Support CFPB’s section 1071 data collection rulemaking efforts so that detailed data on small business lending is collected and made publicly available in order to promote equal access to credit and to support enforcement efforts against discrimination and fair lending violations. Commit to work with community groups to establish new small business lending goals by race, ethnicity and gender when the data is public.
- Develop Green initiatives and screens. The Bank shall review its investment portfolio with a green screen, and work to ensure its community development efforts promote a green economy and green communities that build wealth in communities of color.

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

Annually increase small business lending for each of the following

- 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

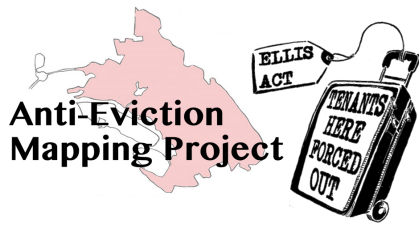
California. US Bank will report on supplier diversity goals and spend with California firms by category annually and meet with the community representatives to discuss the results and action plans to address any underperformance.

**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.
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**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



Erin McElroy, Cofounder  
Anti-Eviction Mapping Project

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November 17, 2021

Jerome Powell, Chairman  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue N.W.  
Washington, D.C. 20551  
Via email: [MA@mpls.frb.org](mailto:MA@mpls.frb.org)

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

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

Dear Chairman Powell and Acting Comptroller Hsu,

In light of the substantial impact that this proposed merger will have on California communities without a significant commitment to California communities, the Anti-Eviction Mapping Project 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 Anti-Eviction Mapping Project is a data visualization, critical cartography, and digital multimedia collective that documents contexts of gentrification and provides tools to support tenants in remaining housed. We operate in the San Francisco Bay Area and Los Angeles, often in partnership with local and statewide housing organizations. Much of our work involves uncovering the data behind housing financialization, speculation, and eviction in California.

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>

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



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

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

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

### **Comment Period**

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

We thank U.S. Bank for beginning such discussions, and for making its CEO and key staff available to listen to over 40 California nonprofit organizations describe community credit needs and concerns. We also thank the Bank for reviewing and considering the letter dated November 8, 2021, signed by over 50 California community groups, urging the Bank to finalize strong commitments to our communities. We urge continued, productive dialogue and negotiations for a Community Benefits Agreement (CBA) with the Bank for the good of California communities.

### **Community Benefits Agreement**

Looking at past performance and prospective activity, we do have serious community reinvestment, consumer, and anti-competitive concerns relating to the proposed merger. A strong CBA is needed to ensure any pro forma bank will: keep open all branches in LMI neighborhoods and neighborhoods of color in our state; extend mortgages to all qualified borrowers and communities; support the many very small, women and BIPOC-owned small businesses serving our communities; retain all front line and reinvestment staff currently employed by both banks; offer lower-priced consumer loans to bank customers; end overdraft fees; support the broadband needs of California's diverse communities; and maintain appropriate Information Technology and operational risk controls, amongst other concerns. A strong commitment on these fronts is necessary to prevent public harm and ensure public benefit as required by law.

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**

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.

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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/>

If you have any questions about this letter, or would like to discuss the matter further, please contact [antievictionmap@riseup.net](mailto:antievictionmap@riseup.net)

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to be 'Erin' followed by a stylized flourish.

Erin McElroy  
Cofounder and Codirector of the Anti-Eviction Mapping Project

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

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

### **Overall commitment:**

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

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

### **Homeownership:**

- Annually increase mortgage originations for each of the following:
  - Mortgage lending to LMI borrowers;
  - Mortgage lending to African American borrowers;
  - Mortgage lending to Latine borrowers;
    - Increase lending to each Latine disaggregated group.
  - Mortgage lending to Asian American Pacific Islander borrowers;
    - Increase lending to each AAPI disaggregated group.
  - Mortgage lending to Native American borrowers;
  - Mortgage lending in LMI census tracts; and
  - Mortgage lending in majority-minority census tracts.
- Continue Union Banks down payment assistance of \$6,000-\$9,000 and increase down payment assistance to BIPOC borrowers by 10% each year for 5 years. The increase should be across all race/ethnicity groups.
- Continue to offer Union banks FHA and HomeReady loans to meet local community credit needs.
  - Commit that all borrowers are offered the Best Priced Product for which they qualify - no steering to FHA or other higher cost products.
- US Bank will have a mortgage product that is accessible to Individual Tax Identification Number (ITIN) borrowers. Union Bank currently accepts ITIN borrowers and US Bank should adopt this policy.
- Work with CRC to develop a Special Purpose Credit Program (SPCP) mortgage product to target underserved BIPOC home buyers in California and commit \$100 million for such loans.
- Provide \$7.5 million in grants over the course of the Plan to nonprofit organizations and ethnic media that will assist the bank in reaching additional LMI and diverse homeowner and prospective home buyer clients. Grants will be awarded through an open and transparent process. These marketing dollars shall be separate from the Bank's philanthropy budget.
- Keep loan origination and regional representatives in all markets currently served by Union Bank. Increase loan officer staffing by 1 FTE per year for the Plan period focused on LMI and majority-minority census tracts. The Bank will consider diversity and experience working in underserved communities when making hiring decisions.
- \$20 million over five years in philanthropic allocations to housing counseling organizations, legal aid offices and fair housing organizations, and get this money out as quickly as possible, especially for organizations serving BIPOC that are being hit the hardest by the pandemic. This support will help grow the pipeline of mortgage-ready, first-time homebuyers through pre- and post-purchase homebuyer education, credit rehabilitation counseling, and will serve as the first line of defense to keep homeowners in their homes when faced with foreclosure.
- Provide \$5 Million in grant support for homelessness prevention and support services, including mental health services. This support will be prioritized to organizations led by African Americans in order to address the disproportionate impact homelessness has on African Americans.

- Be part of the solution in objecting to pressure low-income homebuyers are under to waive appraisal and inspection contingencies, which can have devastating consequences for homebuyers. Fund nonprofit housing counselors who can advise clients against this, and be a voice for ethical industry practices.
- Offer forbearance for up to a year for all mortgage borrowers, regardless of whether the loan is federally backed. Provide reasonable repayment plans and loan modifications post forbearance.
- Freeze foreclosures due to “no contact,” and commit to connect the homeowner with a nonprofit housing counseling organization, confirm that the nonprofit has made contact with the homeowner, and consider the homeowner for all available loss mitigation options before resuming foreclosure proceedings.
- Non-profit organizations, including Community Land Trusts, should have right of first refusal on Bank REO properties (single family and multi-family properties).

**Policy:**

- Sign CRC’s Anti Displacement Code of Conduct, review all programs, products and policies to ensure compliance with the Code, and report on such efforts.
- Support CFPB’s section 1071 data collection rulemaking efforts so that detailed data on small business lending is collected and made publicly available in order to promote equal access to credit and to support enforcement efforts against discrimination and fair lending violations. Commit to work with community groups to establish new small business lending goals by race, ethnicity and gender when the data is public.
- Develop Green initiatives and screens. The Bank shall review its investment portfolio with a green screen, and work to ensure its community development efforts promote a green economy and green communities that build wealth in communities of color.

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

Annually increase small business lending for each of the following

- LMI borrowers;
- African American borrowers;
- Latine borrowers;
  - Increase lending to each Latine disaggregated group.
- Asian American Pacific Islander borrowers;
  - Increase lending to each AAPI disaggregated group.
- Native American borrowers;
- LMI census tracts;
- Majority-minority census tracts.
- The Bank will also achieve 50% of its number of small business loans each year originated in loan amounts under \$150,000, as well as achieve 50% of small business lending each year to businesses with under \$500,000 in revenue, and increase originations in these two areas, year over year.
- Lend to small business owners that do not have a social security number and use ITIN.
- Develop a line of credit product for smaller businesses, in partnership with a minimum of 5 CDFI partners, with a focus on CDFIs led by people of color.
- In support of Bank efforts to increase access to credit for smaller businesses (for businesses with <\$500,000 in revenue) and to increase lending to diverse businesses in our California communities, the Bank commits to the following:
  - CRA-qualified charitable contributions will be “unrestricted” for organizations to use as they see fit.
  - Support small business technical assistance provided by nonprofit providers and commit to allocate \$2 Million annually for technical assistance and \$750,000 annually for loan loss reserve funding, with emphasis on SBA micro lenders doing loans less than or equal to \$50,000. The bank will develop a plan for a formalized selection and implementation process for its technical assistance and loan loss reserve program with community input.

- Formalize a process to refer a minimum of 30% of small business loan denials to local Technical Assistance providers, CDFI's and other community development lenders in our assessment areas. Prioritize BIPOC led TA providers, CDFIs and other community development lenders and expand referral program beyond one partner...
- Actively participate in the California state-guarantee loan program.
- Develop an SBA product offering and become a Preferred SBA lender. Commit to increasing overall SBA lending each year. Of the total commitment for SBA lending, 50% each year shall be to underserved communities and low and-moderate-income census tracts. Additionally, 50% of SBA lending annually shall be in loan amounts of \$150,000 or less, and the number of loans of such lending shall increase each year.
- Work with CRC to develop a Special Purpose Credit Program (SPCP) product for small businesses that are owned by registered members of state or federally recognized First Nation tribes and commit \$100 Million for this program.
- The Bank will provide \$7.5 Million in grants over the course of the Plan to nonprofit and ethnic media organizations that will assist the bank in reaching additional LMI and BIPOC small business customers. This grant will be awarded through an open and transparent process. These marketing dollars shall be separate from the Bank's philanthropy budget.
- Set aside \$20 million to provide direct grants to small business owners suffering from pandemic related impacts.
- US Bank will develop a Special Purpose Credit Program for commercial down payment assistance targeted at BIPOC and commit \$100 Million to this program
- The bank will donate all of its proceeds from PPP loans to grants to small businesses with less than \$1 million in revenue or to CDFIs and other community lenders led by and serving BIPOC. These PPP dollars will be separate from the bank's philanthropy budget.

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

- At least 70% of lending and investment in affordable housing should be targeted to deed restricted affordable rental housing for persons experiencing homelessness, extremely low-income households, and very low-income households.
- Create a \$50 million investment fund to build the capacity of affordable housing developers of color and to finance housing projects sponsored by such developers that are targeted to neighborhoods and residents of color.
- Establish an annual pool of \$250 million for Community Development Financial Institution, Community Development Corporation lending, including faith based lenders, and other non-profit community development funds led by people of color and with assets less than \$2 million to include EQ2 financing, initiated through formal broad based "request for proposal" (RFP) processes.
- Develop a product designed to help Community Land Trusts and similar entities purchase, acquire and/or rehab properties in California to ensure permanent affordability of housing.
- Support regional and local efforts to bring high speed internet/broadband to underserved communities and residents through:
  - financing infrastructure to expand access to communities that lack such access.
  - devoting bank staff time, expertise and networks through the use of community service hours for participation in regional and local collaboratives;
  - funding planning grants for local communities
  - providing appropriate devices to community residents.
  - funding digital literacy training so residents can take advantage of access to high-speed internet/broadband services.
  - The bank will commit \$50 million to these efforts.
- Commit \$50 million for investments (\$47 million) and capacity building grants (\$3 million) to support nonprofit, community land trust and community efforts to acquire and preserve distressed assets, consistent with recently passed legislation (SB 1079-Skinner), which encourage the purchase of distressed properties with up to 25 units by nonprofits, community land trusts, and tenant occupants.

- Invest annually in CRA-qualified small business investment companies (SBIC's), with 20% targeted for minority enterprises.
- Prioritize infill and small site development.
- Help nonprofits purchase, refinance and green their buildings.
- Dedicate investment dollars to green community development initiatives led by people of color and located in communities of color.
- Low Income Housing Tax Credits each year should be no less than the aggregate between US Bank and Union Bank at the time of the merger application, and should increase by 30% each year over 5 years. This annual increase in LIHTC investments is meant to acknowledge the unique impact of this merger on California communities.
- The bank will offer an EQ2 product and dedicate \$100 Million each year to EQ2 investments.

### **Consumer:**

The Bank agrees to:

- Continue to offer, actively market and service an account that serves the banking needs of the unbanked, underbanked, and low-to-moderate income communities within its assessment areas within one year from the date of this commitment. This will be done in accordance with the Model Safe Account guidelines developed by the FDIC and will include a savings, checking, and cash-secured credit card feature. The bank shall not use Chexsystems screening on these accounts and will not report to Chexsystems on these accounts. The Bank will accept ITINs and a Matricula Card in lieu of a SSN for financial products.
- Commit to reconfigure all ATMs to waive out-of-network surcharges for California public assistance recipients who use Electronic Benefits Transfer Cards (EBT).
- Establish a checking and savings account for young people under 22. The bank will not use Chexsystems for this account, and will not require parent/guardian permission to open. This account will meet the standards agreed to above on affordable accounts.
- Establish an age friendly bank account that is also accessible to survivors of domestic violence.
- Consider in good faith whether to participate in any state designed product to make bank accounts accessible to California's unbanked and underbanked communities. AB 1177 (Santiago), currently provides one such vehicle.
- Commit to opening 5 new branches in LMI neighborhoods of color.
- The bank will not close ANY branches in LMI neighborhoods or neighborhoods of color.
- US Bank will adopt Union Bank's APR for personal consumer loans and develop this or other products as meaningful low-cost alternatives to payday loans.

### **Charitable Donations - Increasing charitable contributions to 1.5 times past performance**

- Begin to track CRA eligible philanthropic support to organizations led by BIPOC and
  - Commit to increasing the amount of support for these organizations year over year.
  - Support capacity-building efforts for non-profit organizations led by BIPOC.
  - Offer general operating grants to these organizations, with a priority on increasing this support for organizations led by BIPOC.
- Support capacity-building grants for faith-based organizations engaged in community development and advocacy efforts.
- Commit that at least 70% of the Bank's contributions will be for housing, economic development, financial capability, fair housing, and legal services.
- US Bank contributions for 2022 shall be \$42.6 Million (1.5x 2020 contributions), and should increase by 20% each year. This annual increase in contributions is meant to acknowledge the unique impact of this merger on California communities.

**Board Diversity:**

- The Bank will have at least 50 percent of its leadership composed of individuals from underrepresented groups (comprised of persons of color or women) and see an increase in underrepresented executives in leadership roles over the next 5 years.
- The Bank will make its management demographic data publicly available.

**Racial Equity Audit:**

US Bank will work with community partners to choose a third party evaluator to conduct a racial equity audit of the bank's investments, lending, philanthropy, and policies, and make recommendations on how to improve the bank's racial equity impact.

**Supplier Diversity:**

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

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Dear Chairman Powell and Acting Comptroller Hsu,

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**It is our mission to provide greater access to a variety of sources of capital to underserved markets and small business persons located in California that are considered economically disadvantaged entrepreneurs.**

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.

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More specifically, in originations to Black borrowers as a percentage of all originations, US Bank is lending at half the rate of its peers (1.5% for US Bank compared to 2.9% for peers). For 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 me at (510) 326-6079.

Thank you for your consideration of our views.

Sincerely,

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;
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- 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

# Nor-Cal FDC



Northern California Small Business  
Financial Development Corporation



November 17, 2021

Jerome Powell, Chairman  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue N.W.  
Washington, D.C. 20551  
Via email: [MA@mpls.frb.org](mailto:MA@mpls.frb.org)

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

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

Dear Chairman Powell and Acting Comptroller Hsu,

In light of the substantial impact that this proposed merger will have on California communities without a significant commitment to California communities, the Fair Housing Council of the San Fernando Valley, 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 Fair Housing Council of the San Fernando Valley (FHCSFV) is civil rights advocacy organization founded in 1958 whose focus is to promote the tenets of housing equality and to investigate and eliminate individual and systemic discrimination in public policy, housing, financial services, and various other real estate related transactions.

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>

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

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

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

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

### **Comment Period**

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

We thank U.S. Bank for beginning such discussions, and for making its CEO and key staff available to listen to over 40 California nonprofit organizations describe community credit needs and concerns. We also thank the Bank for reviewing and considering the letter dated November 8, 2021, signed by over 50 California community groups, urging the Bank to finalize strong commitments to our communities. We urge continued, productive dialogue and negotiations for a Community Benefits Agreement (CBA) with the Bank for the good of California communities.

### **Community Benefits Agreement**

Looking at past performance and prospective activity, we do have serious community reinvestment, consumer, and anti-competitive concerns relating to the proposed merger. A strong CBA is needed to ensure any pro forma bank will: keep open all branches in LMI neighborhoods and neighborhoods of color in our state; extend mortgages to all qualified borrowers and communities; support the many very small, women and BIPOC-owned small businesses serving our communities; retain all front line and reinvestment staff currently employed by both banks; offer lower-priced consumer loans to bank customers; end overdraft fees; support the broadband needs of California's diverse communities; and maintain appropriate Information Technology and operational risk controls, amongst other concerns. A strong commitment on these fronts is necessary to prevent public harm and ensure public benefit as required by law.

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

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

been active in helping to meet the state's critical affordable housing challenges. A combined bank will likely have less appetite for low income housing tax credit investments, and nonprofit affordable housing developers will see fewer bids at less competitive pricing for their projects, which could have severe and devastating impacts on our LMI communities.

In fact, the White House recently issued a statement noting "Excessive consolidation raises costs for consumers, restricts credit for small businesses, and harms low-income communities."<sup>3</sup>

### **Jobs**

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

### **Home Lending in California**

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

More specifically, in originations to Black borrowers as a percentage of all originations, US Bank is lending at half the rate of its peers (1.5% for US Bank compared to 2.9% for peers). For Latine borrowers, US Bank is at 10.6% of loans, compared to 16.9% for its peers. The only area where U.S. Bank exceeds its peers in originations is to Asian borrowers, where US Bank is at 20.4% while its peers are at 15.6%. We encourage the regulators to analyze disaggregate lending to Asian borrowers to ensure there aren't disparities amongst different groups.

We are particularly concerned that US Bank is also below its peers in originations in majority BIPOC census tracts. Most glaring is its originations in 80-100% majority BIPOC census tracts where it falls at 11.4% of originations, while its peers are at 16.5%.

We are concerned that many of these mortgage lending disparities are statistically significant and impact applications/outreach, denials, originations, and pricing decisions impacting BIPOC borrowers and neighborhoods. We urge the Bank and the regulators to investigate these disparities to ensure compliance with fair housing laws.

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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.

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

If you have any questions about this letter, or would like to discuss the matter further, please contact me at 818-373-1185 or by email at [skinlaw@fairhousingcouncil.org](mailto:skinlaw@fairhousingcouncil.org).

Thank you for your consideration of our views.

Sincerely,

*Sharon Kinlaw*

Sharon Kinlaw  
Executive Director

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

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

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

November 17, 2021

Dear Mr. Wangen and Ms. Misback,

On behalf of the Chicago Community Loan Fund (CCLF), I am pleased to write today in support of U.S. Bank's acquisition of Union Bank of California. It is my belief that this merger will serve to expand U.S. Bank's positive impact in low- and moderate-income (LMI) communities across the country.

CCLF is a community development financial institution (CDFI) who, for the past thirty years, has provided support for community stabilization and development efforts that directly benefit LMI neighborhoods, families, and individuals in the Chicago area. We offer flexible, affordable, and responsible funding to address the community development capital and credit gaps that small and emerging developers often face, especially for harder-to-underwrite projects and enterprises. Our success depends in large part on establishing partnerships with investors who are concerned about the social dividends of their investments. We have grown from an initial investment from \$200,000 to more than \$137 million in assets. As a result, we have been able to make a meaningful impact on the Chicagoland by preserving and/or creating nearly 11,600 units of housing and more than 6,500 jobs by using \$279 million in financing to leverage an additional \$1.6 billion in public and private investment.

Over the years, U.S. Bank has distinguished itself as an exemplary partner in our efforts to revitalize underinvested communities. A highly responsive investor, this bank poured resources directly into all sectors of LMI communities and has participated in large-scale investment in CDFIs nationwide. Understanding the unique challenges faced by Black and Brown communities that are often underbanked, US Bank established a relationship with the African-American Alliance of CDFI CEOs (AAA) to ensure that they were poised to provide capital in the spaces where it could do the most good. This relationship allowed AAA to directly target assistance to Black women entrepreneurs through their Micro-Accelerator Capacity Building Grant Program.

29 East Madison  
Street Suite 1700  
Chicago, IL 60602  
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[www.cclfchicago.org](http://www.cclfchicago.org)

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*Chapman and Cutler, LLP (retired)*

**Calvin L. Holmes, President**  
*(Non-Voting)*

*Creating communities where people thrive*

US Bank has consistently been a leader in providing customer-focused consumer products. At a time when many regulated financial institutions had gone away from small-dollar lending, writing it off as unprofitable, US Bank stepped in with its Simple Loan program in 2018 which allows customers to borrow up to \$1,000. This offering provides a much-needed alternative to predatory payday lenders who increase the debt burden on people who are often already overworked, underpaid and in urgent need of emergency cash. Additionally, as banks across the country were shuttering their branches, US Bank has continued to expand and maintain branches in underserved communities. In June 2021, the bank opened a new branch here in Chicago to serve the first officially recognized LGBTQ+ neighborhood in the United States.

This organization has also provided pivotal capacity building services to nonprofits across the country. By serving as board members for several community development enterprises, US Bank gives these institutions the benefit of its vast expertise all while making them more effective in providing service to LMI communities. U.S. Bank has also used its expertise to help CDFIs become competitive for important federal dollars, particularly the New Market Tax Credit program, which has helped numerous organizations, including CCLF, finance catalytic projects in low wealth neighborhoods that would not have gotten off the ground otherwise.

In the several years that we have had the pleasure of working alongside US Bank, their organization has demonstrated a deep and abiding commitment to serving LMI communities both directly and through strategic partnerships with socially conscious, mission-driven institutions that have a track record of transforming the neighborhoods they invest in. As a member of the US Bank Community Advisory Committee, I look forward to working with the bank to craft an impactful community benefits agreement as a component of this acquisition.

Chicago Community Loan Fund and I appreciate this opportunity to comment on the proposed merger. We believe that this endeavor will only serve to further deepen US Bank's investments in areas of need, as they strive to better serve markets which they share with Union Bank.

Yours truly,



Calvin L. Holmes  
President





## CALIFORNIA COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION

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 (OCC)  
400 7th St SW,  
Washington, DC 20219  
Via email: [Largebanks@occ.treas.gov](mailto:Largebanks@occ.treas.gov)

*Re: 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, request 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, the California Community Economic Development Association (CCEDA) wishes to voice its position as regards 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.

**California Community Economic Development Association (CCEDA)** is a nonprofit statewide membership association that advances the field of community economic development through training and continuing education, technical assistance, and advocacy on public policy on behalf of its membership organizations which are actively engaged in revitalizing low and moderate income neighborhoods in California and across the nation. CCEDA economic development assistance serves many rural communities, and covers workforce development, asset-building, business development, real estate development (housing, commercial, industrial and retail), lending programs, and job creation enterprises.

In addition, in light of the significant impact on California small business and residents, we ask the Federal Reserve and the OCC hold public hearings on the merger to be held in Los Angeles, San Francisco, and Fresno. We further urge the Federal Reserve and the OCC 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, including the closing of an underdetermined number of branches, currently the application reflects that the merger could have a negative impact on the bank's ability to meet the credit needs of the community it serves.

## **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 submit this letter. We urge the Federal Reserve 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.

CCEDA thanks U.S. Bank for beginning such discussions, and for making its CEO and key staff available to listen to over 40 California nonprofit organizations describe community credit needs and concerns. We also thank the Bank for reviewing and considering the letter dated November 8, 2021, signed by over 50 California community groups, urging the Bank to finalize strong commitments to our communities. We urge continued, productive dialogue and negotiations for a Community Benefits Agreement (CBA) with the Bank for the good of California communities.

## **Community Benefits Agreement**

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

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

Looking at past performance and prospective activity, we do have serious community reinvestment, consumer, and anti-competitive concerns relating to the proposed merger. A strong CBA is needed to ensure any pro forma bank will: keep open all branches in LMI neighborhoods and neighborhoods of color in our state; extend mortgages to all qualified borrowers and communities; support the many very small, women and BIPOC-owned small businesses serving our communities; retain all front line and community reinvestment staff currently employed by both banks; offer affordable and credit flexible consumer loans to bank customers; 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.

We 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. We have had a productive relationship with Union Bank's community reinvestment and community development staff and are concerned with the loss of CRA staff. Additionally, both banks have been active in helping to meet the state's critical affordable housing challenges. We advocate that the combined bank commit to the current combined investment of both banks in low-income housing tax credit investments.

## **Jobs**

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

## **Home Lending in California**

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

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

### **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 not approve this merger proposal until 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.

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

If you have any questions about this letter, or would like to discuss the matter further, please contact me at [roberto@cceda.com](mailto:roberto@cceda.com).

Thank you for your consideration of our views.

Sincerely,

Roberto Barragan  
Executive Director

cc: Paulina Gonzalez-Brito, Executive Director, California Reinvestment Coalition  
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.  
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 those communities, Tenderloin Neighborhood Development Corporation (TNDC) 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.

TNDC develops community and provides affordable housing and services for people with low incomes in the Tenderloin and throughout San Francisco; we help people with low incomes thrive by building deeply affordable homes and supportive communities. We provide more than 3,500 homes to over 4,000 households, 80% of which provide housing for households earning less than \$15,000 per year.

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.

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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/>





We thank U.S. Bank for beginning such discussions, and for making its CEO and key staff available to listen to over 40 California nonprofit organizations describe community credit needs and concerns. We also thank the Bank for reviewing and considering the letter dated November 8, 2021, signed by over 50 California community groups, urging the Bank to finalize strong commitments to our communities. We urge continued, productive dialogue and negotiations for a Community Benefits Agreement (CRA) with the Bank for the good of California communities.

### **Community Benefits Agreement**

Looking at past performance and prospective activity, we do have serious community reinvestment, consumer, and anti-competitive concerns relating to the proposed merger. A strong CBA is needed to ensure any pro forma bank will: keep open all branches in LMI neighborhoods and neighborhoods of color in our state; extend mortgages to all qualified borrowers and communities; support the many very small, women and BIPOC-owned small businesses serving our communities; retain all front line and reinvestment staff currently employed by both banks; offer lower-priced consumer loans to bank customers; end overdraft fees; support the broadband needs of California's diverse communities; and maintain appropriate Information Technology and operational risk controls, amongst other concerns. A strong commitment on these fronts is necessary to prevent public harm and ensure public benefit as required by law.

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

In fact, the White House recently issued a statement noting "Excessive consolidation raises costs for consumers, restricts credit for small businesses, and harms low-income communities."<sup>3</sup>

### **Jobs**

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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/>





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

### **Home Lending in California**

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

More specifically, in originations to Black borrowers as a percentage of all originations, US Bank is lending at half the rate of its peers (1.5% for US Bank compared to 2.9% for peers). For Latinx borrowers, US Bank is at 10.6% of loans, compared to 16.9% for its peers. The only area where U.S. Bank exceeds its peers in originations is to Asian borrowers, where US Bank is at 20.4% while its peers are at 15.6%. We encourage the regulators to analyze disaggregate lending to Asian borrowers to ensure there aren't disparities amongst different groups.

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

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

### **Public Hearings**

We urge regulators to hold public hearings in Los Angeles, San Francisco, and Fresno, extend the comment period until the end of such hearings, and reject this merger proposal unless U.S. Bank commits to a strong Community Benefits







Agreement that is negotiated with community groups and which has mechanisms in place to ensure compliance.

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

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

Thank you for your consideration of our views. If you have any questions about this letter, or would like to discuss the matter further, please contact at [wharris@tndc.org](mailto:wharris@tndc.org)

Respectfully,

Walter Harris  
Chief Executive Officer  
Tenderloin Neighborhood Development 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  
Colleen Rivecca, Director of Community Organizing and Policy, [crivecca@tndc.org](mailto:crivecca@tndc.org)  
Katie Lamont, Senior Director of Housing Development, [klamont@tndc.org](mailto:klamont@tndc.org)





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;
- Latinx borrowers;
  - Increase lending to each Latinx disaggregated group.
- Asian American Pacific Islander borrowers;
  - Increase lending to each AAPI disaggregated group.
- Native American borrowers;
- LMI census tracts;
- Majority-minority census tracts.
- The Bank will also achieve 50% of its number of small business loans each year originated in loan amounts under \$150,000, as well as achieve 50% of small business lending each year to businesses with under \$500,000 in revenue, and increase originations in these two areas, year over year.
- Lend to small business owners that do not have a social security number and use ITIN.
- Develop a line of credit product for smaller businesses, in partnership with a minimum of 5 CDFI partners, with a focus on CDFIs led by people of color.
- In support of Bank efforts to increase access to credit for smaller businesses (for businesses with <\$500,000 in revenue) and to increase lending to diverse businesses in our California communities, the Bank commits to the following:
  - 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

**Chris Wangen,**  
**Assistant Vice President,**  
**Federal Reserve Bank of Minneapolis**  
90 Hennepin Avenue,  
Minneapolis, MN 55480-0291

**Regarding: NDC and NAAC's Comments on U.S. Bancorp's application  
for approval to acquire MUFG Union Bank**

Dear Chris Wangen,

The National Diversity Coalition (NDC) is a national non-profit organization including the leadership of our nation's major African American, Asian, and Latino organizations as well as major minority and women oriented national nonprofits, businesses, and CDFIs, advocating for greater opportunity, economic empowerment, and financial equality for low-income, minority, and other disadvantaged communities. National Asian American Coalition (NAAC) is a HUD-approved non-profit housing counseling organization and a CDFI focusing on sustainable homeownership, job creation, small business and economic development and advocating against foreclosures and for affordable housing. NDC and NAAC's works stems on our mission to strengthen America's diverse communities through positive advocacy for increased corporate philanthropy and reduce income and wealth inequality. We have established ourselves as well recognized non-profits at the Federal as well as the State level through our active advocacy in major banking law reforms and participation in federally administered programs for the underserved. We have been a voice for the voiceless America.

We hereby submit our comments on U.S. Bancorp's application for approval to acquire MUFG Union Bank. Our comments include the importance of the Community Benefits Plan of U.S. Bancorp and its commitment to the underserved communities, post approval of the acquisition application. We request you to kindly consider our comments and appropriately review the application and its effect on the low-to-moderate income communities, before giving your decision on the pending application. Please reach out to us if you have any questions or concerns.

Sincerely,

**Faith Bautista**  
President & CEO, National Diversity Coalition  
President & CEO, National Asian American Coalition

**Jin Sung**  
Board Chair, National Diversity Coalition

**Cora Oriol**  
Board Chair, National Asian American Coalition

**Attachment:**  
Comments by the National Diversity Coalition and the National Asian American Coalition

## **Comments by the National Diversity Coalition and the National Asian American Coalition**

National Diversity Coalition (NDC) and the National Asian American Coalition (NAAC) emphasize that U.S. Bancorp's application to approve acquisition of MUFG Union Bank ("Union Bank") should be closely reviewed. If approved, the acquisition would solidify U.S. Bancorp's status as the fifth-largest retail bank in the country. Such position makes it more than necessary to ensure that the bank abides by the regulatory procedures and the transaction aids in reducing wealth inequality in America. Having a robust community benefits plan is essential at this point, when the transaction could lead to increase in retention of market share and an increased accountability from a CRA perspective. At the same time, it could witness branch closures due to consolidation, personnel reshuffling, product redesigning, conflicts in social responsibility goals, etc. While we support and applaud U.S. Bancorp's announcement of the bank being invested and committed to serving the low and moderate-income (LMI) and minority communities, it is critical that the services are not neglected in the areas where the bank does not have a significant presence. Our initial conversation with U.S. Bancorp was encouraging, however, the bank has not yet shared its post-acquisition Community Benefits Plan. At this point, having not had an opportunity to review the plans, we are unable to comment on how these programs will be part of the integration and continue to serve the underserved communities. We do want to take this opportunity to raise questions which should be addressed in the Community Benefits Plan.

U.S. Bancorp and Union Bank have been on the forefront in commercial and retail banking. The Outstanding CRA rating of both banks speaks of the stellar track record in investment and lending for LMI communities by the respective institutions. The merger of the two entities will undoubtedly impact the concentration of banking in several markets that the banks have presence in. We are also not aware how and which regional areas that concentration will affect. What are the community benefit plans on lending and investment in areas where the market share of the bank will be much more significant as well

as the new areas adopted by the bank? How does the bank continue to maintain such Outstanding CRA rating that helps the low-to-moderate income?

### **U.S. Bancorp needs to diversify its community partners' network**

It is our observation that most of the community partners of U.S. Bancorp are big community-based organizations. Though large CBOs are effective in helping the banks reach the LMI groups, there is less efficiency when it comes to reaching the most underbanked or underserved portions of this population. Special attention and efforts are needed when conducting outreach for such hard-to-reach groups to understand the unique needs of a community in a remote or rural geographic location. Operationally, it is inevitable that the organizational structure of a large bank may not fit the model recognized or understood by these small businesses and consumers, and the bank may not take the time to help such individuals and small groups. It is not a one size fits all case. For instance, the bank hires hundreds of IT personnel to do underwriting and if an application doesn't fit in the box, it is denied. There is lack of special attention to such cases.

If the resulting entity is going to be one of the top five large banks in the country, NDC stresses the need for an understanding how will the underbanked and underserved communities be served. How would the merger address that gap? It is important that the bank reaches out to the underbanked based on individual geographic location, to ensure fulfillment of CRA commitments at the grassroots level. We believe that regulators should stress to the bank that partnerships with smaller non-profits and community-based organizations is an effective way to address these concerns.

NDC is unsure about the plans of U.S. Bancorp to diversify beyond its traditional agents/ partners that it has worked with in the past, to get deeper into the community's needs. This is particularly in the

geographic areas where the bank expects to gain market share presence. There should be increased involvement with smaller non-profits and CBOs and investment in emerging CDFIs which are dedicated to these service areas and the minority or unbanked communities within them.

We are similarly concerned about the involvement of the bank with local CBO's in rural or remote areas. Currently, as discussed above, there does not seem specific/customized presence in these rural or remote areas. Following precedent, the bank may not devote many resources in areas comprising less market share. We have concerns over what the level of commitment of the bank will be in rural areas where the banks do not get many deposits? What are the plans in the new markets its expanding in? Again, a community benefit plan emphasizing partnerships and investments in smaller CBOs and CDFIs can help address this issue.

### **Need for creativity and sticking your neck out for LMI commitments**

U.S. Bancorp must make necessary creative adjustments to its CRA model to engage the diverse communities of our nation. How can the minority get a seat at the table? How does the bank ensure diversity and inclusion at the executive level? What programs or trainings does the bank offer to such employees to increase employee retention? How does the bank retain and maintain jobs and decrease reliance on outsourcing?

There is a need for creative programs to be set up and operated, above the traditional check points of the banks. In these times, it is the social responsibility of top banks such as U.S. Bancorp and Union bank to lead their peers in the way of diversity and inclusion. We greatly appreciate that U.S. Bancorp has been involved in the community through its program with the U.S. Bank Foundation to address economic disparities and with CDFI to help provide loans to communities under the Enterprise's Equitable Path

Forward initiative. However, it is necessary that the bank maintain and develop these post-acquisition programs and continue serving the underserved communities. Working with minority-led organizations, irrespective of size, is an effective way to ensure that. There should be a specific criterion on grants, which should be inclusive and offer grants and lending in smaller funding amounts. With regard to philanthropy, we believe more can be done. We firmly believe that donations and grants to a greater number of non-profits is way better than giving larger amounts to fewer organizations, based on size.

The LMI communities, ethnic minorities, and small businesses are an essential part of the economy. Being non-profit organizations working at the grassroots level, we have been providing and working with banks on realistic programs for the communities we serve. With U.S. Bancorp pending the acquisition of MUFG Union Bank, the bank must make consecutive plans to maintain its outstanding CRA rating. We suggest that the bank can work with smaller CBOs, non-profits, and emerging CDFIs towards community development and innovation.



www.aacuc.org

**Renée Sattiewhite**  
*President/CEO*

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*Texas Regional*

**Kevin Martin**  
*West Coast Regional*

November 22, 2021

**Regarding U.S. Bancorp, Minneapolis, Minnesota to acquire  
MUFG Union Bank, National Association, San Francisco, California**

By Email To:

MA@mpls.frb.org

Attention To:

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

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

Ms. Misback and Ms. Wangen:

The African-American Credit Union Coalition (AACUC) is providing this letter of support for the proposed U.S. Bancorp acquisition of MFUG Union Bank in acknowledgement of the important work being done by U.S. Bancorp and its affiliates to accelerate financial inclusion.

Specifically, AACUC is working in conjunction with the U.S. Bank Access Commitment, supporting Minority Depository Institutions and creating wealth building tools for communities of color. However, their commitment to financial inclusion and racial equity extends far beyond their USBCDC initiatives, and we are collaborating with several operating units at U.S. Bank.

Additionally, we wish to acknowledge the direct support from U.S. Bank for our Commitment to Change: Credit Unions Unite Against Racism Initiative.

AACUC fully supports the proposed merger transaction and looks forward to future partnerships with U.S. Bank and its affiliates.

Sincerely,

Renée Sattiewhite, CUDE, CDP  
AACUC President/CEO

cc: Larry D. Sewell, AACUC Board Chairman



**Neighborhood  
Development  
Center**

BUILDING NEIGHBORHOOD ECONOMIES FROM WITHIN

663 University Avenue • Suite 200  
St. Paul, MN 55104  
tel 651.291.2480 fax 651.291.2597  
www.ndc-mn.org



The Director of Large Bank Licensing  
340 Madison Avenue, Fifth Floor  
New York, NY 10173

To whom it may concern,

As President of Neighborhood Development Center, it is my pleasure to submit a letter of support for U.S. Bancorp's (U.S. Bank) proposal to acquire MUFG Union Bank, National Association. We at NDC believe in the power, daring, and drive of entrepreneurs to transform their lives and revitalize their neighborhoods. NDC has had a relationship with U.S. Bank for many years. During that time, I have had the pleasure of working with numerous U.S. Bank employees and have a good understanding of their commitment to their communities, their people, and their work toward providing access to financial services to all.

U.S. Bank has demonstrated their support of NDC and the community of neighborhood entrepreneurs who work with us in these ways, among others:

- US Bank has provided NDC with over \$500,000 in grants and sponsorships since 2015
- NDC has utilized these funds to provide Technical Assistance, Small Business Lending, and Entrepreneur Training to ensure the success of over 500 BIPOC owned businesses in low-income neighborhoods
- in 2020, US Bank provided a \$355,000 grant to NDC, which was instrumental in our ability to help BIPOC-owned businesses to recover from the impacts of the pandemic and the civil unrest that followed the murder of George Floyd
- An additional \$20,000 grant from US Bank in 2020 supported the launch of a program that provides mental wellness support for BIPOC business owners
- US Bank committed \$80,000 to NDC's recent Capital Campaign to build our new Headquarters, Training Center, and a Small Business Incubator at Dale and University in St. Paul
- US Bank recently hosted a virtual community forum with NDC entrepreneurs and US Bank executives, to build relationships and provide entrepreneurs with expert financial guidance
- US Bank has engaged extensively with NDC-owned Midtown Global Market to gather community input on the rebuilding of a nearby US Bank branch, which was burned in recent civil unrest
- Recently retired US Bank Senior Vice President William Umscheid currently serves on NDC's External Loan Committee
- US Bank executive Steve Gibson previously served as NDC Board Chair

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

Regards,

Renay Dossman  
President, Neighborhood Development Center

**Business Training, Financing, Assistance and Incubators**

Frogtown Square • Midtown Global Market • Frogtown Entrepreneur Center • Mercado Central • Plaza Verde





RECEIVED

NOV 24 2021

SRC DIVISION  
MPLS FRB

November 16, 2021

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

Mr Wangen,

I serve as a member of the Community Advisory Committee of US Bank. I am writing today to express my support of US Bank's efforts and outcomes as it relates to community investment. Our CDFI serves 6 western states (MT, ID, WY, UT, WA and OR) and for over a decade we have worked closely with US Bank to provide responsible, flexible capital to underserved individuals and families across our multi-state footprint. They are without question one of the most important investors and partners in our work as a CDFI. Together, we have helped thousands of people start or maintain their businesses, buy a home, find meaningful employment, or have access services provided specifically to underserved individuals at one of the community facilities we financed in partnership with US Bank.

I know that with the pending acquisition of Union Bank, you are seeking feedback on US Bank's commitment to underserved communities in their current and future footprint. I firmly believe that they are more than capable of delivering on their ongoing commitment to serve these communities.

If you have any questions or need further verification you may contact me at 406-728-9234.

Sincerely,

Dave Glaser  
President



**Boise**  
1109 Main St., Ste 330  
Boise, ID 83702

**Missoula**  
229 E. Main St.  
Missoula, MT 59802

**Bozeman**  
23 E Main St., Apt B  
Bozeman, MT 59715



November 23,2021

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

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

Via email: MA@mpls.frb.org

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

Dear Ms. Misback and Mr. Wangen,

I am writing in support of U.S. Bancorp's proposed purchase of MUFG Union Bank. The African American Alliance of CDFI CEOs (the Alliance) has partnered with U.S. Bank over the past two years. We have found their engagement critical to the success of our efforts as a developing organization. U.S. Bancorp is well-positioned to support community revitalization in underserved, low-income, and disinvested markets across its footprint.

The Alliance is a membership-driven intermediary organization of 56 Black-led CDFIs that aims to: build the capacity of member organizations; build bridges to economic stability, well-being, and wealth for Black individuals, families, and communities; and build power in Black communities by challenging and influencing financial sectors to operate more equitably.

We are the only organization leveraging African American CDFI CEOs' decades of expertise, relationships, and intellectual capital to change African Americans' odds and outcomes in underserved communities across America. We are committed to advocating and working to: 1) alleviate economic inequality through community economic development, 2) support equitable fair housing and fair lending practices, 3) grow sustainable African American-owned businesses, 4) ensure equal African American-owned business participation in the public and private sectors, and 5) broaden access to capital by creating a pool of investor-generated funds to initiate more home and business loans, and foster equity in African American communities across this country.

Since our formation, we have worked with U. S. Bancorp on several community and economic development initiatives. Its initial funding to support the development of our strategic plan and early public policy work was vital to our foundation as an organization. Then, in 2021, our partnership led to nine members receiving a total of \$11M in patient debt capital, better equipping them to deliver needed small business loans in their communities. Additionally, the Alliance was awarded \$3 million to administer micro-accelerator capacity sub-grants (pass-through) to 14 of our members over a three-year period. The U.S. Bank team also broadly offered their assistance with entry participation for members interested in the New Markets Tax Credits program to increase opportunities for our members to compete successfully.

While we write in support of the merger, equally, we strongly advocate for U. S Bancorp to build on its record with more substantial investments in Communities of Color. More specifically, the bank must consider the decades of underinvestment and neglect of Black-led CDFIs and the communities they serve. The investments should be targeted with substantial multi-year grants to these organizations. Similarly, larger national organizations such as the Alliance must be provided significant multi-year support, including a philanthropic investment to support general operations and help strengthen its members' vital work.

We encourage U. S Bancorp to seize the moment to be a national moral leader in addressing racial equity in this polarizing moment. We believe, with this merger, the newly formed bank has an opportunity to make bold major investments to begin to reverse the structural and historical inequities that have plagued the lack of adequate funding of Black- led CDFIs and the communities they serve.

Sincerely,

A handwritten signature in black ink, appearing to read "Lenwood V. Long, Sr.", written in a cursive style.

Lenwood V. Long, Sr.  
President & CEO



**OLIVER L. BAINES, III**  
President/CEO  
[obaines@cvmntc.com](mailto:obaines@cvmntc.com)

1401 Fulton Street, Suite 610  
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November 30, 2021

Chris P. Wangen  
Assistant Vice President  
FEDERAL RESERVE BANK OF MINNEAPOLIS  
90 Hennepin Avenue  
Minneapolis, Minnesota 55480-0291

Re: Letter of Support for U.S. Bank - Acquisition of MUFG Union Bank's  
Core Regional Banking Franchise from Mitsubishi UFJ Financial Group

Mr. Wangen,

Please accept this letter as my support for U.S. Bancorp's (U.S. Bank) acquisition of MUFG Union Bank's core regional banking franchise. CVNMTC has had a relationship with U.S. Bank since 2010 and with me since 2019. During that time, I have had the pleasure of working with numerous U.S. Bank employees and have a good understanding of their commitment to diverse and low-income communities and the people living in those communities. U.S. Bank is committed to ensuring that everyone has access to the financial services they need.

Our most recent project with U.S. Bank in 2020 included financing a medical campus in one of the most underserved communities in all of the Central Valley – the AMOR Wellness Center in Mendota, California. We are currently in early discussions for a new project with multiple clinics to serve the medical, dental, and mental health needs of under-served low-income communities. In addition to the excellent financing partnership, U.S. Bank donated \$1,000 to CVNMTC to help us continue to directly impact people and neighborhoods throughout the Central Valley.

U.S. Bank is highly regarded in our community for the work they do every day and for the services they provide. We are proud to partner with them and look forward to working with the combined organization in the future.

Sincerely,



Oliver L. Baines, III  
President/CEO