

U.S. Bank

CRA Public File

Written Comments and Corporate Responses

Outside Assessment Areas

Q2 2021

December 22, 2020

U.S. Bank National Association
425 Walnut Street
Cincinnati, OH 45202

Office of the Comptroller of the Currency
Large Bank Supervision Constitution Center
400 7th Street SW
Washington, DC 20219

RE: Comment on U.S. Bank 's Community Reinvestment Act (CRA) Performance

I am submitting this letter to U.S. Bank 's Community Reinvestment Act (CRA) public file for consideration on U.S. Bank 's CRA Performance Evaluation. I have a couple concerns with U.S. Bank lending in Dallas and would look forward to meeting with U.S. Bank to learn more about the bank's goals and priorities, and to discuss the community needs and opportunities. In particular, I would like U.S. Bank and other lenders to focus on Southern Dallas as I believe the heightened poverty in my neighborhood has held back my community, and the city of Dallas as a whole, for too long.

Fair Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the lending of U.S. Bank in Dallas. This is what NCRC found.¹

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, U.S. Bank made a total of 206 in Dallas County. This data demonstrated that in 2019, 24.27% (50) of all home loans in Dallas went to minorities however only 7.76% (16) of U.S. Bank's home loans were extended to Blacks (African Americans).
 - Less than 2.8% of the bank's total loans were made in Southern Dallas*.
 - 75% of the loans were declined that were in Southern Dallas*.
 - Dallas County, Texas's estimated population is 2,641,680. Of that approximately 606,168 are African Americans.
 - City of Dallas's estimated population is 1,343,573. Of that approximately 322,457 are African Americans.

¹ See lending mentioned CRA Report. <https://www.occ.gov/static/cra/craeval/sep19/24.pdf>

Gaps in lending to people of color, borrowers with LMI, and small businesses are usually the result of a lack of products that meet particular credit needs, gaps in marketing, or a lack of partnerships. I believe that working with my organization can improve U.S. Bank performance.

Focus on Southern Dallas

The need in Southern Dallas is well documented. HUD has designated Southern Dallas as a racially or ethnically concentrated area of poverty (R/ECAP) since at least 1990, meaning that since 1990 the population of Southern Dallas has had a poverty rate of at least 40%. That poverty rate is more than double the 16.6% poverty rate for Dallas County as a whole.² The Urban Institute looked at economic trends, data on income segregation, housing affordability, job availability, and racial disparities in 274 large US cities from 1980 to 2013 and found that Dallas was the least economically and racially inclusive.³ Increased obstacles to economic opportunity in Southern Dallas has a negative impact on Dallas as a whole. Numerous studies show that high levels of inequality stunt economic growth as it prevents economies from performing to their full potential.⁴ Economies with less inequality not only maximize their productive potential, but also minimize the significant fiscal and social costs of inequality. Childhood poverty—one outcome of insufficiently inclusive growth—costs the U.S. economy an estimated \$500 billion a year, or four percent of GDP, due to lost productivity, higher crime and incarceration, and larger health expenditures. Cities end up bearing these costs, at the expense of other important investments in growth and opportunity.⁵ Heightened inequality also creates resentments and hostilities that damage social and political cohesion, which also negatively affects economic growth.

Researchers are also predicting that Southern Dallas will be particularly hard hit by COVID-19, both medically and economically, given the unfortunate correlation between poverty and unfavorable health outcomes.⁶ I am very concerned about the impact COVID-19 will have on my community that was already facing increasing economic hardship, and I believe that without an intentional focus on Southern Dallas these unfortunate economic trends will continue. We would look forward to discussing opportunities for U.S. Bank to be responsive to our community needs and position itself as a leader in addressing inequality in Dallas.

² "Percent of Population Below the Poverty Level in Dallas County, TX." 2018 Poverty Rate for Dallas County TX. Federal Reserve Bank of St. Louis Economic Research. Available online at <https://fred.stlouisfed.org/series/S1701ACS048113>.

³ "Inclusive Recovery in US Cities." Urban Institute. April 2018. Available online at https://www.urban.org/sites/default/files/publication/97981/inclusive_recovery_in_us_cities.pdf.

⁴ "Introduction: Inequality of Economic Opportunity." Katharine Bradbury and Robert K. Triest. RSF: The Russell Sage Foundation Journal of the Social Sciences, Vol. 2, No. 2, Opportunity, Mobility, and Increased Inequality (May 2016), pp. 1-43. Available online at https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata_info_tab_contents

⁵ "Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies." Brookings Institution. Joseph Parilla. September 28, 2017. Available online at <https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/>.

⁶ "Mapping the Areas at Highest Risk of Severe COVID19 in Dallas, Austin and San Antonio." UTHealth School of Public Health Institute for Health Policy. April 2, 2020. Available online at https://sph.uth.edu/research/centers/ihp/COVID-19_Dallas_Austin_SA%20Final_4-3-20.docx.pdf.

Review your Reasonably Expected Market Area (REMA) to identify redlining that may be happening to the Southern Dallas community.⁷

- Most regulatory agencies will use the term REMA; however, the Federal Reserve Board performs a similar analysis, but uses the term Credit Market Area (CMA).
- FDIC defines an institution's REMA based on the following factors:
 - Where the institution has received applications
 - Where the institution has originated loans
 - The history of mergers and acquisitions
 - The market area as defined by the bank in its written policies and procedures
 - Branch structure and history including closures, acquisitions, and relocations
 - Physical presence including the location of branches/offices, LPOs, brokers, and other third-party originators.
 - Advertising and marketing efforts including print, telemarketing, and direct mail campaigns.
 - The inappropriate exclusion of majority minority census tracts from the institution's assessment area.
- Redlining risk factors include, but are not limited to the following practices:
 1. Offering different loan programs in different areas
 2. Marketing efforts that exclude and/or target certain geographies
 3. Loan programs that exclude certain types of residential property
 4. Loan minimums without consideration of the average home value

The following sections discuss demographic in the Southern Dallas area.

- Southern Dallas is home to 43% of all Dallas residents in just 57% of the city's land area.
- Of the 560,000 residents of neighborhoods in southern Dallas, approximately 38% live below poverty - roughly 9% higher than the City's overall poverty rate of 29%.
- Overall, 56% of Dallas residents living below poverty live in the southern neighborhoods of Dallas.
- *The City of Dallas is a unique place. There is a difference between "South Dallas" and "Southern Dallas".*
- *The Southern Sector of Dallas (Southern Dallas) is commonly defined as those areas south of Interstate 30.*
- *The Southern Dallas is 196.7 total square miles. 45% of the City's residents live in Southern Dallas (91% of the residents are minorities in Southern Dallas). **

⁷ REMAs are not defined by fair lending laws, but the concept is not new. The Interagency Fair Lending Examination Procedures reference, "credit markets in which the institution is doing business".
<https://www.ffiec.gov/pdf/fairlend.pdf>

A digitization of the 1937 Homeowners' Loan Corporation 'Residential Security Map' of Dallas, Texas, including the Area Descriptions which were the basis for the neighborhood security ratings.

Description

The plans, laws, and investments made today will shape our communities tomorrow. Indeed, past policies have deep connections to present conditions. Even the most obscure tax codes and legislative acts can lead to tragic outcomes for some communities while paving the way for triumphant opportunities for others. Whether at the Federal, State, or Local level, understanding the laws of the land and the context in which they were created is critical to understanding how disparities have arisen and to improving the health, education, transportation, housing, and economic landscapes of our cities in an equitable and sustainable way.

This web map was developed in order to analyze the historic development patterns in the Dallas region, and to illustrate the legacy of discriminatory policies such as 'Redlining' and the way highway planning and construction interrupted or destroyed the community fabric of the city. The purpose of integrating these spatial data together is to facilitate helpful dialogue about how public decision making and private markets can produce more equitable outcomes for the future health and sustainability of the region.

<https://www.arcgis.com/home/item.html?id=29041b0623ef482981e1bcc50220eff6>

The practice of 'redlining,' outlawed years ago, is still seen as a factor in the lack of progress for some Southern Dallas neighborhoods.

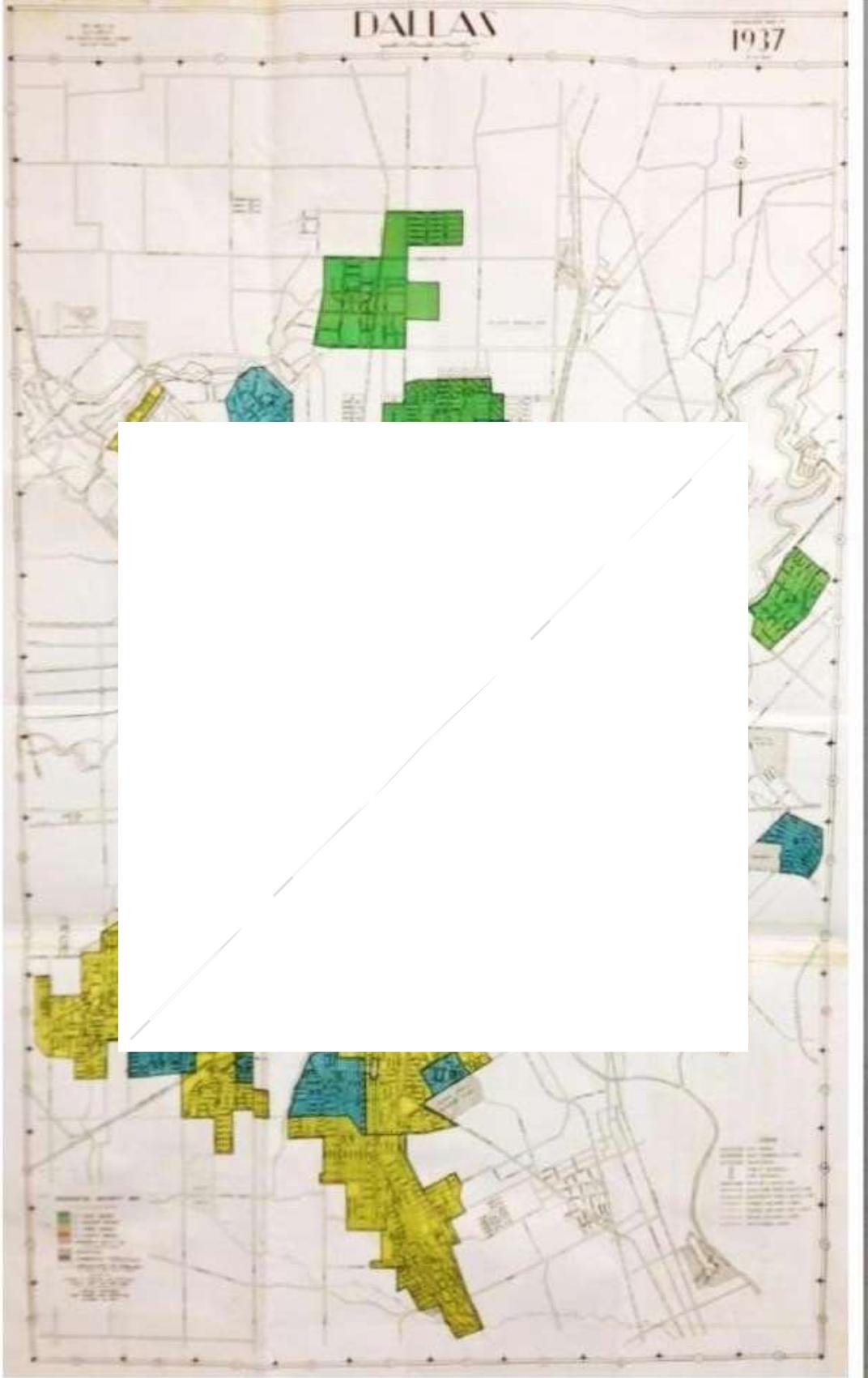
Maps from the 1930s designed some neighborhoods as red zones where investments by banks were considered unsafe.

In Dallas, those neighborhoods tended to be inhabited by people of color and redlining kept them from receiving the investments that other sections of the booming sunbelt city saw over the years.

An interactive online tool released by the National Community Reinvestment Coalition charts out the effects of some of those injustices, combining notorious "redlining" maps of the 1930s with current data on neighborhood income and demographics. Redlining is a term for the denial of loans, mortgages, and other services based on a neighborhood's demographic makeup — in the U.S., black communities have usually been the ones targeted. The practice gets its name from the red outlines drawn around "high-risk" neighborhoods in maps created in the 1930s by the Homeowners' Loan Corporation, a New Deal agency formed to refinance mortgages during the Great Depression.

<https://ncrc.org/holc/>

Those HOLC maps have become infamous as stark visual representations of the government abandoning black communities, as a federal agency labeled nearly any community with a significant minority population "hazardous" for lenders. Researchers at the University of Richmond digitized the maps last year, and its site lets you see HOLC's assessments of each neighborhood, many of them remarkably frank about their racist discrimination. A 1937 HOLC map of Dallas is below. Neighborhoods marked green were considered "best" for government-backed mortgages, blue "still desirable," yellow "definitely declining," and red "hazardous."



23 Southern Dallas Zip Codes

75116, 75134, 75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

Questions from the Southern Dallas Community to US Bank

- How many mortgage loans were made to minority borrowers were in Southern Dallas (City of Dallas)?
- How many mortgage loans were made to minority borrowers in Southern Dallas County?
- How many mortgage loans were made to African American borrowers in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many mortgage loans were made to African American borrowers in Southern Dallas County and how many were in low-income census tracts?
- How many of the small business/small farm loans were made in Southern Dallas (City of Dallas)?
- How many of the small business/small farm loans were made in Southern Dallas County?
- How many of the small business/small farm loans were made in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many of the CRA small business/small farm loans were made in Southern Dallas County and how many were in low-income census tracts?
- How many Commercial loans were made in Southern Dallas (City of Dallas)?
- How many Commercial loans were made in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many Commercial loans were made in Southern Dallas County and how many were in low-income census tracts?
- Also, how do the numbers above compare to Northern Dallas?

Community Ask:

- Increase mortgage lending to minorities by 50%
- Increase mortgage lending to African Americans in Southern Dallas by 50%
- Increase mortgage lending to Hispanics/Latinos in Southern Dallas by 50%
- Increase mortgage lending in Low-Income census tracts by 40%
- Increase mortgage lending in Majority Minority Census Tract by 40%
- Advanced implementation of Section 1071 of the Dodd-Frank Act
- Immediate Implementation of Section 342 of the Dodd-Frank Act
- Create positions for CRA Mortgage Loan Officers
- Perform a credit needs assessment for Southern Dallas
- Conduct a Redlining Risk Assessment for Dallas County
- Establish special purpose credit programs (SPCPs) to address lending disparities in Southern Dallas
 - <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>

Conclusion

We appreciate this opportunity to comment on U.S. Bank 's CRA performance and would look forward to discussing a plan for Southern Dallas and be a leader in addressing inequality in Dallas.

Sincerely,

[Redacted Signature]

President/Chair

[Redacted Contact Information]

[Faint diagonal line]

May 10, 2021

U.S. Bank representatives have been in contact with [REDACTED] since he first reached out to us in late 2020. Strategic Initiatives Manager [REDACTED] communicated with [REDACTED] in January/February via email to coordinate follow-up. [REDACTED] and [REDACTED] from U.S. Bank Home Mortgage held a meeting with [REDACTED] in early March to discuss his concerns, as well as to discuss potential partnership. They also shared that U.S. Bank has a very limited presence in the Dallas market. As a result of the meetings with [REDACTED], U.S. Bank agreed to sponsor a financial literacy fair organized by [REDACTED]. [REDACTED] and [REDACTED] also introduced [REDACTED] to a U.S. Bank Home Mortgage manager in Dallas to discuss openings for mortgage loan officers in the market. U.S. Bank representatives have expressed their willingness to engage in continued dialogue with [REDACTED].