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FOR FINANCIAL REFORM
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Americans for Financial Reform
1629 K St NW, 10th Floor, Washington, DC, 20006
202.466.1885

February 13, 2012

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Prohibition Against Conflicts of Interest in Certain Securitizations
File Number S7-38-11

Dear Ms. Murphy:

Americans for Financial Reform appreciates the opportunity to comment on the above-captioned release (the "Release") of the Securities and Exchange Commission ("Commission"). AFR is a coalition of over 250 national, state, and local groups who have come together to advocate for reform of the financial industry. Members of AFR include consumer, civil rights, investor, retiree, community, labor, faith based and business groups along with prominent independent experts.

In accordance with Section 621[1] of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), the Release proposes rules (the "Proposed Rules") that would prohibit certain persons who create and distribute an asset-backed security, including a synthetic asset-backed security, ("ABS") from engaging in transactions, within one year after the date of the first closing of the sale of the ABS, that would involve or result in a material conflict of interest with respect to any investor in the ABS.

Introduction

Conflicts of interest on the part of underwriters, sponsors and other parties in the ABS markets helped fuel the excesses that led to the crisis that engulfed the financial markets in 2008 with enormous consequences for economies and markets around the world. Behavior based on these conflicting interests undoubtedly harmed investors for the benefit of a number of Wall Street bankers, but the extent of the damage was much broader. These conflicts generated such phenomenal profits that great swaths of the financial services industry were induced to forsake their basic ethics. Motivated by greed, participants in multiple sectors of the financial services industry were willing to put the American public and international financial systems at risk for the sake of a quick profit. The persistent disruption and widespread losses that have led to misery

[1] Which adds Section 27B of the Securities Act of 1933 ("Section 27B").

for hundreds of millions of people must, in significant part, be laid at the door of those who profited handsomely from these conflicts of interests.

Many sectors of the financial markets cry out for reform. However, as Congress clearly concluded when it enacted Section 27B, the ABS market is unique. When corporations issue shares, there is a company with (hopefully) responsible managers to make final judgments regarding the underpinnings of an offering. Similarly, when governments offer their debt to the public, elected officials are ultimately responsible for the offering. In corporate and government offerings, the value of the transaction is measured in the context of an ongoing enterprise, introducing a longer-term perspective on the transaction.

The balance of interests driving ABS transactions is quite different. Financial intermediaries drive the structuring of the issuer, a special purpose entity ("SPE"), and its assets and cash flow. They benefit from the transaction, not the long term performance of the assets. If the financing can be successfully distributed to the public, many of the individuals in a position to evaluate the quality of the ABS will receive compensation at levels which are mind-boggling to the vast majority of people; and the consequences that they will suffer if the financings do not work out in the end are disproportionately small. That lesson was reinforced by the real-world experiences of the financial crisis.

The Commission will fail to fulfill the mandate of Section 27B if its implementing rules address only the specific bad acts that have been so widely reported in the aftermath of the financial crisis. The details of future harmful behavior driven by the conflicts of interest in the ABS market are likely to differ from the specific notorious events prior to the autumn of 2008. Congress decided that conflicts of interest in ABS markets must be prohibited, not just that those specific behaviors be prevented. Congress intended to address the incentives fueling risky and dangerous behavior, not just particular risky behaviors.

Fulfilling this mandate is even more important because ABS has come to be a fundamental underpinning of the broad economy. The collateral damage from imprudent behavior incented by conflicts of interest in the structuring of ABS includes the broadest-based financial assets, particularly mortgages, credit cards, auto loans and student loans. Those are the assets most likely to be securitized because they are (in theory) measurable by broad statistical calculations. Yet they are also the sectors of commerce and finance most likely to cause grave and intractable harm to the economy as a whole if they are disrupted.

Discussion

Statutory Mandate

Section 621 of the Dodd-Frank Act includes a straightforward prohibition of a class of activities defined by material conflicts of interest:

> An underwriter, placement agent, initial purchaser, or sponsor, or any affiliate or subsidiary of any such entity, of an asset-backed security (as such term is defined in section 3 of the Securities and

> Exchange Act of 1934 (15 U.S.C. 78c), which for the purposes of this section shall include a synthetic asset-backed security), shall not, at any time for a period ending on the date that is one year after the date of the first closing of the sale of the asset-backed security, engage in *any transaction that would involve or result in any material conflict of interest* with respect to any investor in a transaction arising out of such activity. [Emphasis added.]

Congress went on to identify certain specific exceptions from this prohibition, based on the purposes motivating the transaction that might otherwise constitute a prohibited conflict of interest:

> (1) risk-mitigating hedging activities in connection with positions or holdings arising out of the underwriting, placement, initial purchase, or sponsorship of an asset-backed security, provided that such activities are designed to reduce the specific risks to the underwriter, placement agent, initial purchaser, or sponsor associated with positions or holdings arising out of such underwriting, placement, initial purchase, or sponsorship; or
>
> (2) purchases or sales of asset-backed securities made pursuant to and consistent with—
>
> (A) committments of the underwriter, placement agent, initial purchaser, or sponsor, or any affiliate or subsidiary of any such entity, to provide liquidity for the asset-backed security, or
>
> (B) bona fide market-making in the asset backed security.

The Commission's approach to these rules must be responsive to the intent of Congress as it adopted Section 621. It is fortunate that this intent was clearly articulated by Senator Levin (speaking in concert with Senator Merkley) in the debates preceding adoption.

> The intent of section 621 is to prohibit underwriters, sponsors, and others who assemble asset-backed securities, from packaging and selling those securities and profiting from the securities' failures. This practice has been likened to selling someone a car with no brakes and then taking out a life insurance policy on the purchaser. In the asset-backed securities context, the sponsors and underwriters of the asset-backed securities are the parties who select and understand the underlying assets, and who are best positioned to design a security to succeed or fail. They, like the mechanic servicing a car, would know if the vehicle has been designed to fail. And so they must be prevented from securing handsome rewards for designing and selling malfunctioning vehicles that undermine the asset-backed securities markets. It is for that reason that we prohibit those entities from engaging in transactions that would involve or result in material conflicts of interest with the purchasers of their products….

> We believe that the Securities and Exchange Commission has sufficient authority to *define the contours of the rule in such a way as to remove the vast majority of conflicts of interest from these transactions,* while also protecting the healthy functioning of our capital markets. [Emphasis added][2]

It is clear from the plain meaning of the statute and from the remarks quoted above that Section 621 was intended to prohibit a class of behaviors, not simply some specific transactions that manifestly fall within that class.

Discussion of the Proposed Rules

Overall Structure

The superstructure of the Proposed Rules is defined by five conditions that establish the scope of the prohibition. "In particular, in order for the proposed rule to apply, the relevant transaction must involve (1) Covered persons, (2) covered products, (3) a covered timeframe, (4) covered conflicts, and (5) a 'material conflict of interest'."[3]The Commission's approach to the fifth condition, material conflicts of interest, is critical to the overall structure of the Proposed Rules.

The fifth condition is interpreted to apply two separate standards each of which must be met if a conflict of interest is to be considered material.[4] One standard is that a prohibited conflict does not exist unless "there is a 'substantial likelihood' that a 'reasonable' investor would consider the conflict important to his or her investment decision (including a decision to retain the security or not)."[5]

The Commission in its interpretation then establishes a further requirement for material conflicts of interest that limits the original 'reasonable investor' test. Under the Release, the conflicts must have one of two characteristics:

> (A) a securitization participant would benefit directly or indirectly from the actual, anticipated or potential (1) Adverse performance of the asset pool supporting or referenced by the relevant ABS, (2) loss of principal, monetary default or early amortization event on the ABS, or (3) decline in the market value of the relevant ABS (where these are discussed below, any such transaction will be referred to as a ''short transaction''); or
>
> (B) a securitization participant, who directly or indirectly controls the structure of the relevant ABS or the selection of assets underlying the ABS, would benefit directly or indirectly from fees or other forms of remuneration, or the promise of future business, fees, or other forms of remuneration, as a result of allowing a third party, directly or indirectly, to

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2 Congressional Record, 111th Congress, July 15, 2010, page 5899.
3 Release, 76 FR 60328.
4 Release, 76 FR 60329.
5 Id.

> structure the relevant ABS or select assets underlying the ABS in a way that facilitates or creates an opportunity for that third party to benefit from a short transaction as described above….[6]

There are several strengths of these definitions as stated that should be retained in the final rule:

- First, there is no intentionality required on the part of the entity that would benefit from the short transaction. This is appropriate as intention is nowhere mentioned in the statute. The prohibition relates to conflicts of interest, not intentional fraudulent behavior (that undoubtedly would have legal consequences for the perpetrator even in the absence of Section 27B).

- Second, the rule would not require an actual cash loss to be suffered by the wronged investor. This is correct. The statute relates to the existence of a conflict of interest, not to the inflicting of harm. Neither intent nor actual harm to an investor is required as a condition of the existence of the prohibited conflict of interest. The structuring of the security to benefit the opposing party is an objective fact that may increase the probability of harm to the investor even before that harm occurs, or even if the increased probability is not realized.

- The definition of 'benefit' to the securitization participant from structuring the short transaction is left broad. This appropriately includes direct and indirect benefits such as access to future business, hedges on other exposures, etc.

- The harm to the investor encompasses adverse performance, declines in market value, or partial loss that may fall short of a complete default or failure. The 'designed to fail' standard suggested by some commenters (CFR 60332; Question 40) is inappropriate as clearly harm can be done well short of default or failure.

We do however have one serious concern with the definition of 1 (B). The Commission asks at Question 46 whether the prohibition in 1(B) on allowing a third party to structure the relevant ABS or select assets for such ABS is over or under inclusive. We believe it is under inclusive. Even in the example of the Abacus security that directly inspired this legislation, Paulson did not actually 'structure' the security or directly select the assets for the collateral pool. Instead, he simply exerted inappropriate influence on the collateral manager and was assisted in doing so by Goldman Sachs. The broader prohibition on "allowing a third party, directly or indirectly, to influence the structure of the relevant ABS or the selection of assets underlying the ABS'' that is suggested in Question 46 would include Paulson and would be more appropriate.

Finally, there is an important broader issue. We believe that the Commission is inappropriately narrowing the scope of Section 621 in targeting only the specific 'designed to fail' type transaction represented in the 2010 Senate hearings that took place around the time this legislation was written.

The Release makes clear that the Commission chose a narrow focus out of concern that including

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[6] Id.

conflicts that might be 'inherent' to a securitization within the scope of the rule, would have the consequence of effectively prohibiting particular securitizations or securitizations more broadly.

> We are not aware of any basis in the legislative history of Section 621 to conclude that this provision was expected to *alter or curtail the legitimate functioning of the securitization markets, as opposed to targeting and eliminating specific types of improper conduct.* Moreover, as a preliminary matter, we believe that certain conflicts of interest are inherent in the securitization process, and accordingly that Section 27B and our proposed rule should be construed in a manner that does not unnecessarily prohibit or restrict the structuring and offering of an ABS. [Emphasis added.][7]

This interpretation of the legislative history appears unnecessarily narrow. There is no doubt that Section 27B was intended to alter or curtail behavior related to the securitization markets and thus would alter the functioning of those markets to at least some degree. Further, the dichotomy expressed in the emphasized language is inapt. The Commission reasons that the only way to avoid alteration or curtailment of legitimate functioning of the securitization market is to limit the prohibition to specific types of improper conduct and ignore others that it sees as currently 'inherent' to the process. This conclusion contradicts the statutory language: "… shall not, at any time for a period ending on the date that is one year after the date of the first closing of the sale of the asset-backed security, engage in *any* transaction that would involve or result in *any* material conflict of interest with respect to *any* investor in a transaction arising out of such activity." [Emphasis added.] This does not suggest a narrow scope was intended.

The second sentence in the quoted passage clearly represents the source of the Commission's concern. The Release references a comment from SIFMA in a footnote: "If not focused on the transactions referenced by Senators Merkley and Levin, rules promulgated under Section 621 could restrict many standard industry practices which are vital to the functioning of the ABS markets and beneficial to investors."[8]

It is concerning that the Commission appears to have been persuaded by the list of more than 20 potential conflicts of interest that were asserted by industry commenters to be inherent in securitizations. [9] Tying this list to the SIFMA comment cited above, the concern is that the Commission was excessively and inappropriately cautious about the potential for altering or curtailing the market for ABS. Many of the "conflicts" included in the industry list are simply fundamental characteristics of the offering that any investor would know and understand (*e.g.,* the basic risk transfer that occurs in structuring a securitization, which is to say the conflict interests of the buyer and the seller), and they do not need to be prohibited. Others are more troubling (*e.g.,* swap and cap transactions), and the Commission should in fact consider what kinds of conflict of interest protections or prohibitions would mitigate the dangers they pose. The fundamental issue is that if there is an "inherent" conflict of interest that meets the four conditions articulated by the Commission and the portion of the fifth condition related to relevance to the investment decision, there is no reason that the conflict of interest should not be

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7 Release, 76 FR 60329.
8 Release, footnote 64, 76 FR 60329.
9 Release, 76 FR 60323-4.

prohibited.

Moreover, if the five conditions were deemed inadequate in respect of certain types of conflicts, the Commission could establish conditions related to just these types. A framework is provided in the letter from Senators Levin and Merkley to Chairman Shapiro that noted that the central purpose of Section 27B is to prohibit "firms from packaging and selling asset-backed securities to their clients and then engaging in transactions that create conflicts of interest between them and their clients.''[10]

The Commission should clarify that the prohibition on conflict of interest goes beyond the specific examples, and that the Commission reserves the authority in future rulemakings to outline additional specific conflicts of interest that are banned under Section 621 authority. It should consider classifying additional types of conflict of interest and harm beyond those specified in this rule.

Other Specific Comments

Covered Products (Condition 2)

The Commission specifically decides not to define "synthetic ABS" and requests comments on this decision.[11]We believe that the Commission should define the term and should make the definition as broad as possible, to cover the full range of potential synthetic-type products that may be structured now or in the future. A useful definition could focus on whether contract terms of the securitization or any asset within reference another asset (such as loans, equities, leases, mortgages, receivables, etc.) outside the collateral pool of the securitization. The definition should cast a broad net to include hybrid securitizations that combine synthetic and cash flow elements, so that the inclusion of any synthetic derivative element causes the entire security to be classified as synthetic.

Covered Timeframe (Condition 3)

Under the Proposed Rules, the prohibited activity must fall within a timeframe that ends one year after the first closing of the sale of the security to the public, but has no defined beginning point. The Release requests comment on whether "there a point in time prior to 'one year after the date of the first closing of the sale of the asset-backed security' at which the prohibition in Section 27B was not intended to apply."[12]

A specific beginning point is neither necessary nor appropriate. If the transaction that gives rise to the conflict of interest occurs on some date prior to the offering, it is of no consequence. The underlying question is whether the conflict of interest is material, and that is addressed in connection with condition 5.

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[10] Letter from Senators Jeffrey Merkley and Carl Levin to Commission Chairman Mary Schapiro, et al. (Aug. 3, 2010) at p. 5, available at http://www.sec.gov/comments/df-title- vi/conflicts-of-interest/conflictsofinterest-2.pdf

[11] Release, 76 FR 60327.

[12] Release, 76 FR 69327.

Conflicts of Interest that are Material (Condition 5)

The Commission explicitly states that disclosure of a conflict that is otherwise material does not exclude the conflict of interest from the prohibition. However, the Release includes a request for comments "as to whether and to what extent adequate disclosure of a material conflict of interest should affect the treatment under the proposed rule of an otherwise prohibited transaction."[13]

The Commission's interpretation of Section 27B is correct. There is nothing in the statute that indicates disclosure would eliminate the prohibition. In addition, Senator Levin's remarks in the floor debate strongly indicate that disclosure does not eliminate the prohibition:

> [A] firm that underwrites an asset-backed security would run afoul of the provision if it also takes the short position in a synthetic asset-backed security that references the same assets it created. In such an instance, even a disclosure to the purchaser of the underlying asset-backed security that the underwriter has or might in the future bet against the security will not cure the material conflict of interest.[14]

Risk Mitigating Hedging Exception

Section 27B provides an exception for risk mitigating hedging. The critical standard is set forth in the Release:

> Typically, the hedge should not be significantly greater than actual exposure to the underlying assets. The hedge (e.g., the notional amount under the hedge) should be correlated so that losses (gains) on the position being hedged are offset by gains (losses) on the hedge without appreciable differences.[15]

One practical implication of this standard is described in Example 2 – Securitization Participant Hedges Retained Investment in an ABS:

> [I]f, the CDS transaction is structured such that under some circumstances, now or in the future, the recovery on the CDS might be appreciably greater than the exposure on the ABS, the risk-mitigating hedging exception would not apply, because the securitization participant would profit from the adverse performance of the ABS through a short transaction (the CDS). In this case, the securitization participant would not be managing risk, but instead would have a risk-taking position directionally opposed to the ABS (in the amount of the CDS exposure that exceeds what is necessary

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13 Release, 76 FR 60332.

14 Congressional Record, 111th Congress, July 15, 2010, page 5899.

15 Release, 76 FR 60334.

for a delta neutral hedge).[16]

The language describing this standard must be made more definitive, but the concept is sound. For a transaction to be a risk-mitigating hedge, it must not be a vehicle for accessing exposure to incremental risk.

Comments are requested in the Release regarding the time when risk-mitigating hedging in connection with an underwriting, placement, initial purchase or sponsorship might cease.[17] The risk mitigating hedging should be consistent with the activity. Once the offering period has expired, the purported hedge is in substance a risk position rather than an offset of the exposures incurred in connection with the offering. The duration of the hedge must not exceed the offering period established, for instance, by the closing of the underwriting book.

Liquidity Commitment Exception

In accordance with Section 27B, the Proposed Rules implement an exception for liquidity commitments, defined as.

> Purchases or sales of asset-backed securities made pursuant to and consistent with commitments of the underwriter, placement agent, initial purchaser, or sponsor, or any affiliate or subsidiary of such entity, to provide liquidity for the asset-backed security….[18]

This section of the Proposed Rules is notable because of the absence of guidance on the concept of "commitment." The concept must be defined to mean a contractual obligation to provide liquidity. The need to so define "commitment" is highlighted by the request for comment in the Release regarding the distinction between liquidity commitments and market making.[19] The activities may be the same in both cases, but market making is a role that the entity undertakes in order to profit from bid/ask spreads, but is not contractually bound to continue. The significant distinction is the contractual obligation indicated by the use of the term "commitment."

Bona Fide Market Making Exception

The formula for *bona fide* market making set forth in the Release is generally appropriate.[20] However, two important concepts are omitted:

- The concept of providing liquidity on both sides of the market is included. However, this activity must be demonstrated to be *bona fide.* Actual trading activity on each side must be reasonably substantial relative to the size of the market for the securities in question.

- As noted in the description of the article by William B. Silber contained in footnote 93, a defining characteristic of market making is that the market maker earns money on the

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16 Release 76 FR 6038.
17 Release, 76 FR 60335.
18 Proposed Rules, Section 230.127B(b)(2).
19 Release, 76 FR 60335.
20 Release, 76 FR 60336.

bid/ask spread rather than by speculation.[21] This is of particular importance in that it means that the existence of a two-sided market that is liquid enough to absorb the position taken is a pre-requisite to *bona fide* market making. While this is undoubtedly the case for certain ABS and positions, it is unlikely to be the case always. This characteristic should be included in the definition of *bona fide* market-making.

Thank you for the opportunity to comment on this rule. Should you have any questions, please contact Marcus Stanley, AFR's Policy Director, at marcus@ourfinancialsecurity.org or (202) 466-3672.

Sincerely,

Americans for Financial Reform

[21] Release, 76 FR 60336, footnote 93.

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- Americans for Democratic Action, Inc
- American Income Life Insurance
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Greenlining Institute
- Good Business International
- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Information Press

- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lake Research Partners
- Lawyers' Committee for Civil Rights Under Law
- Move On
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Council of Women's Organizations
- Next Step
- OMB Watch
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now

- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Signers

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA

- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- Neighborhood Economic Development Advocacy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending
- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA

- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- The Holographic Repatterning Institute at Austin
- UNET