



California
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May 12, 2022

Michael Hsu, Acting Comptroller
Office of the Comptroller of the Currency
400 7th St SW,
Washington, DC 20219
Via email: Jason.Almonte@occ.treas.gov

Jerome Powell, Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551
Via email:

Re: California Reinvestment Coalition supplemental comments in opposition to the applications by BMO Financial Corp and BMO Harris Bank, N.A. to acquire BancWest Holding Inc. and Bank of the West, call for public hearings and extension of the comment period.

Dear Acting Comptroller Hsu and Chairman Powell,

In light of the substantial impact that this proposed merger will have on California without a significant commitment to California communities, the California Reinvestment Coalition and twenty (20) community groups have opposed the applications by BMO Financial and BMO Harris Bank, N.A. to acquire BancWest Holding Inc. and Bank of the West.

In addition, we have called 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 to ensure that all impacted communities have a meaningful opportunity to provide comments to inform your deliberations. To their credit, the Federal Reserve Board of Governors and the Office of the Comptroller of the Currency did hold public hearings regarding the proposed merger of U.S. Bank and Union Bank.

At the beginning of the year, we began constructive dialogue with BMO Harris regarding a Community Benefits Agreement (CBA) that addresses community credit needs in California to ensure that any combined bank increases reinvestment activity in our state by at least 50%. At this time, we have received no formal response to our proposal, which was submitted to the Bank on February 25, 2022. We thank BMO Harris for beginning such discussions, and for making its CEO and key staff available to listen to over thirty (30) California nonprofit organizations describe community credit needs and concerns in February. We continue to await a reply and look forward to continuing a productive dialogue with the Bank for the good of California communities.

We retain serious community reinvestment, systemic risk, consumer protection, and anti-competitive concerns relating to the proposed merger. As examples, we believe that Bank of the West has originated loans to problematic landlords, that mortgage lending disparities persist, that BMO Harris has imposed excessive



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overdraft fees on its customers, and that both financial institutions have harmed the environment and contributed to climate change. A strong CBA is needed to ensure that any pro forma bank will: extend mortgages to all qualified home loan borrowers and communities; prevent displacement financing, support the many very small, women and BIPOC-owned small businesses serving our communities; refrain from charging consumers excessive overdraft and other fees; support the broadband needs of California's diverse communities; engage in philanthropy at a level commensurate with the Bank's size; and promote responsible stewardship of the environment and our economy by mitigating climate change and systemic risk while strengthening climate resiliency.

Relevant information improperly withheld

We believe the Applicant improperly seeks confidential treatment for a number of items that are already a matter of public record or that should nonetheless be made available to the public in the context of this merger. Specifically, we believe the following submissions should be made public:

- From the Bank's April 12 response to the Additional Information (AI) request from the Federal Reserve:
 - Confidential Exhibit A which includes recent community investment partnerships by BMO-FG.
 - Confidential Exhibit B which includes recent CRA qualified investments in minority and women led funds by BMO-FG.
 - Confidential Exhibit C which includes disbursed BMO-FG grants.
 - Confidential Exhibit D which includes organizations BOTW engaged to reach African American and Latine borrowers and communities.¹
- From the Bank's Application:
 - Confidential Exhibits P and Q which include Additional Information regarding BOTW and BMO Litigation Matters, respectively.²

We request the Board and the OCC refuse to provide confidential treatment for these submissions and make these exhibits part of the public record.

Anti-Displacement Measures or Displacement Mortgages?

We are concerned that Bank of the West has originated mortgage loans to problematic landlords that have unlawfully evicted California families. CRC has raised this concern regarding the lending practices of other financial institutions as well. We object to the funding of landlords that displace or harass tenants, unduly raise rents, and/or make units less affordable for the consumers and communities meant to benefit from the CRA. This is all the more troubling where financial institutions have sought and received CRA credit for these displacement mortgages. CRC believes this is an all-too-common scenario where banks originate loans without sufficient due diligence, and then seek community development loan credit for loans secured by properties where the units may have been affordable to LMI residents at the time of origination, but which often foreseeably lead to the direct or indirect displacement of tenants and the loss of affordable units in a community. It is hard to imagine a scenario that is more inconsistent with the goals of the CRA.

¹ See Additional Information Regarding Application by Bank of Montreal and BMO Financial Corp. to Acquire Bank of the West, Letter from Applicants, April 12, 2022.

² See APPLICATION to the OFFICE OF THE COMPTROLLER OF THE CURRENCY by BMO Harris Bank N.A. for prior approval to merge with Bank of the West, January 17, 2022, as listed on Exhibit Volume Indexes, p. 78.



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We believe that Bank of the West originated 169 loans to Breckenridge Prop Fund 2016 LL and 8 loans to Breckenridge Property Fund 201. We further believe that these Breckenridge entities are owned by, or are affiliated with Wedgewood, LLC,³ a real estate firm that has been the subject of significant negative media attention,⁴ and which was sued by our state Attorney General. The Attorney General's complaint alleged that Wedgewood unlawfully evicted tenants and induced them to vacate their units through cash for keys deals so that Wedgewood could increase rents on new tenants after renovating buildings, which were often acquired during foreclosure auctions.

The complaint filed by the Attorney General's office makes several disturbing allegations of unlawful and improper conduct by Wedgewood, LLC, including unlawful evictions, harassment of tenants, failure to maintain habitability of units, illegal debt collection practices, and violations of the Servicemembers Civil Relief Act, the California Homeowner Bill of Rights and other federal and state laws, amongst other allegations.⁵ On December 8, 2021, the Attorney General's office announced a \$3.5 million judgement against Wedgewood which included injunctive relief requiring Wedgewood to alter its practices, provide training to staff, furnish reports to the Attorney General's office, and pay penalties and restitution to unlawfully evicted tenants.⁶

A research paper by Terra Dalton Graziani focused on the practices of Wedgewood LLC in Los Angeles in 2018.⁷ In reviewing property data regarding Wedgewood holdings in Inglewood, eviction filings, and interviews with eviction defense attorneys, the report found that: "It is important to point out that what distinguishes Wedgewood from other real estate investment companies like Blackstone is that it does not act as a landlord long-term – it only flips properties and resells them. Therefore, it is not "providing housing" or any sort of public service. Rather, the only service Wedgewood provides is displacement, in making sure that the buildings it buys are delivered empty to the next buyer."⁸

³ See https://www.lewis.ucla.edu/wp-content/uploads/sites/17/2019/08/2019-Capstone_Graziani_TenantsInForeclosure.pdf

⁴ See https://www.huffpost.com/entry/multimillionaire-greg-gei_b_10057146 , <https://theintercept.com/2020/01/17/moms-4-housing-eviction-wedgewood/> , <https://knock-la.com/los-angeles-rental-speculation-4022d16a0d28/>
<https://twitter.com/tweetbottnbc/status/1212117217975951361?lang=en>

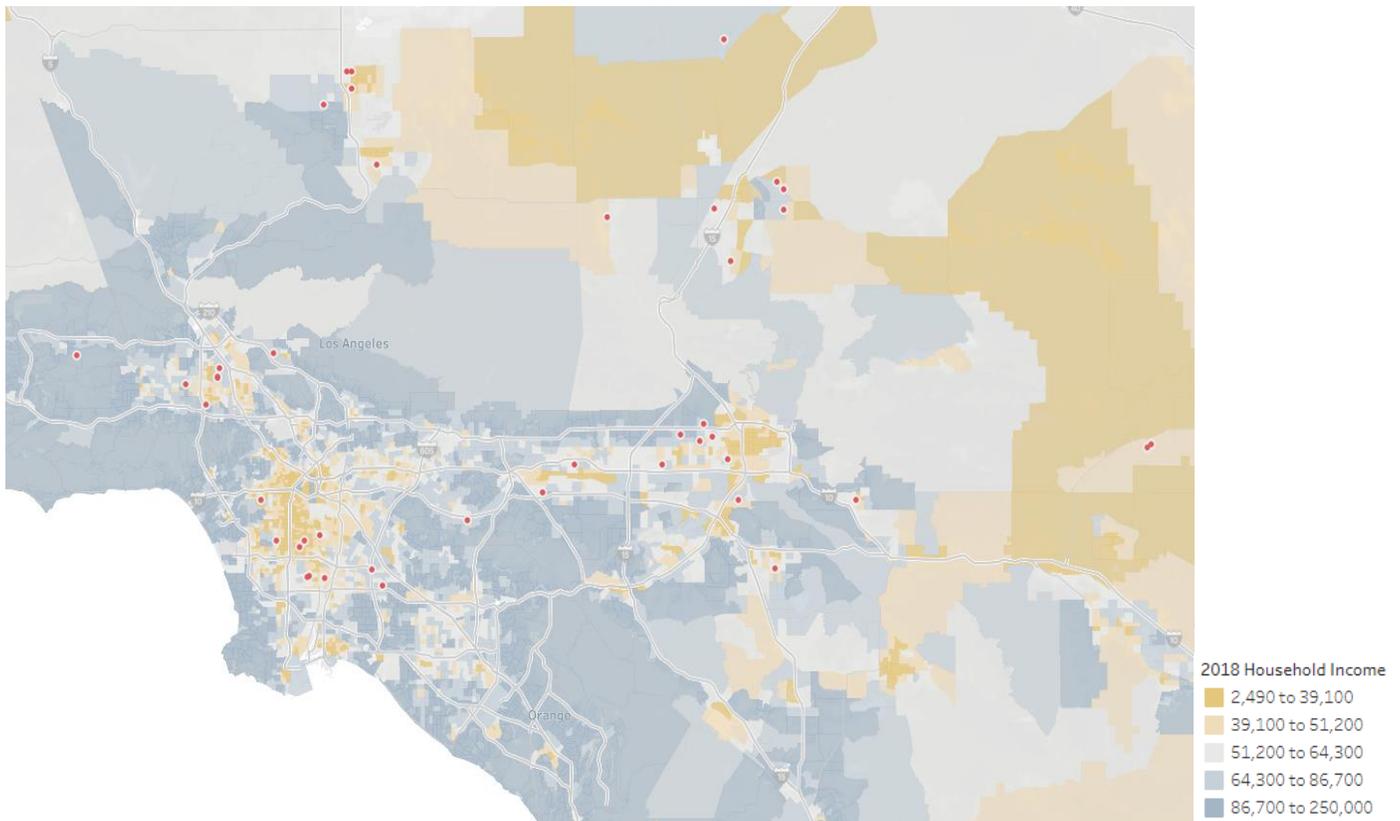
⁵ <https://oag.ca.gov/system/files/attachments/press-docs/complaint%20%281%29.pdf>

⁶ <https://oag.ca.gov/news/press-releases/attorney-general-bonta-announces-judgment-against-real-estate-investment-company>

⁷ https://www.lewis.ucla.edu/wp-content/uploads/sites/17/2019/08/2019-Capstone_Graziani_TenantsInForeclosure.pdf

⁸ https://www.lewis.ucla.edu/wp-content/uploads/sites/17/2019/08/2019-Capstone_Graziani_TenantsInForeclosure.pdf

BOTW Loans to Breckenridge Fund LLC, a subsidiary of Wedgewood Inc.



Within the past year, we believe that Bank of the West has made 40 loans to Breckenridge Property Fund to buy properties in the Los Angeles metropolitan area, with many in low to moderate income neighborhoods. In light of the serious allegations and concerns raised against the practices of Wedgewood Inc., greater regulatory scrutiny is required to determine if any BOTW loans were improperly given favorable treatment during the Bank's prior CRA examination, and whether any BOTW displacement mortgages are enabling harmful conduct and exacerbating community credit needs.

We urge the regulators to review the CRA submissions of Bank of the West to ensure that no community development loan or other CRA credit was given to Bank of the West for loans originated to Wedgewood, Breckenridge Property Fund entities or other borrowers that have a business model or practice of evicting tenants, failing to maintain habitability of units, raising rents and/or removing affordable housing units from the local affordable housing stock. Such displacement mortgages run counter to the goals of the CRA and should result in CRA ratings downgrades, not CRA credit.



BMO Harris should agree to abide by CRC's Anti-Displacement Code of Conduct which has been endorsed by over 100 organizations.⁹ We have called for all financial institutions to enhance their due diligence procedures to ensure they are not lending to problematic landlords subject to litigation and complaints or with displacing business models, that bank borrowers fully understand their obligations to honor state and local tenant protections laws, that banks do not underwrite to higher rents than what tenants are currently paying, that banks follow up with their borrowers and tenants to ensure there are no problems at their properties post-origination, and that banks intervene where problems arise. The banking regulators' recently released Notice of Proposed Rulemaking on CRA appears to acknowledge that banks can play an important role in displacing or stabilizing communities.¹⁰

Home Lending in California

We want to acknowledge and appreciate BMO Harris Bank (BHB) for the transparency it provides in its response to initial community comments. Unlike other banks, BHB identifies the peer group it is using in its analysis and provides actual data on its lending performance in relations to peers, even where it underperforms. This is a welcome contrast to nearly every other bank HMDA analysis we have seen which is silent as to peers, vague as to data performance, and unwilling to concede any deficiency.

2021 HMDA data has been made available since BHB filed its application and since it responded to community commenters in its letter dated March 11, 2022. As such, we urge the regulators to scrutinize the 2021 HMDA data for both BMO Harris and BOTW. Our early analysis, which seeks to replicate BHB's focus on single family lending at less than the national level and as compared to a "similarly sized bank peer group," finds disparities. More specifically, we focus on Bank of the West's lending in California and compare it to bank lenders with a similar number of HMDA-reportable loans.¹¹

- BOTW took in 17,842 applications for single family loans in California and originated 10,139 loans.
- All but 29 of BOTW loans were conventional. BOTW lagged peer performance with regard to the percentage of loans that were FHA (.2% v .3%) and VA (.1% v 1.6%).
- BOTW exceeded peers with regard to LMI tract (LMIT) lending (15.2% v 13.8%) yet lagged peers with regard to lending to LMI borrowers (11.2% v 13%). While mortgage lending in LMI neighborhoods is positive and consistent with CRA, we believe further research is needed to determine if BOTW lending in LMI areas is crowding out home ownership opportunities for LMI borrowers and borrowers of color, or otherwise exacerbating gentrification pressures.
- BOTW barely exceeded peer lending performance in neighborhoods of color (45.1% v 43%).
- BOTW exceeded peer lending to Asian borrowers (21.7% v 16.7%) and matched peer lending to Native American borrowers (.1%), Further research is needed to determine if BOTW lending to Asian borrowers was focused on higher income borrowers and groups that are well served by the traditional market, or if BOTW borrowers were lower-income and represented underserved Asian groups.

⁹ See, <https://calreinvest.org/about/code-of-conduct/>

¹⁰ See for example, NPR, p. 46, available at: <https://www.federalreserve.gov/consumerscommunities/files/cra-npr-fr-notice-20220505.pdf>

¹¹ Includes insured depository institutions with HMDA-reportable mortgage loan volume between 50% and 200% of Bank of the West's total HMDA-reportable mortgage loan volume during the 2021 reporting year.



- Of great concern, BOTW lagged peer lending to African American (1.2% v 2.1%) and Latine (10.4% v 13.5%) borrowers.

Redlining Risk. Focusing on lending activity by Bank of the West and using LendingPatterns software to explore redlining risk,¹² we find statistically significant disparities for BOTW across several categories of activity in neighborhoods of color compared to its activity in white neighborhoods in CA:

BOTW shows statistically significant disparities for its share of applications taken in white neighborhoods compared to its share of applications from:

- Black neighborhoods

Looking at applications that were withdrawn, which can be a measure of high loan fallout suggesting issues with the loan process, BOTW's share of applications withdrawn in white neighborhoods showed statistically significant disparities compared to its share of applications withdrawn in:

- Majority-Minority neighborhoods

Looking at applications that were approved but not accepted, which can be a measure of high loan fallout suggesting issues with the loan process. BOTW's share of applications approved but not accepted in white neighborhoods showed statistically significant disparities compared to its share of applications approved but not accepted in:

- Black neighborhoods

Looking at approvals, statistically significant disparities exist between BOTW share of loan approvals in white neighborhoods compared to its share of loan approvals in:

- Latine neighborhoods
- Majority Minority neighborhoods
- Majority Black/Latine neighborhoods

Looking at loan denials, BOTW shows statistically significant disparities for its share of loan denials in white neighborhoods compared to its share of loan denials in:

- Latine neighborhoods
- Majority Minority neighborhoods
- Majority Black/Latine neighborhoods

More specifically, looking at collateral loan denials, BOTW shows statistically significant disparities for its share of collateral loan denials in white neighborhoods compared to its share of loan denials in:

- Black neighborhoods
- Latine neighborhoods
- Majority Black/Latine neighborhoods

⁸ A product of ComplianceTech.



Finally, looking at subprime loan pricing, BOTW shows statistically significant disparities for subprime pricing in white neighborhoods compared to its:

- Subprime spread to Latine neighborhoods
- Subprime spread in Majority Black/Latine neighborhoods

Gap/Parity Analysis. What do these disparities mean in practical terms? A gap analysis - which considers how many more loans a lender would need to make to achieve parity with regard to its share of lending in white neighborhoods - shows the following:

- Majority Minority Tracts. **BOTW would have needed to originate 1,106 additional loans in California's neighborhoods of color** if it were to achieve parity with its lending in white neighborhoods.

We are concerned that Bank of the West's mortgage lending lags its peers with regard to lending to certain underserved borrowers and communities. We urge the regulators to more fully review and analyze the 2021 HMDA data, investigate any Fair Housing Act concerns, and condition any approval of this merger on the Bank taking concrete steps and making concrete commitments to lend to underserved groups and neighborhoods. We have proposed to the Bank ways to do so, in our draft Community Benefits Agreement, which is attached to this letter.

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

- Set goals to increase lending to borrowers and neighborhoods of color annually.
- Develop a Special Purpose Credit Program to target homeownership opportunities to BIPOC households. We believe that all banks should develop one or more Special Purpose Credit Programs to begin to address the history of discrimination and exclusion of BIPOC consumers and communities from mainstream banking and finance. The SPCP should target 1,106 loans to make up for BOTW's shortfall of loans in neighborhoods of color and should focus on African American and Latine borrowers who have been particularly underserved by BOTW.
- Develop, market, and offer FHA, VA, and ITIN (Individual Tax Identification Number) loan products. Over 99% of BOTW's single-family loan originations in California are conventional loans. FHA lending does appear to provide access for certain borrowers of color and developing an FHA loan product may help the Bank better provide equal access to all borrowers and communities. One important caveat is that we believe that all lenders offering conventional and FHA financing must ensure that their borrowers are able to get the best priced product for which they qualify (in other words, they must "refer up" any FHA applicants to conventional loans for which they qualify). To do otherwise presents its own serious fair housing concerns. We urge BMO Harris to offer and market an FHA loan product and to guarantee its borrowers the best-priced product for which they qualify. BMO Harris indicates that it will offer VA loans.
- Work with nonprofit housing counseling agencies to develop a portfolio product that meets the needs of BIPOC homebuyers and home loan seekers in California, and partner with such groups to reach borrowers that the Bank may be missing.



Foreclosure Prevention and Property Disposition

We urge BMO Harris to:

- Commit to work with housing counselors to reach homeowners before processing any “no contact” foreclosures, which are triggered by a bank’s inability to reach the homeowner. Borrowers may have any number of reasons for failing to respond to servicers, including limited broadband access, language barriers, and fear of contacting a creditor.¹³ In other words, the bank should not foreclose on any California homeowner where the Bank has been unable to contact the homeowner, unless and until the Bank first partners with a local nonprofit housing counseling agency to reach the homeowner.
- Develop policies that put distressed and REO single family and multi-family properties in the hands of nonprofit CDFIs, Community Land Trusts, and other mission-driven affordable housing groups that can potentially preserve the tenancies of any existing occupants and keep the units affordable and off of the speculative market.
- Participate in California’s Homeowner Assistance Fund/Mortgage Relief program and agree to halt all foreclosure activity when a delinquent borrower has applied for HAF funds, in order to prevent dual tracking.

These issues become all the more important as homeowners continue to struggle as foreclosure moratoria have lifted.

Overdraft and Related Fees

While we were pleased to read of BMO Harris Bank’s reform to its overdraft policies, we believe that both banks have here failed to serve community credit needs in this regard and can do better going forward.

BMO Harris’ recent announcements do nothing for consumers who have been gouged in the past by BMO Harris and Bank of the West overdraft practices. In 2020, Bank of the West levied \$41,882,000 in overdraft and related fees on its own customers, which represented 7.6% of net income (\$545,712,000), which was twice the average ratio for the industry. Bank of the West charged even more overdraft fees in 2021, charging its customers \$47,328,000. According to the Center for Responsible Lending, which utilizes this methodology, for all banks with at least \$1 billion in assets that provided data to regulators, 5.0% of noninterest income came from such fees in 2019,¹⁴ and 3.65% in 2020.¹⁵¹⁶

According to analysis by the CFPB, Bank of the West’s overdraft policies have been particularly onerous and oppressive to consumers, charging a high \$35 per overdraft, allowing consumers to overdraft a high 5 times a

¹³ See: <https://frankbuysphilly.com/when-borrowers-ghost-their-servicers/>

¹⁴ Laura Alix, “Two more regional banks are rethinking overdraft fees,” American Banker, June 15, 2021.

¹⁵ Industry aggregate figures for overdraft fees as a percentage of non-interest income for 2019 and 2020 are derived from analysis and methodology employed by the Center for Responsible Lending.

¹⁶ The American Banker has used a similar methodology in analyzing disclosures by more than 500 banks and found that average overdraft fees as a percentage of non-interest income was 2.78% for banks with over \$10 Billion in assets, and 4.49% for banks with \$10 Billion or less in assets. See, Polo Rocha, “Small banks face bigger threat to overdraft fees this time around,” American Banker, July 27, 2021.



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day, and providing consumers a small cushion of \$5 before overdraft fees kick in. And while several of its competitors have made recent changes to overdraft policies, Bank of the West has apparently made none.¹⁷

This is clearly a matter of nationwide and statewide concern. Recently our Attorney General Bonta joined a multistate coalition in urging the nation's largest banks to eliminate overdraft fees.¹⁸

Again, we applaud BMO Harris for taking steps to reduce overdraft fees. But the Bank still charges \$36 per overdraft, a fee even higher than that charged by Bank of the West.¹⁹ While we applaud progress on this front, we note that other banks have gone further, with Capital One abandoning overdraft fees altogether,²⁰ and Bank of America and First Citizens Bank announcing they will reduce overdraft fees to \$10 per overdraft.²¹ We urge BMO Harris to end overdraft charges entirely, or at a minimum, to reduce the fee to \$10.

Branches

We remain concerned that bank branches across the industry have been closing at an alarming rate. Even though this merger does not present concerns about overlapping branches, both banks have nonetheless closed branches in recent years. The closure of branches in LMI, Majority Minority and rural communities demonstrates a failure to adequately serve community credit needs. It also raises concerns about the convenience and needs of communities going forward, as BMO Harris and Bank of the West have not needed merger-related branch overlap to justify closing branches. Branch closures threaten to kill jobs for front line branch workers, push consumers out of the financial mainstream and into higher cost financial products, and reduce the flow of capital into the community. One Federal Reserve research paper has shown a correlation between branch presence and small business lending.²²

According to research by the National Community Reinvestment Coalition²³:

- Bank of the West closed 19 branches between 2017 and 2021.
 - BOTW closed more branches in Majority Minority Neighborhoods than White Neighborhoods.

¹⁷ https://files.consumerfinance.gov/f/documents/cfpb_overdraft-chart_2022-02.pdf

¹⁸ <https://oag.ca.gov/news/press-releases/attorney-general-bonta-calls-nation%E2%80%99s-largest-banks-eliminate-overdraft-fees>

¹⁹ <https://www.bmoharris.com/main/personal/checking-accounts/overdraft>

²⁰ Allissa Kline, Jon Pryor, Laura Alix, "Why more banks are weaning themselves off overdraft fees," American Banker, June 3, 2021, noting that Ally Bank will permanently stop charging overdraft fees, and that Huntington Bank launched a line of credit for emergency expenses that figures to erode its overdraft fee revenue. PNC Financial Services Group and Cullen/Frost Bankers had announced changes earlier this year that are expected to reduce their haul from overdraft fees.

²¹ See, <https://www.americanbanker.com/news/first-citizens-bancshares-slashing-overdraft-fee-to-10>

²² Anenberg, Elliot, Andrew C. Chang, Serafin Grundl, Kevin B. Moore, and Richard Windle (2018). "The Branch Puzzle: Why Are there Still Bank Branches?" FEDS Notes. Washington: Board of Governors of the Federal Reserve System, August 20, 2018, <https://doi.org/10.17016/2380-7172.2206>, noting, "among banks that are CRA reporters the share of loans made by lenders without a local branch presence remains quite low. This finding suggests that local branch presence is still important for small business lending."

²³ <https://ncrc.org/the-great-consolidation-of-banks-and-acceleration-of-branch-closures-across-america/#:~:text=Last%20year%2C%20NCRC%20released%20a,%E2%80%94%20a%2014%25%20loss%20nationally.>



- BOTW closed more branches in LMI Neighborhoods than Middle- and Upper-Income Neighborhoods.
- BMO Harris closed 38 branches, or 7.1% of its branch network, during the same period of 2017-2021, a higher percentage than the average rate of branch closures.
 - BMO Harris had a 4.1% decrease in branch presence in LMI Majority Minority Neighborhoods.
- BMO Harris closed 31 branches during the first 20 months of the pandemic, a 241% increase over its 9 branch closures in the 20 months preceding the pandemic.

Bank of the West National Branch Closures

Detailing Branch Change By Area (2017 - 2021)

	Majority Minority	Majority White	Grand Total	Area
				United States
Low & Moderate Income	-3.3%	-4.5%	-3.8%	
Middle & Upper Income	-6.5%	-2.6%	-3.4%	Institution
				Bank Of The West
Total	-4.8%	-2.9%	-3.5%	

BMO Harris National Branch Closures

Detailing Branch Change By Area (2017 - 2021)

	Majority Minority	Majority White	Grand Total	Area
				United States
Low & Moderate Income	-4.1%	-1.4%	-2.5%	
Middle & Upper Income	0.0%	-8.8%	-8.4%	Institution
				Bmo Harris Bank National Association
Total	-2.8%	-7.7%	-7.1%	



Pandemic Era Branch Closures by Bank

The 25 banks that closed the most branches over the 20 month period from March 1, 2020 through October 31, 2021 compared with their closure rate over the 20 months prior to the Pandemic.

Click on a column header to sort.

	Bank Name	Pandemic	Pre-Pandemic	Change in Closures ▼
1	HSBC Bank	-88	-4	2100%
2	Northwest Bank	-44	-3	1367%
3	MUFG Union Bank	-51	-5	920%
4	Simmons Bank	-36	-6	500%
5	Old National Bank	-33	-8	313%
6	BMO Harris Bank	-31	-9	244%

The importance of bank branches is heightened in rural communities. A report by the Consumer Financial Protection Bureau (CFPB) found that rural Americans depend on physical branches, with 9 out of 10 households visiting a bank branch in 2019. The report further found that rural consumers were less likely to have a credit history and more likely to use non-bank financial providers, paying more for credit.²⁴

BMO Harris must commit to open branches in LMI, of color and rural communities in California at the same time that it commits to no branch closures in our state.

Small Business Lending

While we believe that both Bank of the West and BMO Harris have done a good job lending to small businesses in LMI neighborhoods, we are concerned that both banks may focus small business lending on larger companies, on larger loan sizes, and through the use of credit cards, which generally come at higher rates than term and other loan products.

An analysis of Bank of the West's 2018-2020 small business lending data in California found:

- 5529 total loans originated
- 39% of loans were originated to businesses with revenue less than \$1 million
- 30% of loans were originated in LMI neighborhoods

²⁴ <https://www.consumerfinance.gov/about-us/newsroom/cfpb-releases-report-on-financial-challenges-facing-rural-communities/>



CRC urges that at least 50% of all non-credit card small business loans to be originated to business with less than \$1 million in revenue, and for at least 50% of all small business loans to be originated in loan amounts of less than \$250,000.

BMO Harris record on small business lending is even worse using this metric. From 2018 through 2020, CRA Small Business Lending data in California show:

- 5,016 total business loans
- 30% to businesses with revenue less than \$1 million
- 30% in LMI neighborhoods.

We do not know how much of BOTW or BMO Harris' small business lending is credit card lending, though we suspect it might be a substantial percentage. CRC has long discouraged the reliance by banks on credit card lending to serve small businesses.

While Bank of the West acknowledges it has no specialized products targeted to African American and Latine borrowers, BMO Harris is to be commended for establishing a Special Purpose Credit Program for such businesses and for announcing a \$5 Billion commitment to underserved businesses.

As part of this merger, BMO Harris should commit to:

- Prioritize non-credit card lending to small businesses.
- Increase small business lending in LMI census tracts each year.
- Originate 50% of non-credit card small business loans to businesses with less than \$1 million in revenue.
- Originate 50% of non-credit card small business loans in loan amounts of \$250,000 or less.
- Commit \$100 million in loans to be originated through the Bank's SPCP to African American and Latine small business owners in California, refining the product as needed in consultation with CRC and other community groups.
- Actively participate in the state's Small Business Loan Guarantee Program and otherwise leverage SSBCI funds that are expected to come to the state to support small businesses.

Broadband

In the US, 6% of Americans, or more than 20 million people, do not have access to high-speed Wi-Fi. Many of them live in rural areas. The World Economic Forum reported that this number is likely understated and that 19 million unconnected households are in rural areas.²⁵

The Federal Reserve Bank of Kansas found that there are two reasons for the lack of adoption of financial services – financial exclusion and digital exclusion.²⁶ Without widespread access and connection to high-speed

²⁵ <https://www.weforum.org/agenda/2020/04/coronavirus-covid-19-pandemic-digital-divide-internet-databroadband-mobbile/>

²⁶ <https://forbes.com/advisor/banking/digital-divide-and-its-impact-on-banking/>



Internet, technology will never be the great equalizer. Instead, it will continue to widen the divide and underscore the systemic racial barriers that permeate multiple overlapping systems.

While a record percentage of California households are connected to the Internet, 15% of households in the state, nearly 2 million people, are digitally disadvantaged. Approximately 1.25 million, or roughly 9.6%, are unconnected, and approximately 730,000, or roughly 5.6%, are under-connected. The digital divide remains especially challenging for a sizable number of low-income and Latine households, seniors, and people with disabilities. With so many activities having gone digital during the pandemic, such as online banking, the disadvantage only has grown more acute. Affordability is the main reason that keeps households from connecting to the Internet, with digital literacy and the lack of appropriate computing devices also being relevant factors.²⁷

The Biden Administration has proposed closing the digital divide by including a \$65 dollar investment to ensure that, “Every American has access to reliable high-speed Internet,” and by lowering the cost of Internet for low-income households by requiring providers to offer low cost, affordable plans.²⁸ This public investment of taxpayer dollars seeks to end “digital redlining” while also growing the customer base for privately owned Internet providers. Our Governor and Legislature have also committed significant resources to addressing digital equity issues.²⁹

We believe that banks and other financial institutions should become part of the digital equity solution. Specifically, banks must support efforts to increase infrastructure access to high-speed broadband, increase access to devices and increase access to digital literacy training on a wide scale. The BMO Harris/BOTW transaction represents a large merger involving banks that are likely to have CRA assessment areas including underserved Native American communities and tribal lands, as well as rural communities with insufficient broadband access.

A series of CRC surveys of financial institutions, CRC member organizations, and participants in CRC’s Economic Health Promotora program found that:

- Banks are funding a variety of broadband initiatives and are motivated to garner CRA credit for such activities, but often want to better understand local broadband needs, opportunities, and capacities.
- A majority of CRC and Greenlining Institute member respondents indicated that broadband access was a significant need in their communities.
- 40% of Economic Equity Promotora workshop participants reported they did not have internet access before the pandemic, while 22% reported they gained access during the pandemic due to policy and program initiatives designed to increase access.

We urge BMO Harris to make a substantial commitment to increasing digital equity and broadband access in our state through one or more of the following activities:

²⁷ <https://www.cetfund.org/action-and-results/statewide-surveys/2021-2/>

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

²⁹ <https://www.gov.ca.gov/2021/07/20/governor-newsom-signs-historic-broadband-legislation-to-help-bridgedigital-divide/>



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- Providing starting and working capital to Internet Service Providers (ISPs) looking to expand their footprint in underserved markets.
- Providing volunteers to assist businesses involved in digital equity and seeking to expand broadband access with financial planning and marketing.
- Extending grant funding to businesses to get connected to middle-mile fiber lines.
- Extending grant funding to local organizations seeking to expand digital equity and inclusion via computer/device supply, digital literacy training, and other measures.
- Providing in-house digital literacy training coupled with financial literacy training for bank customers, particularly those who may be impacted by mergers and potential bank branch closures.

Contributions

According to Bank of the West's CRA Performance Evaluation, it donated \$9.3 Million in philanthropy from 2017-2019. We find this to be extremely low for a bank of its size and reflect poor performance and a significant failure to help meet community credit needs. BMO Harris should commit to substantially increase contributions to support homeownership and affordable housing, small business and economic development, financial coaching and wealth building initiatives, fair housing and tenants' rights, and efforts to combat homelessness and displacement in California.

Climate Resiliency and Fossil Fuels

We appreciate that federal banking and other regulators are looking increasingly to the risks to our financial sector of climate change. We believe that banks can continue to play a key role in the further destruction of our planet or, alternatively, can help move our economy and communities towards climate resiliency. The consequences of this decision will have the greatest impact on the low- and moderate-income communities and communities of color that the CRA is meant to benefit, and that should be at the forefront of the regulators' analysis of this merger application.

That is why we are genuinely concerned to see BNP Paribas and Bank of Montreal MUFG listed as #10 and #16 on a list of financial institutions funding fossil fuels, with \$120.825 Billion and \$97.207 Billion respectively, in support of this destructive industry from 2016 through 2020.³⁰ Combined, a BNP/BMO pro forma bank would rank as the #4 funder of fossil fuels.

Further RAN analysis shows bank holding company BNP Paribas to be among the largest underwriters of fossil fuel bond and equity issuances.

³⁰ See Rainforest Action Network (RAN), "Banking on Climate Chaos," at: <https://www.ran.org/wp-content/uploads/2021/03/Banking-on-Climate-Chaos-2021.pdf>



World's largest underwriters of fossil fuel bond and equities issuances, 2020

Company	Fossil fuel underwriting		Fossil fuel lending		Total fossil fuel financing (\$B)
	\$B	%*	\$B	%*	
Citi	33.28	68.77	15.11	31.23	48.39
JPMorgan Chase	33.14	64.60	18.16	35.40	51.30
Bank of America	31.44	74.59	10.71	25.41	42.15
Barclays	23.24	83.89	4.46	16.11	27.70
ICBC	20.95	70.98	8.57	29.02	29.52
Morgan Stanley	17.85	87.22	2.62	12.78	20.46
MUFG	16.94	58.27	12.13	41.73	29.07
Goldman Sachs	16.43	86.74	2.51	13.26	18.94
BNP Paribas	15.73	38.62	25.01	61.38	40.75
HSBC	15.36	65.26	8.18	34.74	23.54

Data compiled Oct. 27, 2021.

Figures are based on an analysis of 60 of the world's largest banks by total assets as featured in the Banking on Climate Chaos Report 2021.

* Percentage of the bank's total fossil fuel financing in 2020.

Source: Rainforest Action Network

As such, we urge the Banks, consistent with International Energy Agency (IEA) Net Zero Emissions Scenario standards³¹, to:

- Agree to end all financing of fossil fuel expansion.
- Agree to best in class disclosure of fossil fuel and climate related activity.
- Acknowledge that climate change has an outsized impact on the financially vulnerable.
- Commit to significant investment in the development and construction of energy efficient and climate resilient affordable housing and energy efficiency improvements for homes and businesses and green spaces in communities of color.
- Take a position of supporting the SEC climate disclosure rules.

Communities impacted by bank mergers such as this proposed merger have the right to basic facts about how banks are addressing or exacerbating the climate crisis so that they can make informed decisions about which institutions with which they choose to bank and conduct business. Such information should include, at a minimum, annual disclosure of quantitative and qualitative data regarding environmental issues, exposure to carbon-intensive activities and assets, and details on fossil fuel financing and clients. Any pro forma bank must be transparent about its impacts on the environment and must begin to ramp up its investments in green initiatives in order to mitigate the harm caused by past investment policies.

³¹ See, <https://www.theguardian.com/environment/2021/may/18/no-new-investment-in-fossil-fuels-demands-top-energy-economist>



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Labor Rights

In 2018, BNP Paribas and UNI Global Union entered into a labor agreement that addresses fundamental employee rights relating to: human rights, social dialogue and trade union rights; social and environmental responsibility; employment management and change management; gender equality in the workplace; promotion of diversity and inclusion; preventing and combating psychological and sexual harassment; and health and quality of life at work.³² We urge BMO Harris to accept these or substantially similar commitments. If BMO Harris rejects these employee rights principles, then the acquisition by BMO Harris of Bank of the West could not be said to provide a public benefit, as required.

Public Hearings Are Required

Again, we urge the Federal Reserve Board and the Office of the Comptroller of the Currency to grant our request for public hearings and an extension of the comment period. The agencies agreed to hold such hearings for the proposed merger of U.S. Bank and MUFG Union Bank, another merger that threatens to have an outsized impact on California. Granting a public hearing will enable the agencies to meet their responsibility to subject this mega merger to the close scrutiny it demands. We urge the regulators to reject this merger proposal unless BMO Harris commits to a strong Community Benefits Agreement that is negotiated with community groups and which has mechanisms in place to ensure compliance and public benefit. And the only way to meaningful ensure compliance with any CBA is for the regulators to condition merger approval on the acceptance of, and continuing compliance with, a strong CBA.

We include as an attachment a proposed CBA that we submitted to the Bank over two months ago and to which we still await a formal response.

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

If you have any questions about this letter, or would like to discuss the matter further, please contact Paulina Gonzalez-Brito at pgonzalez-brito@calreinvest.org, or Kevin Stein at kstein@calreinvest.org.

Thank you for your consideration of our views.

Sincerely,

Paulina Gonzalez-Brito
Executive Director

Kevin Stein
Chief of Legal and Strategy

Jamie Buell
Research Analyst

³² <https://group.bnpparibas/en/news/global-agreement-leads-breakthroughs-employee-rights-group>



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



CRC's Draft Proposal for a BMO Harris California Community Benefits Agreement 2.25.22

Overall commitment:

Beginning in 2023 and extending over the next 5 years, BMO Harris 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 \$30 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 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 - \$7 Billion in LMI Mortgages:

- *Mortgage volume*: 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.
- *Government insured mortgages*. Increase marketing and origination of FHA and VA 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.
- *Mortgage disparities*. Close the gap each year where proportional lending to different race/ethnic borrowers and communities (ex. lending to African American borrowers) lags peer performance and exceed peer performance in these lending categories by year 5.
- *ITIN mortgages*: Market and originate a mortgage product that is accessible to Individual Tax Identification Number (ITIN) borrowers.
- *SPCP*. Work with community groups to develop a Special Purpose Credit Program (SPCP) mortgage product to target underserved BIPOC homebuyers in California and commit \$100 million for such loans.
- *Support for first time homebuyers*. Provide assistance to first time homebuyers which could include assistance that (a) is up to 3.0% of the purchase price for properties in LMI census tracts, without income restrictions and (b) up to 5.0% for properties in LMI census tracts with income restrictions and (c) 7.5% for properties in LMI census tracts, with income restrictions, and minority populations greater than 50%.



- *Ethnic Media*: Provide \$2.5 million in grants over the course of the Plan to nonprofit organizations and ethnic media that will assist the bank in reaching additional LMI and diverse homeowner and prospective homebuyer clients. Grants will be awarded through an open and transparent process. These marketing dollars shall be separate from the Bank's philanthropy budget.
- *Loan officers*: 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.
- *Housing counseling support*: Provide \$7 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.
- *Homeless prevention*: Provide \$2 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 American residents.
- *Appraisal bias*: 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.
- *Foreclosure Prevention*:
 - 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 contacted the homeowner, and consider the homeowner for all available loss mitigation options before resuming foreclosure proceedings.
 - Continue participation in the California Mortgage Relief Program and commit to halt all foreclosure proceedings where homeowners have applied for such relief.
- *REO policies*: Extend a right of first refusal to non-profit organizations, including Community Land Trusts and nonprofit affordable housing groups, on Bank REO properties (single family and multi-family properties). The Bank should make 50% of such properties available at no or low cost to nonprofit groups.

Small Business Lending - \$15 billion in Small Business Lending

- *SBA, term loans, and lines of credit (non-credit card 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.
- *Smaller loans and smaller businesses*: Achieve 50% of the 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.
- *ITIN loans*. Lend to small business owners that do not have a social security number and use ITIN.
- *Line of credit initiative*. Develop a line of credit product for smaller businesses, in partnership with CDFIs and small business technical assistance providers who focus on increasing contracting and revenue opportunities for disadvantaged businesses. This partnership will focus on working with CDFIs and technical assistance agencies led by people of color. This should include capacity building support to implement the product(s) using the bank's own technology and/or technical capacity. Dedicate \$25 million to support this effort.
- *Plan to target smaller businesses*. 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:
 - *Unrestricted grants*. Provide unrestricted CRA-qualified charitable contributions for organizations to use as they see fit.
 - *Technical assistance and loan loss reserve*. Support small business technical assistance provided by nonprofit providers and commit to allocate \$2 million annually for technical assistance and \$500,000 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.
 - *Referral programs*. Formalize a process to refer a minimum of 30% of small business loan denials to local Technical Assistance providers, CDFIs and/or other community development lenders in the Bank's assessment areas. Prioritize BIPOC led TA providers, CDFIs and other community development lenders and expand referral program partners.
 - *SGLP*. Actively participate in the California state-guarantee loan program.
 - *SSBCI*. Actively participate in SSBCI programs which will provide a meaningful opportunity for the bank to leverage federal dollars.
 - Work with the CA IBank, Minority Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs) and other mission driven capital providers to develop a U.S. Department of Treasury approved \$1 Billion "LOAN PARTICIPATION" program supported by a 10% loss share by the IBank's SSBCI 2.0 allocated funds to achieve the 10:1 leverage goal.



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- Work with Minority Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs) and other mission driven capital lenders to collaborate and develop data collection and reporting platforms to comply with the final Section 1071 rules.
- *SBA*. 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.
- *SPCP*. Work with community groups to develop and/or bring to California a Special Purpose Credit Program (SPCP) product with a goal of advancing credit access for underserved small businesses and commit \$300 Million for this program.
- *Ethnic media*. Provide \$2.5 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.
- *Grants to small businesses*. Set aside \$10 million to provide direct grants to small business owners suffering from pandemic related impacts.
- *Donate PPP fees*. Donate all of the Bank's proceeds from PPP loans to grants to small businesses with less than \$1 million in revenue or to CDFIs and other community led initiatives to mitigate the adverse impacts of COVID-19, with a targeted focus on supporting organizations led by and serving BIPOC. These PPP dollars will be separate from the Bank's philanthropy budget.

Community Development - \$5 billion in CD lending and \$3 billion in CD investments:

- *Deep affordability*. Ensure that at least 70% of lending and investment in affordable housing is targeted to deed restricted affordable rental housing for persons experiencing homelessness, extremely low-income households, and very low-income households.
- *Developers of color*. Create a \$20 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.
- *Community lender EQ2 funds*. Dedicate \$200 million annually in EQ2 funds, of which an annual pool of \$100 million will be establish for Community Development Financial Institutions, Community Development Corporations, faith-based lenders, and other non-profit community development funds led by people of color and with assets less than \$2 million, initiated through formal broad based "request for proposal" (RFP) processes.
- *CLT product*. 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. Provide mortgages for homeowners purchasing as part of a CLT ownership structure, including with ITIN mortgages. Commit funding for CLTs and Limited Equity Coops.
- *Broadband*. Support regional and local efforts to bring high speed internet/broadband to underserved communities and residents through:



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- 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 \$20 million to these efforts.
- *Acquisition rehab.* Commit \$25 million for investments (\$22 million) and capacity building grants (\$3 million) to support housing nonprofits including community land trusts and community efforts to acquire and preserve distressed assets, consistent with state policy to encourage the purchase of distressed properties with up to 25 units by nonprofits, community land trusts, and tenant occupants.
- *SBICs.* Invest annually in CRA-qualified small business investment companies (SBIC's), with 20% targeted for minority enterprises.
- *In-fill.* Prioritize infill and small site development.
- *Green housing.* Help nonprofits purchase, refinance, weatherize, decarbonize, and provide high speed internet in their buildings.
- *Green initiatives.* Dedicate \$25 million in investment dollars for community development initiatives that bolster climate resiliency and that are led by people of color and located in communities of color.
- *Public banking.* Dedicate investment and deposit dollars to support any state or local public bank established in California.
- *LIHTC.* Commit to Low Income Housing Tax Credits for 2023 at \$225 Million and increase this amount by 25% each year over 5 years. This increase in LIHTC investments is meant to acknowledge the unique impact of this merger on California communities.
- *Staffing.* Commit to hire community development staff to be located in and serve each region of the state, including, at a minimum: Los Angeles, Southern California, the Central Valley, the San Francisco Bay Area, and the Northern counties.

Consumer:

The Bank agrees to:

- *BankOn.* Offer, actively market and service an account that serves the banking needs of the unbanked, underbanked, and low-to-moderate income communities within the Bank's assessment areas within one year from the date of this commitment. This will be done in accordance with the BankOn standards, and 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 an SSN for financial products.
- *Overdraft fees.* Further refine overdraft policies to eliminate overdraft fees, or, at a minimum, to reduce the charge per overdraft to \$10.



- *Waive EBT fees.* Commit to reconfigure all ATMs to waive out-of-network surcharges for California public assistance recipients who use Electronic Benefits Transfer Cards (EBT).
- *Youth account.* 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.
- *Age-friendly account.* Establish an age friendly bank account that is also accessible to survivors of domestic violence.
- *State bank accounts.* 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.
- *10 new branches.* Commit to opening 10 new branches in LMI neighborhoods of color and rural communities and consult with community groups before selecting locations.
- *No branch closures.* Commit to not close ANY branches in LMI neighborhoods or neighborhoods of color.
- *Payday alternative.* The Bank will develop a meaningful low-cost alternative to payday loans.
- *Language access.* Make a commitment to meet the language access needs of California's diverse population. This will include:
 - Striving to provide written and oral language access in the top 5 non-English languages spoken in California.
 - Increasing multi-lingual staff or hiring third-party language service providers to translate materials (e.g., contracts, marketing collateral, loan applications, legal documents, borrowers' information and supporting documents, etc.) as well as provide interpretation services and other forms of language support to facilitate residential mortgage originations, small business lending, and/or other banking needs through its contact center and at all of its branches.
 - Taking steps to ensure that web portals and mobile apps are accessible in languages other than English.
 - Providing financial literacy classes and education about financial products in multiple languages to reach unbanked and underbanked LEP immigrants.

Charitable Donations – \$50 Million:

- *Track.* 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.
- *Capacity building.* Support capacity-building grants for faith-based organizations engaged in community development and advocacy efforts.
- *Housing and economic development focus.* Commit that at least 70% of the Bank's contributions will be for housing, economic development, financial capability, fair housing, organizing and legal services.



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- *Step up grants.* Dedicate \$8 Million for contributions in 2023 and increase this amount by \$1 Million each year. This annual increase in contributions is meant to acknowledge the unique impact of this merger on California communities.

Policy:

- *Anti-displacement.* 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.
- *1071.* 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. Be a supportive voice as the CFPB finalizes the rule and commit to work with community groups to establish new small business lending goals by race, ethnicity, and gender when the data is public.
- *Climate Risk and Community Investments.* Develop a strategy for handling climate change-induced risk, decarbonizing investments, and proactively investing in projects that promote community resilience. This should include reviewing the Bank's investment portfolio to assess both physical and transition risk and a commitment to divest from fossil-fuel intensive industries. The Bank should provide detailed reporting on its efforts. The Bank should also ensure its community development efforts include investments to promote climate resiliency that build wealth in communities of color.
 - This could include expanding the Bank's commitment to its auto loan product and supporting an equitable transition to a green economy.
 - Develop a flexible financial vehicle to support low-to-moderate individuals to transition their homes to affordable solar energy solutions which would reduce their overall costs of living.
- *Human rights.* Endorse the International Labour Organization's [Declaration on Fundamental Principles and Rights at Work](#), by confirming that "BMO strives to create a positive workplace with open lines of communication. As such, it respects the right of all people to join or not join a trade union to bargain collectively."
- *Anti-trafficking.* Endorse and implement the Finance Against Slavery and Trafficking (FAST) framework.

Board Diversity:

- *Disclosure.* Publicly disclose detailed demographic employment information for all employment levels, including for its Board of Directors and top executives. Many banks already voluntarily annually disclose their full EEO-1 employment data in a form readily available to facilitate benchmarking among peer banks.
- *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.



Supplier Diversity:

BMO Harris commits to increase its spending with diverse suppliers, set a goal of 20% diverse spend, and increase the number of BIPOC suppliers the bank works with over the plan's period. The 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.

Racial Equity Audit:

BMO Harris will collaborate 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.

Community Advisory Board

The bank shall establish a community advisory board (CAB), comprised of individuals who are deeply connected to the local underserved markets across California. The CAB shall work with the bank to vet, review and support the bank's CRA and business strategies with a lens on meeting the unique needs of California's diverse markets.

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.
- The Bank will include this CRA plan in its application to the regulators.
- BMO Harris Bank commits to making the plan public and making it available on its website.
- BMO Harris Bank commits that before the 5-year period is up, it will negotiate a new plan with these community partners.