



February 21, 2020

VIA U.S. MAIL AND ELECTRONIC MAIL

Dave Girouard, CEO
Upstart Network, Inc.
2905 S. Delaware Street
San Mateo, CA 94403
Dave.girouard@upstart.com

**Re: Potential Disparate Impact on Borrowers of Color in
Upstart Lending Platform**

Mr. Girouard,

We write on behalf of the NAACP Legal Defense & Educational Fund, Inc. (“LDF”), one of the oldest civil rights organizations in the country dedicated to achieving economic equality for Black people in the United States. Recent reporting about potentially discriminatory outcomes flowing from the Upstart lending platform raises serious questions about Upstart’s compliance with civil rights laws, prompting a group of United States Senators led by Sen. Sherrod Brown (D-OH) to issue a request for information on February 13, 2020. In light of Upstart’s stated commitment to expanding access to credit and in order to ensure that such expansion does not disadvantage Black and African-American borrowers, we write to urge you to comply with the Senate’s request.

As you are aware, a February 5, 2020 report from the Student Borrower Protection Center (SBPC) documents the results of a series of fair lending tests of the Upstart platform. The results are striking: Graduates of historically Black colleges and universities (HBCUs) appear to be offered materially worse terms of credit than graduates of predominantly white institutions. Specifically, SBPC’s testing revealed that a hypothetical graduate of Howard University—where the student population is nearly 90% Black or African-American—was charged significantly more in origination fees and offered higher annual percentage rates than an otherwise-identical borrower who attended New York University—where the student population is just 6% Black or African-American.

SBPC’s report raises serious civil rights concerns. For example, the Equal Credit Opportunity Act (ECOA) prohibits any creditor from “discriminat[ing] against any applicant, with respect to any aspect of a credit transaction, on the basis of race” 15 U.S.C. § 1691(a)(1). If Upstart is offering HBCU graduates



materially different terms for credit, Upstart may be running afoul of these graduates' civil rights. While we recognize and appreciate Upstart's stated goal of improving access to affordable credit such access should not come at the cost of inequitable treatment. In fact, such inequitable treatment would be inconsistent with improving access.

Because tests such as those conducted by SBPC raise significant questions regarding Upstart's use of educational data in creditworthiness determinations, we invite you to address the concerns raised by the SBPC report. In particular, we respectfully urge you to comply with the February 13, 2020 letter issued by Sen. Sherrod Brown and others requesting additional information about the Upstart platform. We would welcome the opportunity to meet with you following your response to the aforementioned letter.

Sincerely,

A handwritten signature in blue ink, appearing to be "Ashok Chandran", followed by a horizontal line.

Ashok Chandran, Assistant Counsel
Kristen A. Johnson, Assistant Counsel
Liliana Zaragoza, Assistant Counsel
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