



ALAMEDA COUNTY HEALTH CARE SERVICES AGENCY
PUBLIC HEALTH DEPARTMENT

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Scott J Wilson, Examiner in Charge
Office of the Comptroller of the Currency-National Bank Examiners
343 Sansome St., 11th Floor, Suite 1150
San Francisco, CA 94163
Submitted via email: <ScottJ.Wilson@occ.treas.gov>

Dear Mr. Wilson:

Alameda County Public Health Department (ACPHD) writes to raise concerns about financial industry practices that impact our county's residents, particularly as Wells Fargo Bank undergoes examination for its Community Reinvestment Act performance in California.

As a Public Health agency, we recognize that social and economic factors are even more important than our healthcare provider or family history in determining how long and how well we live. We understand that social inequities give rise to health inequities, and we work throughout the county to address the impacts of poverty and neighborhood economic conditions on community health outcomes. We are greatly concerned about predatory practices and financial traps that drain money from our communities and their residents.

Conditions that accompany financial insecurity, such as lack of education, substandard housing, and food insecurity, are also indicators of poor health. In Alameda County, there is a strong social gradient in health based on neighborhood poverty levels. This means that for each step up in neighborhood poverty, life expectancy goes down. People living in the lowest poverty neighborhoods (where fewer than 10 percent of residents live in poverty) are expected to live, on average, six years longer than people living in the highest poverty neighborhoods (where 30 percent or more residents live in poverty).

ACHPD is interested in supporting fair and responsible banking practices throughout Alameda County, which is the seventh most populous county in California. Along with many local stakeholders, our agency is interested in community reinvestment as a key strategy for supporting neighborhood economic vitality and health, and preventing the human and fiscal costs of growing health inequities. Federal regulation and enforcement of the Community Reinvestment Act provide the foundation on which our efforts are built.

Financial industry practices that poorly serve low-income consumers, such as high-cost payday loans offered by Wells Fargo Bank, reduce struggling families' ability to save and build their household resources while draining millions of dollars in fees from the local economy.

A 2011 survey of Alameda County residents using free tax preparation services of the United Way of the Bay Area found that 38 percent of respondents did not have a savings account and just over half (59 percent) had both a checking and savings account. These consumers who lack affordable credit and banking options must rely on fee-heavy alternative financial products (like payday loans or checking cashing services) that limit their ability to meet basic necessities or respond to financial emergencies. Only 27 percent of survey respondents were able to draw upon savings when they last faced a financial emergency—instead borrowing from family and friends, going without food or other necessities, and taking out payday loans.

ACPHD is also concerned about the impacts of widespread home foreclosures in hard-hit areas of our county, and how mortgage servicers are responding to this situation. According to the California Reinvestment Coalition, a statewide consumer advocacy organization, Wells Fargo Bank has been reluctant to work with borrowers at risk of foreclosure and improperly denies them loan modifications for which they qualify.

In Alameda County, foreclosures remain a significant problem in neighborhoods that were flooded with subprime mortgage lending—like Oakland, where 1 in 4 homes went into default from 2007 to 2009. A study conducted by ACPHD and Causa Justa::Just Cause in 2009 detailed the health impacts from Oakland's foreclosure epidemic, including the tough choices foreclosed households must make with respect to food, housing and healthcare costs. Neighborhoods plagued with vacant, neglected properties continue to deal with blight and community health risks from substandard housing, pests, trash, vandalism, drug dealing, and other hazards.

Alameda County Public Health Department hopes the Office of the Comptroller of the Currency will look carefully at these issues as it conducts its regulatory exam.

Sincerely,

Rebecca Flournoy, MPH
Deputy Director and Director of Planning, Policy, and Health Equity
