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House Subcommittee on Capital Markets and Government Sponsored Enterprises

Legislative Proposals to Promote Job Creation, Capital Formation, and Market Certainty

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Good afternoon, Chairman Garrett and Ranking Member Waters. Thank you for the opportunity to testify today. My name is Damon Silvers and I am the Policy Director and Special Counsel for the AFL-CIO. I am testifying today on behalf of Americans for Financial Reform and the Consumer Federation of America, as well as for the AFL-CIO.[1] Americans for Financial Reform is an unprecedented coalition of over 250 national, state and local groups which have come together to reform the financial system. Members of our coalition include consumer, civil rights, investor, retiree, community, labor, religious and business groups as well as Nobel Prize-winning economists. The organizations of the AFR represent well over 50 million Americans.[2]

I am also the Deputy Chair of the Congressional Oversight Panel created under the Emergency Economic Stabilization Act of 2008 to oversee the TARP. My testimony reflects my views and the views of the AFR, the AFL-CIO and the CFA, and is not on behalf of the Panel, its staff or its chair, former Senator Ted Kauffman. The Oversight Panel has done substantial work touching on each of the topics being considered today and I have with me copies of each of the relevant reports.

The title of today's hearing is "Legislative Proposal to Promote Job Creation, Capital Formation, and Market Certainty." These, of course, are very important goals. In fact, they are the very goals that the Dodd-Frank Wall Street Reform and Consumer Protection Act sought to achieve after the most traumatic financial crisis since the Great Depression caused 8 million lost jobs, left up to 13 million families facing foreclosure, and destroyed $10 trillion in household wealth.

When Congress passed the Dodd-Frank Act it took a critical step toward restoring confidence in the financial markets. Well-regulated financial markets facilitate capital formation and help private companies obtain the financing they need to grow and create jobs. Poorly regulated markets lead to bubbles and panics and excess volatility which destroy confidence and jobs. If

[1] The AFL-CIO is the country's largest labor federation and represents 12.2 million union members. Union-sponsored pension and employee benefit places hold more than $480 billion in assets. Union members also participate directly in the capital markets as individual investors and as participants in pension plans sponsored by corporate or public-sector employers. The Consumer Federation of America (CFA) is an association of nearly 300 nonprofit consumer groups that was established in 1968 to advance the consumer interest through research, education, and advocacy.

[2] A full list of AFR members is attached.

we want well regulated markets, Congress must first give regulators the opportunity to implement the new law and the financing necessary to do so effectively.

The American people are genuinely worried about unemployment and are frustrated that Congress is focused on side-issues that will not help get people back to work. A Kaiser Health Tracking Poll conducted in February found that 71 percent of adults in this country feel that Congress is paying too little attention to the economy and jobs.[3] Tragically, cynical exercises in financial deregulation such as the bills under consideration today are only going to intensify public frustration with Congress.

If there was a truth in labeling act for Congress:

"The Business Risk Mitigation and Price Stabilization Act", would be called the "Help Create Another AIG Act." The proposal, would amend the definition of a "major swap participant" to prevent regulators from designating for special (please spell out what MSPs are)oversight undercapitalized and highly leveraged financial institutions that maintain major derivatives positions that threaten U.S. financial stability. I have here the Congressional Oversight Panel's unanimous bipartisan report on AIG that will hopefully help refresh the Subcommittee's memory as to where this type of deregulation leads.

"The Burdensome Data Collection Relief Act", which would repeal the Dodd-Frank requirement that issuers disclose pay disparity ratios, would be called "The Promote CEO Pay Secrecy Act." I have here the Oversight Panel's unanimous bipartisan report on executive compensation and the TARP, which among other things contains the testimony of the Special Master for Executive Pay that executives of our country's major financial firms "feathered their own nest" to the tune of billions of dollars while their companies were receiving public money.

"The Small Business Capital Access and Job Preservation Act", which would amend the Investment Advisers Act of 1940 to provide a registration exemption for private equity fund advisers, would be called "The No Accountability for Leveraged Buyout Funds Act." I have here the Regulatory Reform Report of the Congressional Oversight Panel which lays out the systemic risks associated with leveraged private pools of capital.

"Small Company Capital Formation Act of 2011", which would allow offerings of up to $50 million to rely on the Regulation A exemption from SEC registration to offer securities to the investing public of companies that do not have audited financial statements, would be called "The Promote Penny Stock Fraud Act"; and finally

"The Asset-Backed Market Stabilization Act", which would exempt rating agencies from the same standards that apply to other experts giving opinions in connection with offerings of asset-backed securities, would be called "Legal Immunity for the People Who Brought You the Financial Panic Act."

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[3] Kaiser Health Tracking Poll -- February 2011, *available at* http://kff.org/kaiserpolls/upload/8156-F.pdf.

The importance of the principles of transparency and the culpability of credit rating agencies in the financial catastrophe is discussed in nearly every report of our Panel. Each one of these reports is available on our Panel's website.[4]

In reality, these legislative proposals are not attempts to help put Americans back to work or restore confidence in our financial markets. The proposals are an attempt to chip away at the first meaningful steps toward re-regulating our financial markets after 30 years of deregulation led to the worst financial crisis, the worst unemployment, and the greatest economic suffering in our country since the Great Depression. For this reason, the Americans for Financial Reform, the AFL-CIO, and the Consumer Federation of America strongly oppose these efforts on behalf of Wall Street interests to weaken the Dodd-Frank Act.

The remainder of my testimony will address each of these proposals in greater detail.

1. *"The Business Risk Mitigation and Price Stabilization Act"*

Before describing what this legislation would do, it would perhaps be best to start by saying what it does not do. The Dodd-Frank Act already exempts end-users – non-financial entities that are using swaps to hedge or mitigate commercial risk – from any clearing or trading requirement. In addition, in recent testimony before the Senate Agriculture Committee, CFTC chairman Gary Gensler clearly laid out that the CFTC will exclude end-users from any margin requirements that may apply to other entities and the rationale behind such an exemption:

> "Transactions involving non-financial entities do not present the same risk to the financial system as those solely between financial entities…Consistent with this, proposed rules on margin requirements should focus only on transactions between financial entities rather than those transactions that involve non-financial end-users."

Thus, the Act does not act to exempt end-users from clearing and margin requirements – this exemption already exists.

Instead, the Act strikes at the definition of a "major swap participant", or MSP. MSPs are companies that maintain substantial positions in derivatives that go beyond any need to hedge true commercial risks created by actual production of a product or service. Because they maintain large swaps positions for purely speculative purposes, these entities are in effect financial companies, not commercial end-users. One clear example during the financial crisis was the American International Group (AIG), an insurance company which maintained large swaps positions unrelated to its core business. In the future, more firms could likewise build up large positions in the swaps market for speculative purposes that could threaten financial stability.

- The designation of an entity as a "major swap participant" allows regulators to spot these kinds of companies and impose sensible capital and leverage requirements on them to ensure that – unlike AIG – they have the capital to back up the bets they make. Unfortunately, the Act would

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[4] http:/www.cop.senate.gov.

practically eliminate the ability of regulators to designate MSPs. Some of the critical changes include: Allowing companies to escape MSP designation through a hedging exemption if their derivatives position simply "reduces" their commercial risk (instead of actually hedging or mitigating it, as currently permitted in the Dodd-Frank Act). A swaps position completely unrelated to a company's core business could theoretically "reduce" their commercial risk under some circumstances, by diversifying the company's exposures. Unfortunately, it could also introduce substantial additional risk.

- Eliminating the ability of regulators to designate for special MSP oversight undercapitalized and highly leveraged financial institutions that maintain major swaps positions that threaten U.S. financial stability. The clearest example of such an institution would be a large hedge fund that took major leveraged derivatives positions to boost returns. We know from the example of Long Term Capital Management that such hedge funds can potentially create systemic risks.

- By adding the word "net" to the definition of major swap exposure, the bill would also exempt from MSP designation entities which have very large derivatives positions with one counterparty, but claim these positions are balanced by hedging positions they have purchased from another counterparty. As we learned during the financial crisis, counterparty failure can quickly lead such hedges to become ineffective, particularly in turbulent market conditions when they are most important.

2. "The Burdensome Data Collection Relief Act"

Section 953(b) of the Dodd-Frank Act seeks to provide investors with improved disclosure of public company compensation practices, through a pay disparity ratio comparing the chief executive officer's total compensation to median employee wages. Investors will benefit from the greater transparency provided by Section 953(b) disclosures. For many companies, particularly in the financial, high-tech, and service sectors, employee compensation is frequently the single biggest expense. Investors will benefit from greater transparency regarding about this spending because high CEO-to-worker pay disparities hurt employee morale and productivity.

Issuer concerns regarding Section 953(b) seem extraordinarily passionate in light of the issues they purport to be concerned about. In reality, compared to much of the SEC's existing disclosure regime, the data requirements of 953(b) are relatively modest. Prior to the passage of Dodd-Frank, at least one major public company, Whole Foods, already disclosed its average employee's compensation in its annual proxy statement and the CEO's annual cash compensation is capped at a maximum ratio of the company's average annual employee wage.[5] In the U.S., all employers are required to report each employee's annual compensation to the Internal Revenue Service on Form W-2, as reported under "wages, tips, and other compensation." The national tax authorities of most other countries have similar reporting requirements for withholding tax purposes. Moreover, because payroll processing is integral to

[5] Whole Foods Market, Inc., 2011 Proxy Statement filed Jan. 18, 2011, pages 15-16, available at http://www.sec.gov/Archives/edgar/data/865436/000120677411000059/wholefoods_def14a.htm.

the accounting process, collecting the required information to comply with Section 953(b) should be attainable for any company that is capable of receiving a clean audit opinion.

Perhaps most importantly, Section 953(b) gives the investing public the information necessary to make the judgment as to whether executive pay packages are appropriate in light of the overall compensation environment in the firm. Greater transparency about median employee compensation levels and workforce wage disparities will help investors better understand how individual companies compare to their industry peers as well as the compensation strategies of entire industries. We note that any concerns about Section 953(b) potentially misleading investors can be remedied by providing investors with still further disclosure. For example, companies are free to provide a narrative discussion and analysis of their Section 953(b) disclosures that would explain why their company's particular approach to the management of their employees leads to their company's particular ratio.

Some issuers have argued that Section 953(b) disclosures will lead to companies may restructuring their workforces to manipulate the information. Such a decision would be improper breach of fiduciary duty under state corporate laws that require boards of directors to put the interests of the corporation and its shareholders before the interests of company CEOs who may be potentially embarrassed by their companies' Section 953(b) disclosures.

Repealing Section 953(b) would be a clear statement that the Congress of the United States believes it is more important to shield excessive and unfair CEO pay from public scrutiny than to protect the investing public from the consequences of excessive pay for companies and their shareholders.

3. "The Small Business Capital Access and Job Preservation Act"

During the legislative process, our organizations were strong proponents of the provisions of Dodd-Frank that will require advisers to hedge funds and leveraged buyout funds/private equity funds to register with the Securities and Exchange Commission. The Small Business Capital Access and Job Preservation Act would exempt LBO fund advisers from registration under the Investment Advisers Act of 1940, denying investors in these funds the protections of investing with a registered investment adviser, and denying the SEC the authority to collect comprehensive data from private equity fund managers necessary to monitor systemic risk.

Those who oppose the Dodd-Frank Act's requirement that managers of private equity funds register with the SEC argue that private equity funds do not pose a systemic threat. Opponents cite as an example the average leverage ratio of a private equity portfolio company compared to the highly-leveraged investment bank Lehman Brothers shortly before its default, which were 4 to 1 and 30 to 1, respectively. Their arguments, however, ignore the impact that outstanding debt issued to finance leveraged buyouts can have on the broader economy.

A more appropriate examination of the potential systemic risks associated with leveraged buyout activities must consider financial intermediaries' exposures to leveraged buyout debt. There was a boom in risky lending to companies purchased in leveraged buyouts conducted by private

equity firms that corresponded with the boom in risky lending to home buyers. Around $1 trillion in LBO ("private equity") loans were issued in 2006 and 2007 alone. The risky loan-products offered to home buyers had counterparts in the leveraged buyout arena. Instead of "NINJA loan", referring to the risky loans made to borrowers with "no income, no job and no assets," banks often made "covenant-lite" loans to PE funds that omitted important items from lending agreements that were intended to allow the lender to avoid unnecessary losses. LBOs also used financing similar to the option adjustable rate mortgages (Option ARM) mortgages, the riskiest type of subprime mortgage. The LBO loan product that is substantially similar to an Option ARM allows the borrowing company to make interest payments by issuing additional debt to the lender instead of paying in cash (payment-in-kind or "PIK").[6] As with the Option ARM, this increases the principal owed on the loan. Interest payments are then based on a higher loan value, and when the bill finally comes due the borrower often suffers "payment shock" because of inadequate funds available to pay off the debt.

According to the Financial Times, "covenant-lite loans that strip out safeguards for investors, dividend deals in private equity-controlled companies, and a third class of instruments, payment-in-kind toggle notes, were widely criticized as part of the easy lending that led to the credit crunch."[7] So far this year, more than $30 billion of covenant-lite loans have already been issued. This surpasses 2006, the second-biggest year of covenant-lite loan issues on record, when $24 billion were issued. The largest annual issuance was 2007, when $100 billion in covenant-lite loans were issued.[8] The resurgence of these risky loans led Moody's to issue a warning earlier this month that these loans "may be laying the groundwork for painful fallout from the next credit downturn."[9]

According to Moody's, "The relatively swift recovery of debt markets following the credit crisis masked the true risk of covenant-lite loans... In a more prolonged credit downturn, companies with lenient covenant terms would be more likely to default, and their lenders would likely recover less than would investors in defaulted companies with more restrictive covenants."[10]

In addition to giving regulators the opportunity to collect data important to determining whether private equity fund activities may pose a systemic threat, registration under the Investment Advisers Act would provide important protections to investors in these funds. Registered investment advisers are required to file a "Form ADV" with the SEC and update it on an annual

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[6] Caroline Salas, *Bondholders Lucky to Get 10 Cents in Looming Defaults*, Bloomberg (April 23, 2008), *available at* http://www.bloomberg.com/apps/news?pid=newsarchive&sid=ah5Lg9TW9B_M.

[7] Nicole Bullock, *Risky loans stage comeback*, FT (March 13, 2011), *available at* http://www.ft.com/cms/s/0/9f7c528c-4da3-11e0-85e4-00144feab49a.html#ixzz1GchehYL7.

[8] Id.

[9] Nicole Bullock, *Moody's warns on covenant-lite loans*, FT (March 10, 2011), *available at* http://www.ft.com/cms/s/0/2795693a-4a9b-11e0-82ab-00144feab49a.html#ixzz1GcjtWQ2M.

[10] Moody's Investor Services, *Announcement: Moody's: Covenant-Lite May Lead to Larger Investor Losses in Next Credit Downturn*, Moody's Global Credit Research (March 10, 2011), *announcement available at* http://www.moodys.com/viewresearchdoc.aspx?lang=en&cy=global&docid=PR_215517.

basis. The Form ADV has two parts. Part I includes information about an adviser's business, the persons who own or control the adviser, and whether the adviser or certain of its personnel have been sanctioned for violating the securities laws or other laws. This is available to the public online. Part II is a written disclosure statement that provides information about business practices, fees, and conflicts of interest the adviser may have with its clients. This must be provided to clients and potential clients of the fund and is not available to the public.

Registered investment advisers also have a duty to act as fiduciaries in dealings with their clients. This means advisers must hold the client's interest above their own in all matters. They are required to avoid conflicts of interest and, if conflicts cannot be avoided, they must describe those conflicts to investors and explain how they will maintain their impartiality.

4. "Small Company Capital Formation Act of 2011"

The Small Company Capital Formation Act of 2011 would make it easier for companies to raise money from the public without meeting the investor protection standards appropriate to a public offering. The draft bill would do so by allowing offerings of up to $50 million to rely on the Regulation A exemption from SEC registration. Currently, Regulation A provides an exemption from registration with the SEC for public offerings of up to $5 million in any 12-month period. As with registered offerings, the securities can be offered publicly and traded freely in the secondary market. Companies that take advantage of the exemption must file an offering statement with the SEC for review consisting of a notification, offering circular, and exhibits. Companies that rely on the Regulation A exemption do not have to submit audited financial statements, and they are not subject to Exchange Act reporting obligations after the offering unless the company has more than $10 million in total assets and more than 500 shareholders. In addition, issuers in Regulation A offerings are permitted to "test the waters" by soliciting interest in the offering before filing any offering statement with the SEC.

The draft legislation would require the SEC to raise the Regulation A threshold to $50 million. In doing so, it would permit, but not require, the SEC to impose additional conditions on such offerings. These include authorizing the agency to: require the issuer to file audited financial statements, require the issuer to submit the offering statement and related filings electronically, and establish disqualification provisions based on the disciplinary history of the issuer or related parties. The legislation would also permit the SEC to impose additional unspecified periodic reporting requirements on companies which make use of the exemption. While we appreciate the fact that the bill sponsor has attempted to include provisions designed to enhance investor protections associated with these offerings, we are concerned that the bill does not guarantee that these added protections would be imposed even as it requires that the exemption be expanded. Moreover, we do not believe the advocates of this approach have provided sufficient evidence that the change is warranted or given adequate thought to the potential harm to investors that could result.

We appreciate that there is a legitimate concern about the challenges that smaller firms have coming to market and would be happy to have a discussion about appropriate policy responses.

Making the market more opaque, however, is likely to exacerbate those problems. In addition, we have a real concern about who is advocating for this measure. To the extent that venture capital firms are advocating for this, Congress should be aware that venture capital firms generally do not want to sell very small companies into the public markets because their profits depend on high initial public offering prices or prices in the secondary market. If the primary advocates for this measure are venture capital firms, it strongly suggests that they are looking to sell into the public markets companies that have failed to meet their own expectations for growth or profitability. Congress should be very wary of weakening auditing and disclosure requirements for such offerings of such portfolio companies.

More generally, the harsh reality is that small companies are more prone to fraud, more likely to have weak corporate governance practices, and less likely to have effective internal controls. Moreover, they are more likely to fail, even where there is no corporate wrong-doing behind the failure. Thus, easing these small companies' access to public markets means increasing the likelihood that investors will lose money. This legislation would increase by a factor of ten the amount of money investors could lose in a single offering. Furthermore, offerings such as these are prime targets for the "pump and dump" schemes that have long haunted the penny stock markets.

The justification for proposals to weaken investor protections associated with small company offerings is generally that taking very small companies' public promotes job growth. This is in itself a questionable premise. The risks of this approach are clear from the tech stock boom and bust, when we adopted a similar policy of encouraging companies to raise money from the public without adequate attention to the risks to investors.

In the short run, investors pumped in capital and jobs were created. But the ensuing tech stock bust wiped out trillions in market value and more than a million jobs. A few years later, roughly half the tech companies that went public during the boom were gone. The hard lesson is that lasting economic growth cannot be built on a foundation of lax regulation and unreliable financial reporting.

5. *"The Asset-Backed Market Stabilization Act"*

The draft legislation proposed by Rep. Stivers to restore Rule 436(g) of the Securities Act would effectively exempt Nationally Recognized Statistical Rating Organizations ("NRSROs") from the same standards that apply to other experts giving opinions in connection with offerings of asset-backed securities. By repealing Rule 436(g), the Dodd-Frank Act subjected NRSROs to potential liability under the Securities Act for making untrue statements of material fact in connection with prospectuses for asset-based securities. Rather than comply with the new standards, the NRSROs threatened to shut down the asset-backed securities markets altogether by refusing to allow their ratings to be disclosed in prospectuses. The SEC responded by adopting a "no action" position, first for six months and then indefinitely, indicating it would not bring enforcement actions against issuers that did not disclose ratings in prospectuses. The stated intent of the SEC action was to buy time for the agency to complete its efforts to remove references to ratings from its laws and regulations without driving affected offerings into the

private market in the interim. While our organizations question the wisdom of that approach, it is far preferable to the outright reversal on Rule 436(g) proposed by this legislation.

Conclusion

When Congress passed the Dodd-Frank Act it took a critical step toward restoring confidence in the financial markets. This is a step which will facilitate capital formation and help private companies obtain the financing they need to grow and create jobs. But, Congress must first give regulators the opportunity to implement the new law and the financing necessary to do so effectively.

The proposals under consideration during today's hearing are not about putting Americans back to work. The proposals are an attempt to chip away at the first meaningful steps toward re-regulating our financial markets after 30 years of deregulation led to the worst financial crisis since the Great Depression. Thank you.

Appendix A

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
- AARP
- ACORN
- AFL-CIO
- AFSCME
- Alliance For Justice
- Americans for Democratic Action, Inc
- American Income Life Insurance
- Americans for Fairness in Lending
- Americans United for Change
- Calvert Asset Management Company, Inc.
- 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 People‟ s Action
- National Council of Women‟ s Organizations
- Next Step
- OMB Watch
- Opportunity Finance Network
- Partners for the Common Good
- PICO
- 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 Institute for College Access & Success
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- 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

Partial 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
- 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
- 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 Leadership Conference on Civil and Human Rights
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- TICAS

- 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