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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

NATIONAL COMMUNITY REINVESTMENT
COALITION; CALIFORNIA
REINVESTMENT COALITION,

Case No. 20-cv-04186-KAW

DECLARATION OF TATE HILL

Plaintiffs,

vs.

BRIAN P. BROOKS, Acting Director, Office of
the Comptroller of the Currency, in his official
capacity; OFFICE OF THE COMPTROLLER
OF THE CURRENCY

Defendants.

DECLARATION OF TATE HILL

I, Tate Hill, declare as follows:

1. The facts in this declaration are based on my personal knowledge.
2. I am the Executive Director of Fresno CDFI d/b/a Access Plus Capital, a non-profit community development financial institution (“CDFI”) based in Fresno, California.
3. Access Plus Capital is a non-profit subsidiary of Fresno Economic Opportunities Commission (“Fresno EOC”), which began providing micro-loans to refugees in Fresno County in 1993. In 2008, Fresno EOC created Access Plus Capital (then just called Fresno CDFI) to provide lending services to low- and moderate-income communities in Central California.
4. Access Plus Capital and Fresno EOC are members of the California Reinvestment Coalition.
5. In the past 12 years, Access Plus Capital has provided more than \$35 million in loans to businesses in the Central Valley, covering 14 counties that stretch from Kern and Inyo County to San Joaquin County. The areas we serve are largely rural and highly underserved, and have high proportions of people of color.
6. In 2019, for example, we provided nearly \$6.7 million in loans to 44 businesses,

1 from print shops and home design stores to janitorial companies and daycare centers. 67% of that
2 funding went to entrepreneurs of color and 58% to women-owned businesses.

3 7. We offer loans that meet a wide variety of needs, from micro-loans as small as
4 \$5,000 to enterprise loans of up to \$1,000,000. We are also one of the few CDFIs that provide
5 loans to startups.

6 8. Many of our customers have previously tried and failed to get loans from
7 traditional banks, or didn't have a banking relationship at all before working with us. Because of
8 the high poverty and lack of economic opportunity in our region, many entrepreneurs don't have
9 the credit profile that banks look for. As a result, many of our customers must turn to online
10 lenders, who often have rates above 30% or other onerous features such as daily draws. Many of
11 our customers come to us to refinance predatory products like that, or even investment notes from
12 lenders that aren't registered financial institutions.

13 9. In contrast, all of our loans are provided at less than 10% interest, with an average
14 rate of 8.5%. We work with our customers to identify products that fit their particular financial
15 circumstances, such as federally supported guarantee, collateral support, or credit enhancement
16 programs.

17 10. We also provide a substantial amount of technical and financial management
18 assistance to our customers, such as strategic management and accounting training and post-loan
19 assistance on financial issues. In many cases, we have been able to help companies improve their
20 credit profile and economic track record to the point that traditional banks welcome them as
21 customers.

22 11. We get a significantly higher number of loan applications than we can support with
23 our current budget. In 2019, for example, we received about \$45 million in combined loan
24 applications, but could only fund about \$6.7 million in loans. This year, the disparity will be even
25 worse; due to the pandemic and the economic crisis, financial distress and, as a consequence, loan
26 applications have skyrocketed in our communities.

27 12. While we get some federal funding from the US Treasury CDFI Fund and similar
28 sources, it covers only a small fraction of the total amount we provide in lending each year.

1 Instead, the vast majority of our loans are funded by investments and loans from private sources—
2 most commonly, banks subject to the Community Reinvestment Act.

3 13. Typically, banks give us an investment loan that we then use to lend to our clients.
4 Banks are often explicit that their investments are tied to their CRA obligations. They will
5 approach us with particular targets they want to hit in particular areas—for example, asking if we
6 can support lending in a specific county where they need to improve their performance for CRA
7 evaluations. Some banks also refer customers to us, when one of their clients who doesn't fit the
8 bank's lending profile comes to them for a loan.

9 14. Access Plus Capital and Fresno EOC provide a number of other community
10 services that similarly rely on CRA-eligible funding. For example, Access Plus Capital created
11 financial literacy programs that Fresno EOC provides to tens of thousands of people each year.
12 These programs are funded in part by CRA-eligible grants from banks.

13 15. Fresno EOC also worked with Self Help Federal Credit Union to open a branch in
14 Southeast Fresno, in an area where payday lenders are the main financial provider available. Self
15 Help obtained secondary capital and seed deposits from Fresno EOC, Access Plus Capital, and
16 banks to help the credit union get off the ground.

17 16. More generally, Access Plus Capital and Fresno EOC have played a significant role
18 assisting our communities to advocate for and obtain financial services. Together with the
19 California Reinvestment Coalition and National Community Reinvestment Coalition, we brought
20 together four major banks to address access to services in our region. By presenting data about the
21 needs of our communities, patterns of investment and disinvestment, and the banking services that
22 were currently on offer, we were able to identify ways that banks could best use their CRA
23 activities to support our underserved communities. As a result, in the past two years, the number
24 of banks with community development and CRA representatives in the Central Valley has gone
25 from one to five, including several OCC-regulated banks. Among other benefits, this allows us to
26 leverage our relationships with the banks to connect members of community with potential
27 lenders.

28 17. If banks could ignore our communities without harming their CRA scores, we

1 would be at a substantial risk of losing significant funding and needing to reduce the amount of
 2 services we provide. As explained above, the loans we receive from our banks to re-lend to small,
 3 underserved businesses are often explicitly motivated by the need to meet CRA obligations in our
 4 areas. If banks can satisfy their CRA obligations by funding more attractive projects in better-
 5 served areas, their incentive to attend to our communities’ needs will diminish significantly and
 6 much of our funding will disappear.

7 18. Despite our efforts, our communities—many of them high-poverty, rural
 8 communities of color—are not attractive areas for banks to focus. Over the past 10 years, we’ve
 9 seen a steady decrease in the number of branches in our rural communities, even though a
 10 significant amount of cash moves in through those areas because of the presence of migrant farm
 11 labor. Where there are no bank branches, there are no bank employees engaging with those
 12 individuals and businesses or providing merchant services. This creates issues for businesses that
 13 need to obtain capital, and often forces them to turn to predatory lenders.

14 19. If banks can ignore their assessment areas in our counties, or remove their branches
 15 but continue extracting deposits without incurring CRA obligations, the challenges we face will
 16 grow and our ability to meet our communities’ needs will suffer.

17 20. Pursuant to 28 U.S.C. § 1746, I hereby declare under penalty of perjury under the
 18 laws of the United States that the foregoing declaration is true and correct to the best of my
 19 knowledge, information, and belief.

20
 21 Dated: September 28, 2020

/s/ Tate Hill
 TATE HILL
 EXECUTIVE DIRECTOR
 ACCESS PLUS CAPITAL

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