The Honorable Paul D. Ryan
Speaker, U.S. House of Representatives
U.S. Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader, U.S. House of Representatives
U.S. Capitol
Washington, DC 20515

May 22, 2018

Dear Speaker Ryan and Leader Pelosi,

As Mayors of cities from around the country, we are writing to express serious concerns about S. 2155, the "Economic Growth, Regulatory Relief, and Consumer Protection Act," and we urge you to oppose this damaging legislation.

We are deeply troubled this bill will put us on the same path we were on before the 2008 financial crisis. Rolling back rules on 25 of the 38 largest banks in the country, as this legislation does, increases our risk of another financial disaster and public bailout that our cities cannot afford. We cannot afford to forget the painful lessons of the past or to live in denial of the critical role financial deregulation played in creating the conditions that led to the crisis.

While this bill touts itself as supporting small community banks, it actually weakens the regulation of many of the largest banks in the country by raising the threshold of assets that qualify a bank as a "systemically important financial institution" from $50 billion to $250 billion. This bill would exempt many large banks from oversight designed to guard against practices that put the nation's economy at risk. Many financial institutions with assets in this range, such as Countrywide and Golden West, were among those that failed in 2008 and helped trigger the foreclosure crisis. A higher threshold also enables the Trump administration to deregulate the US activities of foreign megabanks like Deutsche Bank, Barclays, Credit Suisse, and Santander because their US operations have less than $250 billion in capital.

The bill would also weaken commercial real estate risk protections at all banks by preventing regulators from requiring additional capital to absorb losses from risky loans. This would apply to even the largest Wall Street megabanks. The failure to maintain adequate capital reserves to back up risky commercial real estate lending was a significant contributing factor in the 2008 financial collapse.

In addition to these damaging deregulatory measures affecting big banks, this bill would exempt the large majority of mortgage lenders from key disclosure requirements that help guard against racial discrimination and make it possible for regulators to enforce fair housing laws. With recent research finding that African-American borrowers still have much lower approval rates for mortgage loans, the last thing we should be doing is opening the door to predatory and discriminatory lending practices.

The Economic Growth, Regulatory Relief, and Consumer Protection Act would be a gift for banks at the expense of homeowners and consumers. The Dodd Frank Act was created to protect us from the practices that led to the 2008 financial crisis. Instead of upholding these measures, we are stripping them away and increasing the risk of repeating this tragic history. I hope you will join us in opposing this harmful legislation. The residents of our cities are counting on you.

Sincerely,

Mayor Jesse Arreguin, Berkeley, CA
Mayor Martin J. Walsh, Boston, MA
Mayor Svante Myrick, Ithaca, NY
Mayor Chokwe Lumumba, Jackson, MS
Mayor Eric Garcetti, Los Angeles, CA
Mayor Bill de Blasio, New York, NY
Mayor Ras Baraka, Newark, NJ
Mayor Libby Schaaf, Oakland, CA
Mayor James F. Kenney, Philadelphia, PA
Mayor William Peduto, Pittsburgh, PA
Mayor Ethan Strimling, Portland, ME
Mayor Ted Wheeler, Portland, OR
Mayor Darrell Steinberg, Sacramento, CA