

April 19, 2022

The Honorable Thomas J. Umberg  
Chair of the Senate Standing Committee on Judiciary  
Honorable Committee Members  
1021 O Street, Room  
3240 Sacramento, CA 95814

RE: Senate Bill 1176 (Limón)

Dear Chair Umberg and Honorable Committee Members:

On behalf of UnidosUS<sup>1</sup> I write in support of SB 1176 (Limón), an act that will analyze how financial institutions licensed to do business in the state are meeting the financial services needs of underserved communities. SB 1176 is an important step in helping low-income Latino families build wealth and secure their financial future.

For more than three decades, UnidosUS has promoted policies, programs, and practices that support sustainable Hispanic homeownership, and we conduct research and analysis on relevant public policy issues such as preserving and strengthening the Community Reinvestment Act (CRA). Our goal is to promote the advancement of Latino families, and thereby strengthen the United States with increased affordable homeownership opportunities.

The CRA is one of the most important tools for ensuring that low-income families have fair access to mainstream banking services, credit, and investments. For example, the CRA is an important tool in mitigating the effects of discrimination and disparate treatment of individuals of color and immigrants within mainstream financial markets.<sup>2</sup> Furthermore, [studies suggest](#) that the CRA encourages banks to increase lending to low- and moderate-income (LMI) families.<sup>3</sup>

In 2021, UnidosUS submitted comments<sup>4</sup> to the Board of Governors of the Federal Reserve System to improve and strengthen the CRA so that it better aligns with the original intent of the law and its various civil rights elements. In the comments UnidosUS identified the following four general areas that must be addressed to improve the federal CRA:

- Rigorous bank review and ratings based on bank branch presence and deposit products offered in LMI communities
- Ratings of financial institutions based on mortgages, consumer lending, and access to credit offered in the communities where they are located
- Review of demographic lending data in CRA exams
- Requirement that a bank's fair lending record and the feedback of local communities are part of the CRA exam

UnidosUS also asks that consideration be given to adding amendments that would include online banks, sometimes known as financial technology companies, in CRA exams, since they are not currently included in the definition in section 100100. UnidosUS also recommends that CRA examiners be required to review and weigh public comments from community organizations as part of the fair lending test. Examiners should weigh the experiences of Latinos and other underbanked communities to determine if banks are serving the needs of the communities in which they are located. Finally, we recommend that the Department of Financial Protection and Innovation conclude its analysis and research and submit all of their reports by a specified date.

SB 1176 will give lawmakers and policymakers in the state access to better data and information. This information can then be used to identify gaps in financial markets and effective tools to push for greater equity in financial services.

We encourage the committee members to join us in supporting SB 1176. If you have any questions regarding our support, please contact me at [elopez@unidosus.org](mailto:elopez@unidosus.org).

Sincerely,



Esmeralda López  
California State Director  
Policy and Advocacy  
UnidosUS

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<sup>1</sup> UnidosUS is the nation's largest Hispanic civil rights and advocacy organization and has built a stronger country by creating opportunities for Latinos for more than 50 years. Through its unique combination of expert research, advocacy, programs, and an Affiliate Network of nearly 300 community-based organizations across the United States and Puerto Rico, UnidosUS challenges social, economic, and political barriers for the Latino community. UnidosUS maintains an office in Los Angeles and staff in Sacramento, and our California-based Affiliates include 63 community-based organizations that invest more than \$1.8 billion and employ more than 15,000 staff to provide direct services to approximately 1.8 million Californians annually. Through partnerships, community investments, and state research and advocacy on housing, health, and education, UnidosUS advances opportunities for the more than 15 million Latinos who call California home.

<sup>2</sup> "Large Numbers of Loan Applications Get Denied. But for Blacks, Hispanics and Asians, the Rejection Rate Is Even Higher." Washington Post. May 23, 2018. Accessed October 10, 2018. [https://www.washingtonpost.com/realestate/large-numbers-of-loan-applications-get-denied-but-for-blacks-hispanics-and-asians-the-rejection-rate-is-even-higher/2018/05/22/dac19ffc-5d1b-11e8-9ee3-49d6d4814c4c\\_story.html](https://www.washingtonpost.com/realestate/large-numbers-of-loan-applications-get-denied-but-for-blacks-hispanics-and-asians-the-rejection-rate-is-even-higher/2018/05/22/dac19ffc-5d1b-11e8-9ee3-49d6d4814c4c_story.html)

<sup>3</sup> The Effectiveness of the Community Reinvestment Act, Congressional Research Service, February 28, 2019 <https://sgp.fas.org/crs/misc/R43661.pdf>

<sup>4</sup> [https://www.unidosus.org/wpcontent/uploads/2021/08/unidosus\\_cracomment\\_federalreserveboarddocketnor1723\\_221.pdf](https://www.unidosus.org/wpcontent/uploads/2021/08/unidosus_cracomment_federalreserveboarddocketnor1723_221.pdf)