

United States Senate

WASHINGTON, DC 20510

March 2, 2017

The Honorable Thomas J. Curry
Comptroller
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

Dear Comptroller Curry:

In light of the Office of the Comptroller of the Currency's (OCC) recent announcement to downgrade Santander Bank's Community Reinvestment Act (CRA) rating,¹ we write to bring to your attention troubling findings concerning the bank's mortgage lending practices highlighted in a new report by the Committee for Better Banks (CBB). We know you share our strong commitment to ensuring institutions meet the credit needs of all communities, and we urge you to carefully review this information as you work to complete your review of Santander's compliance with the Community Reinvestment Act for the 2014 to 2016 examination period. While we are pleased that the OCC's examination considered recent enforcement actions against the bank for illegal overdraft fees² and unlawful repossessions of cars from military servicemembers,³ it is imperative that the OCC also take into account findings which suggest discriminatory lending practices.

We have reviewed with great interest and concern the CBB's report, which is based on an analysis of Santander's mortgage lending in 15 metropolitan areas in 2014 and 2015. The report contains alarming findings of disparities in loan origination, denial, and application rates for minority and low-income borrowers. For instance, in Camden, New Jersey, Santander originated 20 percent fewer loans for African Americans compared to other banks in the city.⁴ In Worcester, Massachusetts, minority borrowers were denied loans at rates 6.5 times higher than white borrowers.⁵ Meanwhile, in Hartford, Connecticut, Santander denied mortgage loans to Latino borrowers at rate four times higher than white borrowers.⁶ In the New York City metro area, for example, Santander's loan application rates for communities of color lagged behind

¹ Office of the Comptroller of the Currency, CRA Performance Evaluations: February 2017, available at <https://www.occ.gov/topics/compliance-bsa/cra/performance-evaluations-by-month/2017/cra-performance-evaluations-feb-2017.html>.

² Consent Order, In the Matter of: SANTANDER BANK, N.A., Administrative Proceeding 2016-CFPB-0012, available at http://files.consumerfinance.gov/f/documents/20160714_cfpb_Consent_Order.pdf

³ U.S. Department of Justice, Justice Department Reaches Settlement with Santander Consumer USA to Resolve Allegations Concerning Over 1,100 Illegal Car Repossessions Against Service Members (Feb. 25, 2015) <https://www.justice.gov/opa/pr/justice-department-reaches-settlement-santander-consumer-usa-resolve-allegations-concerning>.

⁴ Committee for Better Banks, "Denied: An Assessment of Racial and Economic Disparities in Santander Bank's Mortgage Lending" (2017) <http://betterbanks.org/report/denied-an-assessment-of-racial-and-economic-disparities-in-santander-banks-mortgage-lending/>.

⁵ *Id.*

⁶ *Id.*

those of other banks. In 2015, only 33.7 percent of Santander's loan applications came from borrowers of color, compared to a rate of 41.1 percent for all other banks in the area.⁷

These findings are extremely concerning and raise important questions about Santander's compliance with the CRA, particularly in light of the bank's recent growth. Over the last eight years, Santander has significantly expanded its operations in the United States. With 675 branches scattered throughout the northeast and mid-Atlantic, Santander's branches are located in demographically and economically diverse communities. However, based on the findings of this report, Santander has failed to match its increased mortgage lending and resulting profits with a commitment to the communities in which it operates. With significant disparities in lending to Latinos, African Americans, women, and low-income borrowers,⁸ we are concerned that Santander is creating barriers to economic opportunity for those who need it most.

As you know, Congress enacted the CRA to address longstanding concerns that banks failed to provide sufficient access to capital in the very neighborhoods in which they were chartered and accepting deposits. To address the discrepancy in lending and deposit-taking, the CRA requires banks to meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. The CRA's requirements to combat redlining are particularly essential as many communities of color and low- and moderate-income neighborhoods are facing an uneven economic recovery and limited access to credit. While predatory lenders flooded these communities with toxic loans preceding the 2008 financial crisis, safe and affordable mortgage lending to African American and Latino households has declined significantly over the last decade.⁹ As a result, it is as important as ever to ensure that banks such as Santander meet their obligations to serve the communities in which they operate.

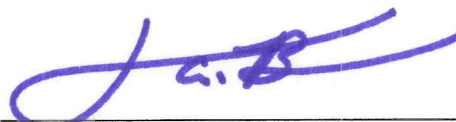
As we approach the 40th anniversary of the passage of the CRA, far too many low-income and minority borrowers continue to be denied access to credit for discriminatory reasons. In the interests of ensuring all communities receive equal access to credit, we ask you to carefully review this report and the remainder of Santander's lending record in future determinations of whether Santander is in compliance with the CRA.

Thank you for your attention to this matter. We look forward to your response.

Sincerely,



Robert Menendez

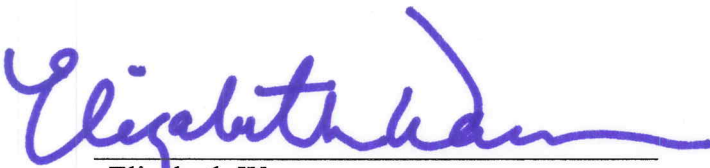


Cory A. Booker

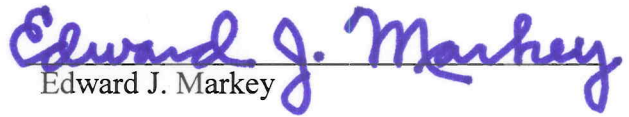
⁷ *Id.*

⁸ *Id.*

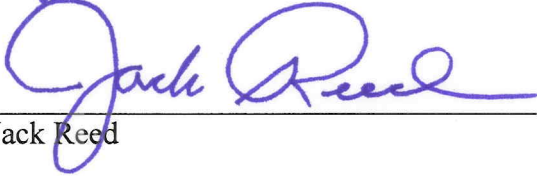
⁹ Board of Governors of the Federal Reserve System, "Credit Availability and the Decline in Mortgage Lending to Minorities after the Housing Boom" (Sept. 29, 2016) <https://www.federalreserve.gov/econresdata/notes/feds-notes/2016/credit-availability-and-the-decline-in-mortgage-lending-to-minorities-after-the-housing-boom-20160929.html>.



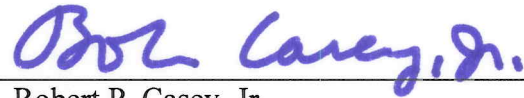
Elizabeth Warren



Edward J. Markey



Jack Reed



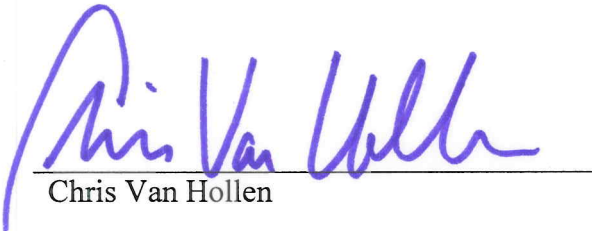
Robert P. Casey, Jr.



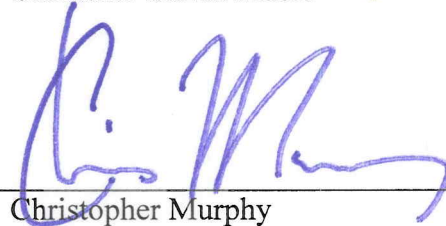
Kirsten Gillibrand



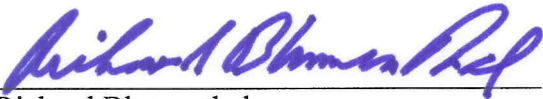
Catherine Cortez Masto



Chris Van Hollen



Christopher Murphy



Richard Blumenthal