

*Resources and  
References for EB.01*

# Equitable Bank Standards

A PATH FOR BANKS TO FINANCE  
AN EQUITABLE AND  
REGENERATIVE FUTURE

A PUBLICATION BY



beneficial state foundation

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In this companion to the Equitable Bank Standards, you will find resources that may help clarify concepts contained within the document, as well as references that acknowledge where specific thoughts and practices originated.

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## Introduction

The Equitable Bank Standards are rooted in mission driven banking, an evolving community of practice with no sole owner or inventor. As such, they draw on significant research and thinking, as well as varied resources from a wide swath of institutions. In this accompanying companion to the Equitable Bank Standards, you will find resources that may help clarify concepts in addition to references that acknowledge where referenced thinking and practices originated. As the Standards are updated, this accompanying document will be continuously updated with additional relevant information.

## RESOURCE A: DEFINITIONS

### TERM DEFINITIONS

#### **Advocacy**

Activities performed for or against a public policy issue or cause with intention of influencing decision-making.

- Direct lobbying: attempts to persuade legislators to enact or not enact a bill through communication with any member of a legislative body (to be considered a direct lobbying communication, it must refer to specific legislation and reflect a view on such legislation).
- Grassroots/indirect lobbying: involves encouraging legislators' constituencies to exercise their influence with their legislators on behalf of, or against, some legislation.
- Examples:
  - Supporting public policy positions directed at issues.
  - Working to make an administrative agency of the government change or adopt new policies, rules, or regulations.
  - Testifying before a legislative committee.

#### **Base Pay**

The initial salary paid to an employee, not including benefits, bonuses, or raises.

#### **BIPOC**

Black, Indigenous, and Person/People of Color.

#### **Culturally Competent**

The ability of banks and financial service providers to serve customers and applicants with diverse values, beliefs, and behaviors. Includes tailoring delivery to meet clients' social, cultural, and linguistic needs.

#### **Diversity**

An approach to include and involve people of different identities, including race, gender, sexual orientation, etc.

#### **Do No Harm / Negative Impact**

Bank lending or deposits may not be used to foster negative impact sectors, activities, or business transactions as defined and described in Resource C.



**Egregious Violations**

Violations that are likely intentional, neglectful, and harmful to consumers and/or communities.

**Equity**

An approach to ensure everyone has access to the same opportunities based on their unique needs. It recognizes that advantages and barriers exist and, as a result, we all don't start from the same place. It begins by acknowledging this unequal starting place and committing to correct and address this imbalance.

**Full-time Employee**

A person employed, on average, at least 30 hours of service per week, or 130 hours of service per month in a calendar month.

**Inclusion**

The practice of including people from diverse backgrounds, particularly in decision-making processes, and creating a workplace that values honest feedback and criticism from a wide range of voices.

**May**

Indicates an option.

**Must**

Indicates a requirement.

**Part-time Employee**

Part-time employees work fewer hours in a day or during a workweek than full-time employees; the latter are typically employed for 40 hours, and at least 30 hours, per week. Part-time workers may also be those who only work during certain parts of the year.

**Policy**

Internal or operational requirements, or outlines, of company rules, procedures, decision-making, or implementation. The only exception is in the Corporate Citizenship category, where “policy” represents measures taken by governmental entities.

**Predatory Lending**

The act of providing financial products and services that impose unfair, deceptive, or abusive terms on a borrower.

### **Pro Mission / Positive Impact**

Using bank lending or deposits to foster socially and environmentally responsible sectors, activities, or business transactions.

### **Public Commitment**

A commitment represents an obligation that must be fulfilled. It is stronger than an aspirational statement. It requires completion, not best efforts. To qualify as a public commitment, the obligor must remain accountable to fulfilling the commitment.

To qualify as a public commitment:

- The commitment must have a place on the website that can be navigated to from the homepage,

And at least one of the following must be met:

- a social media post on LinkedIn or Twitter addressing the commitment.
- news blast to members, employees, board, and others on an electronic or physical mailing list.
- inclusion of the commitment in the next Annual Report.

### **Real Economy Assets**

The real economy relates to economic activities that generate goods and services as opposed to a financial economy that is concerned exclusively with buying and selling in the financial markets. Financial intermediation can be classified as Real Economy (as opposed to Financial Economy) if it is directly linked to a Real Economy Asset or Activity, with one degree of separation. See GABV definition for more details.

### **Should**

Indicates a recommendation.

### **Social Impact**

Measuring and making decisions based on social consequences and benefits, instead of only financial or monetary motives.

### **Social Justice**

Interventions, advocacy, and changes made to benefit individuals and groups who have been historically alienated and excluded from traditional financial systems in some way. Social justice should involve issues at the intersection of politics and the economy, including racism, sexism, homophobia, transphobia, xenophobia, and income and wealth inequity.

## **Standards**

Standard-setting bodies typically call their work a “standard.” However, we are breaking from convention to name ours the Equitable Bank Standards. We currently do not have plans to create an accredited standard-setting body. To maintain consistency with previous materials we will continue using “standards” to refer to the general concept and “Standards” to refer to the standards within the Equitable Bank Standards.

## **Staff**

All full-time, part-time, and contract staff.

## **Systemically Excluded Groups**

Historically and statistically, certain identifiable groups of people within our society have faced longstanding oppression, discrimination, and marginalization. Many are legally protected from being harmed or harassed by laws, practices, and policies that discriminate against them due to shared characteristics. They face barriers to attaining financial health and wealth and are subject to the resulting inequities of these systemic forces. Each bank should consider this reality to ensure equitable access to banking services.

Excluded groups may be defined by\*: race, color, religion (includes religious dress and grooming practices), sex/gender (includes pregnancy, childbirth, breastfeeding and/or related medical conditions), gender identity, gender expression, sexual orientation, marital status, medical condition (genetic characteristics, cancer, or a record or history of cancer), military or veteran status, national origin (includes language use and possession of a driver’s license issued to persons unable to prove their presence in the United States), ancestry, disability (mental and physical, including HIV/AIDS status, and genetic characteristics), genetic information, age (over 40).

*\*Not an exhaustive list*

## **STANDARD DEFINITIONS**

### **Governance in the Public Interest**

Banks must align their financial success with the balanced success of all stakeholders (customers, colleagues, communities, planet, shareholders), especially those who’ve been excluded from the banking system.



### **Operational Practices**

Banks must integrate social and environmental principles and guidelines into all corporate practices, including human resources, procurement, partnerships, and branch operations.

### **Lending and Investments**

Banks must direct the majority of capital toward the commercial loans, consumer loan portfolios, borrowers, and investments which support a regenerative economy that is fully inclusive, racially and gender just, and environmentally restorative. Banks must meet the credit needs of communities served, and explicitly strive for a portfolio of loans and investments that does no harm.

### **Products and Services**

Banks must seek to create positive social and environmental impact at the core of every product or service. They must use an equity lens when designing pricing, terms, disclosures, and trainings, as well as sales and marketing strategies. Bank products must be accessible and priced fairly no matter one's income or wealth.

### **Corporate Citizenship**

Banks must exercise their duty to serve the public interest by advocating for the public good. They must ensure that regulations protect customers with the least bargaining power as well as the planet's environment. Banks must not advocate against regulations or other policies or laws that protect bank customers or the community at large, and they must be transparent about all their advocacy.

## **STANDARDS LEVELS DEFINITIONS**

### **Essential Equitable Practices**

Represent standards for operating ethically with the goal of minimizing negative impacts for all stakeholders, including customers, the community, and the environment.

### **Emerging Equitable Practices**

Represent standards further along the equitable banking journey whereby banks avoid harm, while proactively seeking a positive impact for people and the planet.

### **Industry Leading Equitable Practices**

Represent industry leading standards and best practices toward generating substantial and long-term positive impact.

## RESOURCE B: VIOLATIONS

### **EGREGIOUS VIOLATION OFFENSES TAKEN FROM GOOD JOBS FIRST “75 OFFENSES TYPES”**

- **Accounting Fraud or Deficiencies:** Accounting fraud is the intentional manipulation of financial statements to create a false appearance of corporate financial health. Overstating revenue, failing to record expenses, and misstating assets and liabilities are all ways to commit accounting fraud.<sup>1</sup>
- **Anti-Money Laundering Deficiencies:** Bank Secrecy Act regulations (“Anti-Money Laundering rules”) are designed to help detect and report suspicious activity, including the predicate offenses to money laundering and terrorist financing, such as securities fraud and market manipulation.<sup>2</sup>
- **Bankruptcy Professional Violation:** Bankruptcy professionals that made insufficient disclosures about their clients and investments in certain entities that were connected with their debtors. An example of this violation is a professional committing fraud before or during bankruptcy. See footnote for more examples.<sup>3</sup>
- **Consumer Protection Violation:** Consumer rights and consumer protection laws provide ways for individuals to fight back against abusive business practices. These laws are designed to hold sellers of goods and services accountable when they seek to profit by taking advantage of a consumer’s lack of information or bargaining power. Violations amount to actions that infringe on these rights or break these laws.<sup>4</sup>
- **Discriminatory Practices (Non-Employment):** Title VII prohibits not only intentional discrimination, but also practices that have the effect of discriminating against individuals because of their race, color, national origin, religion, or sex.<sup>5</sup>

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1 — Accounting Fraud: <https://www.investopedia.com/ask/answers/032715/what-accounting-fraud.asp>

2 — FINRA AML Rules: <https://www.finra.org/rules-guidance/key-topics/aml>

3 — <https://www.justice.gov/opa/pr/us-trustee-program-reaches-15-million-settlement-mckinsey-company-remedy-inadequate>  
<https://www.justice.gov/opa/pr/us-trustee-program-reaches-816-million-settlement-wells-fargo-bank-na-protect-homeowners>

4 — <https://www.hg.org/consume.html>

5 — <https://employment.findlaw.com/employment-discrimination/discriminatory-practices.html>

- **Employment Discrimination:** Under the laws enforced by Equal Employment Opportunity Commission, it is illegal to discriminate against someone (applicant or employee) because of that person's race, color, religion, sex (including gender identity, sexual orientation, and pregnancy), national origin, age (40 or older), disability, or genetic information.<sup>1</sup>
- **Economic Sanction Violation:** Economic sanctions are defined as the withdrawal of customary trade and financial relations for foreign and security policy purposes. Penalties for sanctions violations can be huge in terms of fines, loss of business, and reputational damage.
- **Fraud:** Fraud is a broad term that refers to acts intended to swindle someone. In essence, it's the use of intentional deception for monetary or personal gain.<sup>2</sup>
- **Insider Trading:** Insider trading is the buying or selling of a publicly traded company's stock by someone who has non-public, material information about that stock. Insider trading can be illegal or legal depending on when the insider makes the trade. It is illegal when the material information is still non-public.<sup>3</sup>
- **Investor Protection Violation:** The Investor Protection Act is a component of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2009 designed to expand the powers of the Securities and Exchange Commission (SEC). The act established a whistleblower reward for reporting financial fraud, increased liability for aiding and abetting, and doubled funding to the SEC over a five-year period.<sup>4</sup>
- **Kickbacks and Bribery:** A kickback, a form of negotiated bribery, is an illegal payment intended as compensation for favorable treatment or other improper services.<sup>5</sup>
- **Mortgage Abuses:** Mortgage abuses are mortgage servicer mistakes that often result in homeowners paying more than they are supposed to.<sup>6</sup>
- **Payday Lending Violation:** Many consumers who need cash quickly turn to payday loans — short-term, high interest loans that are generally due on the consumer's next payday after the loan is taken out. The annual percentage rate of these loans is usually very high (i.e., 390% or more). In recent years, the availability of payday loans via the internet has markedly increased. Unfortunately, some payday lending operations have employed deception and other illegal conduct to take advantage of financially distressed consumers seeking these loans.<sup>7</sup>

1 — <https://www.eeoc.gov/laws/practices/>

2 — Fraud: <https://criminal.findlaw.com/criminal-charges/fraud.html>

3 — <https://www.investopedia.com/terms/i/insidertrading.asp>

4 — <https://www.investopedia.com/terms/i/investor-protection-act.asp>

5 — Kickback: <https://www.investopedia.com/terms/k/kickback.asp>

6 — Common Abusive Practices: <https://www.abi.org/feed-item/what-are-mortgage-servicer-abuses>

7 — <https://www.ftc.gov/news-events/media-resources/consumer-finance/payday-lending>

- **Price-Fixing or Anti-Competitive Practices:** Price fixing is an agreement (written, verbal, or inferred from conduct) among competitors that raises, lowers, or stabilizes prices or competitive terms. When competitors agree to restrict competition, the result is often higher prices. Accordingly, price fixing is a major concern of government antitrust enforcement.<sup>1</sup>
- **Tax Violations:** Tax evasion is an illegal activity in which a person or entity deliberately avoids paying a true tax liability.<sup>2</sup>
- **Toxic Securities Abuses:** Toxic assets are investments that have become worthless because the market for them has collapsed.<sup>3</sup>
- **Workplace Whistleblower Retaliation:** Whistleblower retaliation is the act of an employer punishing an employee for protected activity, such as reporting an injury, safety concern, mismanagement, abuse of authority, or legal violation in the workplace.<sup>4</sup>
- **Wage and Hour Violation:** Violations of the Fair Labor Standards Act (FLSA) establish minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in federal, state, and local governments.<sup>5</sup>

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1 — <https://www.ftc.gov/tips-advice/competition-guidance/guide-antitrust-laws/dealings-competitors/price-fixing>

2 — <https://www.investopedia.com/terms/t/taxevasion.asp>

3 — <https://www.investopedia.com/terms/t/toxic-assets.asp>

4 — <https://whistleblowersofamerica.org/2019/04/01/what-is-whistleblower-retaliation/>

5 — <https://www.dol.gov/agencies/whd/flsa>

## RESOURCE C: NEGATIVE IMPACT SECTORS

### EXAMPLES OF NEGATIVE IMPACT SECTORS<sup>1</sup>

Bank should not provide loans or deposits to further production, sales, promotion, or any known support of:

#### 1. Discriminatory practices

- a. **Discrimination:** entities that discriminate against (exhibit inequitable treatment of) individuals because of characteristics including race, color, religion, sex, national origin, ancestry, citizenship status, pregnancy, childbirth, physical disability, mental and/or intellectual disability, age, military status, veteran status (including protected veterans), marital status, registered domestic partner or civil union status, familial status, gender (including sex stereotyping and gender identity or expression), medical condition (including but not limited to cancer related or HIV/AIDS related), genetic information, or sexual orientation, except any measure “adopted to correct or compensate for past or present discrimination or to prevent discrimination from recurring in the future”.
- b. **On discrimination against people with criminal history:** Beneficial State Bank (BSB) will not lend to entities that uniformly deny employment/services/products to people with criminal backgrounds, without specific discretion for conviction status or the nature of the criminal record. Federal regulations by the Equal Employment Opportunity Commission prohibit blanket bans against hiring all people with a criminal record but many employers are unaware of this, and enforcement is lax. Having fair standards for hiring people with criminal records is a critically important aspect of racial and social justice. Entities that discriminate on the basis of criminal background must demonstrate business necessity. Entities that use any of the following considerations in their hiring practices will be considered contra-mission by BSB Mission Principles:
  - II. An arrest or detention that did not result in conviction;
  - III. Non-felony marijuana-related convictions that are older than two years;
  - IV. An arrest, detention, processing, diversion, supervision, adjudication, or court disposition that occurred while a person was subject to the process and jurisdiction of a juvenile court;

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<sup>1</sup> — Inspiration for this list was drawn from Beneficial State Bank.

V. Convictions that have been sealed, judicially dismissed, expunged, or statutorily eradicated by law.

c. **Entities with positions that are dependent on the public trust** (e.g., FDIC-insured depository institutions, policymaking, public health, etc.) are excepted, and will not be considered contramission on the basis of their compliance with federal mandates (e.g., <https://www.fdic.gov/regulations/laws/rules/5000-1300.html> ) to exercise discretion in hiring individuals with criminal records.

2. **Weapons:** semi-automatic weapons, automatic weapons, accessories that enable rapid-fire capability, entities who sell firearms to individuals that are under 21 or have not passed a universal background check.
3. **Incarceration and Punishment:** entities involved in the incarceration, detention, or punishment of individuals for any reason are contramission. This is based on the large body of research indicating that the U.S. criminal justice system is rife with injustices. The incarceration and punishment of people of color is vastly disproportionate to the criminal activity in those communities. Due to well-documented abusive practices, widespread injustice, minimal evidence of rehabilitation, and the criminal justice system's failure to adequately address historic and present racial discrimination, the bank will not provide loans, products, or services to any entity involved in this industry, including public or private prisons, juvenile justice boot camps, immigrant detention centers, electronic monitoring, or other forms of incarceration, punishment, or detention. To be clear, the bank will provide loans, products, and services to entities working to reverse criminal injustice, mass incarceration, and punishment.<sup>1</sup>
4. **Recovery Residences (also called halfway houses, transitional houses, sober living homes, residential reentry centers):** entities with any of the following characteristics: not certified by a local or state agency or NARR affiliate; regularly accept referrals for residents with fewer than 60 days sober; have high rates of overdose; charge exorbitant prices for inadequate or harmful services and living conditions; overcrowd (more than two adults and one additional person per room, not including common areas); owned by, employing, or working with individuals that receive kickbacks for patient referrals (a practice known as "patient or body brokering"); receive excessive profit from urine testing or own urinalysis labs; commit insurance fraud; are contractually obligated to report probation or parole violations. All Residential Reentry Centers (RRC) are contramission, as RRCs are contracted by the Federal Bureau of Prisons and RRC residents are still in custody of the state. Any

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1 — For more information see: American Friends Service Committee: <https://investigate.afsc.org/>  
Worth Rises: <https://worthrises.org/theprisonindustry2020>



recovery residence owned by an entity that also owns or operates a prison or detention center is contramission.

5. **Gambling:** businesses of any kind, including tribal casinos. Stores and other entities that get some, but not the majority, of their revenue from gambling are acceptable, provided that a significant portion of their other revenue comes from other pro-mission sectors or practices.
6. **Predatory Lending:** entities that engage in predatory financial services, as defined by the FDIC<sup>1</sup>. By FDIC standards, this includes unaffordable lending based strictly on a borrower's assets rather than on the borrower's ability to repay, loans with excessively high fees, or fraudulent or deceptive practices to conceal loan obligations. BSB considers financial service providers who engage in any of the following consumer products or practices to be contra-mission:
  - Inadequate or false disclosure,
  - Inflated fees and charges,
  - Loan packing,
  - Pricing based solely on borrower risk, without consideration of ability to pay,
  - Asset-based lending,
  - Charging greater than 36% APR on loan products,
  - Loan flipping,
  - Balloon mortgages,
  - Negative amortization,
  - Prepayment penalties,
  - Mandatory arbitration.
7. **Alcohol:** entities that have been cited repeatedly by their local liquor and alcohol control agency; entities that market to minors; entities that sell to minors; selling to clearly intoxicated people; permitting or failing to address repeated incidences of violent crimes.
8. **Tobacco and all tobacco-related products:** exception for indigenous producers & sellers related to religious or spiritual practices
9. **Illegal Industries, including illegal drugs.**
10. **Non-Renewable Energy Production and Resource Extraction:** banks should not lend to or accept deposits from businesses engaged in non-renewable energy exploration, development, production, resource extraction, fossil-fuel-enabled transportation, or related supply chains, unless the company also has a growing renewables part of its portfolio. Any loan must be used to create or increase their renewables portfolio and not contribute to their non-renewables

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1 — Federal Deposit Insurance Corporation. Supervisory Policy on Predatory Lending. <https://www.fdic.gov/news/news/financial/2007/fil07006a.html>

part of the business. This prohibition does not extend to fossil-fuel-enabled transportation in other industries.

- Types of energy production and resource extraction we will not support:

Coal, gas, oil, nuclear, large-scale hydro, hard-rock mining, fracking, in-stream extraction, products made from petroleum byproducts, high-water dependent crops or industries in drought-prone areas absent water-mitigation strategies, and resource degradation (mining, food as fuel), hydroelectric that does not have a Beneficial State accepted 3rd party certification or rating framework (such as LIHI), biofuels made from virgin food commodities (e.g. corn, soy).

**11. Privatization of Public Water Sources:** entities that privatize previously public water resources (e.g., bottling and selling water sourced from public lands).

**12. Highly Polluting Industries:** banks should not lend to or accept deposits from industries that are highly polluting, unless it is a loan to reduce the pollution caused by that company. The following is a list of industries that are likely to pollute air, water, soil, animals, or humans. Businesses in any of the following industries should be examined to determine whether the business is contra-mission:

- Transportation that runs on fossil fuels
- Auto body shops
- Automobiles
- Airlines
- Trains and ships
- Construction
- Waste management
- Dry cleaning
- Home cleaning with toxic chemicals
- Chemical manufacturing
- Fertilizer companies
- Pharmaceutical industry
- Pesticides
- Metals (non-recycled / reclaimed)
- Cement (non-porous / sequestering)
- Leather and tannery operations
- Sugar
- Painting with toxic paints
- Deforestation
- Lead-acid battery recycling
- Lead Smelting

- Mining and ore processing
- Industrial/municipal dump sites
- Industrial estates
- Gold mining
- Chemical manufacturing
- Dye industry
- Forestry and sawmills (non-sustainable)
- Pulp and paper mills
- Various other types of manufacturing

**13. Practices that result in residential displacement of low-income people, including:**

- Increase rents on any unit by more than 10% in one year or more than 30% over five years, regardless of whether the affected unit is a current tenant, current tenant with legacy low-rents, a vacant-to-renovate-to-filled scenario, or other,
- Cause law- and rule-abiding tenants to vacate for the purpose of increasing property owner income via methods including, but not limited to: Ellis Act eviction, other eviction, buy out, harassment, or property neglect,
- Fail to keep buildings in a safe and healthy condition,
- Refuse to rent to, or otherwise discriminate against a tenant because they have Section 8 vouchers,
- Engage in “gold plating”: including unnecessarily expensive items in a construction or renovation project to justify a large budget or a substantial rent increase.

## RESOURCE D: POSITIVE IMPACT SECTORS

### EXAMPLES OF POSITIVE IMPACT SECTORS<sup>1</sup>

These are specific mission-aligned sectors that banks should finance and track. However, banks should not limit their outreach or engagement to these sectors, and when banks encounter additional mission-aligned businesses outside of these sectors, they should seek to support them as well as track their impact.

<b>Dedicated Affordable Housing</b>	<p>Supports affordable or multifamily housing.</p> <p>Affordable = deed-restricted units, units designated to be affordable according to loan documentation, units developed by an affordable housing developer, and checked against HUD guidelines.</p>
<b>Mission Multifamily Housing</b>	<p>Multifamily loans with the following characteristics are considered mission loans:</p> <ol style="list-style-type: none"><li>1. Units are affordable at 80% AMI or lower, AND</li><li>2. One or more of the following must be true:<ol style="list-style-type: none"><li>a. It is a Section 8 property;</li><li>b. The current / prospective owner accepts Section 8 vouchers and has Section 8 tenants;</li><li>c. The Property owner has multi-year history of affordable rents / reasonable increases and positive tenant relations; and/or</li><li>d. Property owner makes a written commitment to keep units affordable at 80% AMI or better, and to cap increases at 5% (or CPI + maintenance).</li></ol></li></ol>
<b>Arts, Culture, and Community Building</b>	<p>Supports any form of arts, culture, and community building. For example, visual and performing arts, architecture, historical societies, cultural centers, cafés, community meeting spaces, parks, or other gathering places that enable these purposes.</p>
<b>Education and Youth Development</b>	<p>Supports education of individuals at any age OR supports children and youth generally. Examples include day-care, preschool-to-college, after-school services, and adult education. Does not include job training, which is under Economic / Business / Job Development.</p>

<sup>1</sup> — Inspiration for this list was drawn from Beneficial State Bank.

<b>Economic / Business / Job Development</b>	Helps small business, job seekers, and economic prosperity initiatives. Examples include organizations that provide business assistance, incubation, co-working spaces, job matching & training, support of fair wages, labor organizing, and other activities intended to build high-road jobs and healthy, equitable economies.
<b>Environmental Sustainability</b>	Engages in activities to support environmental sustainability, including but not limited to, waste prevention/ reduction, energy reduction/efficiency, renewable energy production, natural resource conservation, non-toxic products, carbon sequestration.
<b>Beneficial Financial Services</b>	Business/organization provides or supports fair and transparent financial services. Reference Financial Health Network compass principles when uncertain. <sup>1</sup>
<b>Health and Well-being (non-food)</b>	Promoting physical, emotional, mental health, fitness, and well-being through any means EXCEPT provision of healthy food. Examples include healthcare, counseling, fitness, recreation, meditation.
<b>Healthy Food</b>	Providing healthy food in any way (grow, process, deliver, sell, cook). Healthy/ier = reducing high salt, high sugar, high saturated & trans-fat, hydrogenated oils, processed, and refined grains. Food justice (advocacy) falls under Social Justice.
<b>Making / Manufacturing / Production</b>	Production of goods in U.S. spans from an individual artisan maker creating usable products (not fine art) to a large manufacturer. This is a mission sector due to the value of retaining and growing manufacturing and supporting jobs in the U.S. that are generally high quality and available to those without a higher education, as well as the lower carbon footprint of local manufacturing vs. overseas shipping.
<b>Social Justice</b>	Promotes/increases social justice (which includes environmental, economic, food justice) by working toward systems, organizations, and places that provide just and equitable access to power, resources, healthy foods and environments, and protection from harm to those who currently have and previously had barriers to this access.

1 — <https://finhealthnetwork.org/research/compass-principles-guiding-excellence-in-financial-services/>

## RESOURCE E: UDAAP

### **DEFINITION OF UNFAIR, DECEPTIVE, OR ABUSIVE ACTS OR PRACTICES (UDAAP) FROM THE FEDERAL DEPOSIT INSURANCE CORPORATION<sup>1</sup>**

- a. Unfair Acts or Practices
  - I. The act causes or is likely to cause substantial injury to consumers, typically monetary harm, such as fees or costs;
  - II. The injury is not reasonably avoidable by consumers; and
  - III. The injury is not outweighed by countervailing benefits to consumers or to competition.
- b. Deceptive Acts or Practices
  - I. The act or practice misleads or is likely to mislead the consumer;
  - II. The consumer's interpretation is reasonable under the circumstances.
- c. Abusive Acts or Practices
  - I. Substantially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service; or
  - II. Takes unreasonable advantage of:
    - a consumer's lack of understanding of the material risks, costs, or conditions of the product or service;
    - a consumer's inability to protect his or her interests in selecting or using a consumer financial product or service; or
    - a consumer's reasonable reliance on a covered person to act in his or her interests.
- d. Examples of Unfair, Deceptive, or Abusive Acts, or Practices
  - I. Transactions without the consumer's knowledge or consent.<sup>2</sup>
  - II. Posting late fees.<sup>3</sup>
  - III. Collecting unauthorized fees.

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1 — <https://www.fdic.gov/news/news/financial/2004/fil2604a.html>

2 — <https://www.dorsey.com/newsresources/publications/2012/01/the-bureau-of-consumer-financial-protection-bure>

3 — Thomas Pareigat, 2011 - ABA Bank Compliance May-June 2011 <http://www.bankersservice.com/wp-content/uploads/2010/08/Known-UDAAP-Issues-as-of-6-1-14.pdf>



- IV. Fees that are too high for the services received.
- V. Deceptive marketing tactics to pressure or mislead consumers into paying for “add-on products” such as payment protection and/or credit monitoring when activating their credit cards.<sup>1</sup>
- VI. No overdraft protection fee unless consumer has opted-in.<sup>2</sup>
- VII. ATM balances that include overdraft protection amounts.
- VIII. Method of posting deposit account transactions results in multiple overdraft fees for a single debit card transaction.
- IX. Teaser rates that do not explain the duration.
- X. Using the term “free” when fees could result.
- XI. Rates “as low as” or “as high as” that are not available to the majority of customers.
- XII. No tactics to materially interfere with the ability of a consumer to understand a term or condition of a consumer financial product or service, or takes unreasonable advantage of a consumer’s lack of understanding of the material risks and costs of the product or service. Examples include scare tactics and a false sense of urgency.

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1 — [https://files.consumerfinance.gov/f/201207\\_cfpb\\_ending\\_deceptive\\_marketing\\_practices.pdf](https://files.consumerfinance.gov/f/201207_cfpb_ending_deceptive_marketing_practices.pdf)

2 — <https://www.consumerfinance.gov/policy-compliance/rulemaking/regulations/1005/17/#b-1>

## RESOURCE F: FAIR LENDING

### **DEFINITION OF FAIR LENDING FROM THE FEDERAL DEPOSIT INSURANCE CORPORATION<sup>1</sup>**

The objective of this enforcement policy statement is to ensure that the rights of credit applicants are protected by requiring creditors to take corrective action for certain, more serious past violations of the Equal Credit Opportunity and Fair Housing Acts as well as to be in compliance in the future. To achieve that objective, the agencies will encourage voluntary correction and compliance with the Acts. Whenever violations addressed by this policy statement are discovered, the creditor will be required to take action to ensure that such violations will not recur and to correct the effects of violations discovered.

The agencies will generally require the creditor to take action to correct conditions resulting from violations occurring within 24 months prior to the discovery of violations by an agency. Exceptions are made for violations concerning adverse action notices for which corrective action will be required for violations occurring within six months prior to discovery.

Violations in the following areas are considered serious by the agencies and will usually be subject to retrospective corrective action:

1. Discouraging applicants on a prohibited basis in violation of the Fair Housing Act or § 202.4 or § 202.5(a) of Regulation B.
2. Using credit criteria in a discriminatory manner in evaluating applications in violation of the Fair Housing Act or §§ 202.4 through 202.7 of Regulation B.
3. Imposing different terms on a prohibited basis in violation of the Fair Housing Act or § 202.4 or § 202.6(b) of Regulation B.
4. Requiring cosigners, guarantors or the like on a prohibited basis in violation of § 202.7(d) of Regulation B.
5. Failing to furnish separate credit histories as required by § 202.10 of Regulation B.
6. Failing to provide an adequate notice of adverse action under § 202.9 of Regulation B.

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<sup>1</sup> — <https://www.fdic.gov/regulations/laws/rules/5000-1800.html>

## RESOURCE G: COLLECTIONS PRACTICES

### **SAMPLE COLLECTIONS PRACTICES**

Examples:

- Loan modification for past-due loans.
- Re-write of potential charge-off and charge-off loans.
- PICL Program (Payment Improvement Courtesy for Loans) for accounts that are past due (once per the life of the loan) brings the account completely current.
- Skip-a-pay for accounts under 30 days past due (one per year up to four per life of the loan).
- Due date change for accounts under 15 days past due (one per year up to four per life of loan).
- Set up payment arrangements for past due accounts, even if over 30 days past due.
- Allow at least two due-date changes in the life of the loan.

## RESOURCE H: DEPOSIT ACCOUNT DATA COLLECTION

### **POTENTIAL DEPOSIT ACCOUNT DATA COLLECTION FROM BANKON PILOT METRICS**

#### **Account Opening<sup>1</sup>**

- Total number of certified accounts opened
- Number of accounts open (2017)
- Number of accounts newly opened (2017)
- Number of new account-opening customers new to institution (2017)
- Number of accounts newly closed (2017)

#### **Account Usage and Consistency**

- Number of accounts utilizing direct deposit
- Number of accounts frequently utilizing direct deposit
- Number of accounts making debit transactions
- Frequency of debit transactions per month
- Total value of debit transactions per month
- Number of accounts making withdrawals
- Frequency of withdrawals per month

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1 — <https://joinbankon.org/wp-content/uploads/2019/01/Bank-On-Data-Chapter-11.pdf>

- Total value of withdrawals per month
- Number of accounts making deposits
- Frequency of deposits per month
- Total value of deposits per month
- Month-end balance

#### Online Access

- Total number of accounts using bill pay
- Frequency of online bill pay per month
- Total value of online bill pay per month
- Number of accounts using peer-to-peer (P2P) transactions
- Number of P2P transactions per month
- Value of P2P transactions per month
- Number of accounts that are digitally active

## RESOURCE I: SPECIAL ACCESSIBILITY

### **SPECIAL ACCESSIBILITY TAKEN FROM THE FEDERAL DEPOSIT INSURANCE CORPORATION<sup>1</sup>**

- Elderly<sup>2</sup>
- Minorities<sup>3</sup>
- Immigrants<sup>4</sup>
- Consumers of certain national origins
- Members of specific religious groups or denominations
- Military service members or former service members<sup>5</sup>
- Consumers with limited education
- Consumers with limited English proficiency
- Low-income consumers or consumers on limited, fixed incomes<sup>6</sup>
- Consumers receiving any type of public assistance
- Consumers with limited experience with financial products or services
- Consumers who are in, or who have recently experienced, financial distress

1 — [https://files.consumerfinance.gov/f/documents/102012\\_cfpb\\_risk-assessment\\_template.pdf](https://files.consumerfinance.gov/f/documents/102012_cfpb_risk-assessment_template.pdf)

2 — <https://www.justice.gov/elderjustice/financial-exploitation>

3 — [https://s3.amazonaws.com/newamericadotorg/documents/The\\_Racialized\\_Costs\\_of\\_Banking\\_2018-06-20\\_205129.pdf](https://s3.amazonaws.com/newamericadotorg/documents/The_Racialized_Costs_of_Banking_2018-06-20_205129.pdf)

4 — <https://theprospertyagenda.org/immigrant-and-refugee-financial-inclusion-initiative/>

5 — <https://www.usa.gov/military-assistance>

6 — <https://www.centerforfinancialinclusion.org/financial-inclusion-in-the-u-s-are-we-making-progress>  
<https://www.poverty-action.org/program-area/financial-inclusion/financial-services-poor-initiative>

- Consumers with low credit scores (e.g., FICO below 620)
- Consumers of a certain gender or marital status<sup>1</sup>

## RESOURCE I: MEETING SOCIAL EQUITY GOALS

### **SUGGESTED PRACTICES TO MEET SOCIAL EQUITY GOALS**

- Focus groups and surveys to determine how to best serve various equity-targeted groups,
- Include representatives on loan committees and credit/underwriting staff (in addition to broader equity-focused staff and board),
- Create representative advisory committees,
- Targeted product outreach and marketing to equity-targeted groups
  - Outreach to business associations, cultural associations, and other organizations that specialize in supporting target group,
- Partnerships with community coalitions and organizations that specialize in supporting target group.

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<sup>1</sup> — <https://www.womensworldbanking.org/tag/digital-financial-services/>

**[BENEFICIALSTATE.ORG/BANKSTANDARDS](https://beneficialstate.org/bankstandards)**

