THE STATE OF BANK REINVESTMENT IN NEW YORK CITY: 2011

Bank Deposits Grow As Their Efforts to Meet Local Credit Needs Decline

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ASSOCIATION FOR NEIGHBORHOOD AND HOUSING DEVELOPMENT, INC.

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GLOSSARY OF TERMS

The Community Reinvestment Act (CRA): is a federal statute that is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operations. It was enacted by the Congress in 1977 (12 U.S.C. 2901) and is implemented by Regulation BB (12 CFR 228).

Community Reinvestment: is the term used by ANHD and others to describe all banking activities including lending, investment, and services that have a community development purpose.

Community Development: is the range of activities such as affordable housing

(including multifamily rental housing) for LMI individuals, community services targeted to LMI individuals, initiatives that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration, or activities that revitalize or stabilize LMI geographies.

Community Development Lending: loans to borrowers for affordable housing rehabilitation and construction, neighborhood revitalization, small business development, and job creation initiatives as well as loans to community loan funds and not-for-profit organizations that serve primarily LMI households.

Multi-Family Lending: loans, either originations or re-financings, to individual landlords or investors of multi-family properties, such as an apartment building with five or more units.

Home Purchase Lending: loans extended to consumers by financial institutions to be used towards the purchase of an owner-occupied home.

CRA-qualified Investment: is a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. For example, banks may purchase state and local government bonds that fund the construction or rehabilitation of affordable housing.

CRA-related Philanthropy: the provision of grants for general operating and program-specific support, and sponsorship of fundraising galas, conferences, and community education events in the communities in which they do business.

Census Tract: Census tracts are small, relatively permanent statistical subdivisions of a county. Census tracts are delineated for most metropolitan areas and other densely populated counties by local census statistical areas committees following Census Bureau guidelines.

Deposit Base: the amount of money a bank holds from customers who are looking for safekeeping or to gain interest.

Tier 1 Capital: Tier 1 Capital is the core measure of a bank's financial strength from a regulatory perspective. It is a core indicator of a banks strength and ability to absorb losses. Tier 1 Capital is composed of core capital, which consists primarily of common stock and disclosed reserves.

Low Income: an individual whose income is less than 50 % of the area median income (AMI). In the New York Metropolitan Area, this equals $30,800.

Moderate Income: an individual whose income is between 50 - 80% of the area median income (AMI). In New York City, this equals between $30,800 and $49,280.

Lending Test: The part of a CRA exam that evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities by considering a bank's home mortgage, small business, farm, and community development lending.

Investment Test: The part of a CRA exam that evaluates a bank's record of helping to meet the credit needs of its assessment area through qualified investments and grants that benefit its assessment area or a broader statewide or regional area that includes the bank's assessment area.

Service Test: The part of a CRA exam that evaluates a bank's record of helping to meet the credit needs of its assessment area by analyzing the availability and effectiveness of a bank's systems for delivering retail services and the extent and innovativeness of its community development services.

Sources: Definitions related to CRA available at: http://www.federalreserve.gov/community-dev/cra_about.htm, www.frbsf.org/community/craresources/CRA101JO.ppt;
and http://www.ffiec.gov/cra; Regulation BB Community Reinvestment, Section 228.12(s).
Census tract information available at: http://www.census.gov/geo/www/cen_tract.html;
Area Median Income data available at: http://www.nyhomes.org/assets/documents/3660.pdf.
Information about CRA exam available at: http://www.occ.gov

EXECUTIVE SUMMARY

Passed in 1977 in response to the devastating impact that redlining and disinvestment had on urban areas, the Community Reinvestment Act (CRA) states that banks have an affirmative obligation to help meet the credit needs of low- and moderate-income (LMI)[1] residents and neighborhoods in a safe and sound manner. This obligation stems from the banks being publicly chartered, receiving low-cost deposit insurance and having access to inexpensive credit from the Federal Reserve Bank's discount window. Spurred by the CRA, banks have played a critical role in helping to build wealth for households and revitalizing many neighborhoods across the city through their support of community development efforts and providing access to capital.

"Despite record profits and growing deposits, all 20 banks we analyzed reduced their lending, investment and/ or services."

In last year's "State of Bank Reinvestment in New York City" report, the Association for Neighborhood and Housing Development (ANHD) presented data received from the city's largest financial institutions that documented substantial reductions in their core CRA-related activities such as community development and multi-family lending. Analysis of the most current data from 20 of the city's largest financial institutions demonstrates that these trends have continued while banks, for the first time, have also cut home mortgage lending, CRA-qualified investments and philanthropy. These reductions, summarized in Finding 1 and Appendix A, come amidst often substantial profits and growing deposits.

While most financial institutions have argued that the recession and economic uncertainty contributed to the drop in their CRA–related activities, the truth is most banks had strong financials—the direct result of taxpayer-funded bailouts—and the public sector in New York City had either maintained or expanded its investment in community and economic development. Thus, the fact that many banks were and are doing less to meet the credit needs of local communities amidst growing profits and deposits challenges their rationale that the reductions resulted from the recession,

1 For the purpose of CRA, "Low" income is defined as a household earning 50% of the Area Median Income (AMI) and "Moderate" income represents households earning up to 80% AMI. See joint rule promulgated by the Comptroller of the Currency: 12 C.F.R. §§ 25.12(h)(2)
Available at http://www.occ.treas.gov/fr/cfrparts/12cfr25.htm.

REINVESTMENT is the term used by ANHD and others to describe all banking activities including lending, investment, and services that have a community development purpose.

COMMUNITY DEVELOPMENT LENDING is defined as loans to borrowers, both for-profit and non-profit organizations, for affordable housing rehabilitation and construction, neighborhood revitalization, small business development, and job creation initiatives.

MULTI-FAMILY LENDING means loans, either originations or re-financings, to individual landlords or investors of multi-family properties, such as an apartment building with five or more units.

CRA-QUALIFIED INVESTMENT is a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

and violates the spirit of the CRA. Regulators and elected officials must question why LMI communities have been hit hardest, hold culpable institutions accountable and encourage all banks to reverse these trends.

Furthermore, the reductions—considerable in their own right—are particularly skewed toward low- and moderate-income communities and borrowers. As Finding 2 details, there is compelling evidence that poorer neighborhoods and borrowers bore a disproportionate share of the reductions.

The final major finding shows that commercial, savings, and wholesale banks take different approaches to reinvestment. Savings banks, which tend to be smaller and more locally rooted, dedicated a larger share of their deposits to core reinvestment activities such as multi-family lending, community development lending, and CRA-qualified investment in 2009 than commercial or wholesale banks. That being said, all banks commit a miniscule amount—often a fraction of one percent—to reinvestment activities. For several key indicators, savings banks also exhibited better year-over-year performance than their commercial and wholesale bank counterparts. This is likely a result of savings banks being less involved in originating, securitizing and investing in subprime mortgage loans and therefore possessing a stronger balance sheet.

FINDING 1

Despite sizeable profits and growing deposits, most of New York City's largest banks substantially decreased lending, investment and services in 2009.

The majority of New York City banks continue to add to their deposit base. Indeed, 64.7% of the banks we analyzed saw growth between 2008 and 2009. As Table 1 demonstrates, overall deposits for the city's largest banks rose by $38.5 billion (+8.6%) between 2008 and 2009. The largest increases were achieved by wholesale banks such as Bank of New York

TOTAL DEPOSITS FOR 15 of NYC's LARGEST BANKS (billions)

2008	2009	% CHANGE
$446.38 b	$484.89 b	**8.6%**

Mellon and Deutsche Bank, though Capital One, TD Bank, Valley National, Santander/ Sovereign, and New York Community Bank also experienced growth.

In addition to a larger deposit base, the banking industry also experienced a substantial increase in profitability in 2009 compared to the previous year. In 2009, the banking industry in New York City generated $70.8 billion in profits, a 82.6% increase from the $38.8 billion in 2008. Individual banks doing business in the city were extremely profitable too. For example, 81% (17 banks) of the institutions we analyzed posted a profit in 2009, which averaged $3.37 billion. Goldman Sachs ($13.4 billion), Santander/ Sovereign ($12.6 billion), and JPMorgan Chase ($11.7 billion) led all banks in terms of profits. Four banks lost money in 2009. And there does not appear to be any correlation between those institutions that lost money and those that authorized the greatest reductions in lending, investment, and services.

Despite these gains, the industry as a whole deployed less capital in New York City in every major category of lending and investment. For example, there was a:

- 42.9% decrease in Home Purchase Lending (from $7.0 billion to $4 billion)
- 36.9% decrease in Community Development Lending (from $2.2 billion to $1.4 billion)
- 13.6% decrease in Multi-Family Lending (from $2.3 billion to $2.0 billion)
- 36.5% decrease in CRA-qualified Investment (from $818.8 million to $520.1 million)
- 4.7% decrease in CRA-eligible Philanthropy (from $37.4 million to $35.6 million)

This trend of banks doing less to meet the credit needs of low-and moderate-income communities amidst large profits and growing customer deposits is indefensible. Banks must establish policies that link increased capital with expanded reinvestment, and regulators must penalize any bank that does not meet this basic standard.

FINDING 2

Banks reduced their reinvestment activities in low- and moderate-income communities at a greater level than the city overall.

> “Banks reduced their reinvestment activities in low- and moderate-income communities at a greater level than the city overall.”

In addition to conducting an analysis on how banks are serving the city as a whole, ANHD examined how banks serve particular constituencies, like LMI communities and borrowers. Given the historical underpinnings of redlining, we believe it is important that banks demonstrate penetration across their assessment area and particularly in working class neighborhoods. Unfortunately, for several key activities, we found that banks were targeting the deepest reductions in communities most in need. ANHD recognizes that outside factors—like the great recession—may impact somewhat a bank's ability to reinvest at a level we think is sufficient. What we consider indefensible, however, is when banks choose to concentrate these reductions in poor neighborhoods and deny loans to working class, credit-worthy borrowers.

Table 2.

REDUCTIONS IN MULTI-FAMILY LENDING: CITY vs. LMI TRACTS 2008-2009

% CHANGE in number of Multi-Family Loans in NYC	**-36.95%**
% CHANGE in number of Multi-Family Loans in NYC in LMI Tracts	**-57.8 %**
% CHANGE in dollar amount of Multi-Family Loans in NYC	**-13.6%**
% CHANGE in dollar amount of Multi-Family Loans in NYC in LMI Tracts	**-48.4%**

MULTI-FAMILY LENDING

In 2009, 13 banks originated 447 multi-family mortgage loans compared to 709 in the previous year, which is a reduction of 36.95% (see Table 2). However, in terms of the number of multi-family loans in low- or moderate-income tracts, there was a decrease of 57.8% (163 loans compared to 386). In terms of the dollar amount of multi-family lending during this period, 14 banks reported $2.01 billion in multi-family lending compared to $2.32 billion in 2008, which is a reduction of 13.6%. Comparing this to the multi-family loans made specifically in low- and moderate-income census tracts, which saw a 48.4% reduction, it is evident that poorer communities bore a larger proportion of the reductions than the city as a whole ($507.2 million in 2009 compared to $983.3 million in 2008).

Table 3.

HOME PURCHASE LOANS TO ALL BORROWERS vs. LMI BORROWERS 2008-2009

% CHANGE in number of Home Purchase Loans: all borrowers	**-37.5%**
% CHANGE in number of Home Purchase Loans: LMI Borrowers	**-63 %**
% CHANGE in dollar amount of Home Purchase Loans: all borrowers	**-42.9%**
% CHANGE in dollar amount of Home Purchase Loans: LMI Borrowers	**-88.6%**

HOME PURCHASE LENDING

In 2009, 11 of the city's largest mortgage bankers originated 12,834 home purchase loans compared to 20,519 in 2008—a reduction of 37.5%. In terms of the dollar amount of those mortgage loans, there was an even steeper reduction of 42.9% (from $7.0 billion to $4 billion). These are substantial, distressing reductions and ones that banks must explain.

Many ANHD members have reported great difficulty obtaining mortgage loans for potential buyers in their new construction projects. In many cases, the bank that provided the construction loan was unwilling to help first-time homebuyers move into the finished complex. This underscores how tight the credit market became despite qualified borrowers and new business opportunities.

Unfortunately, policy proposals under consideration by the federal regulators may exacerbate this situation. In response to "risk retention" requirements laid out in The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, federal regulators have proposed exempting financial institutions from these requirements if they issue loans, known as Qualified Residential Mortgages (QRM), that contain terms and conditions that are thought to make them less likely to enter default.[2] Because high down payment requirements are one criteria in QRMs, homeownership—especially in high

2 National Community Reinvestment Coalition "2011 Policy Priorities." Available at: www.ncrc.org.

cost cities like New York—will be out of reach for all but the wealthiest borrowers. ANHD believes regulators must reconsider these steep down payment requirements to avoid even further reductions in mortgage lending.

Again, however, the reduced volume is not the same across all borrowers. Between 2008 and 2009, banks reduced the number and dollar amount of home purchase loans to low- and moderate-income borrowers by 95.1% and 86.4% respectively (see Table 3). These reductions grossly outweigh the drop in new home purchase loans to all borrowers across the city.

An even more stunning statistic is that the city's banks made just 132 mortgage loans to low-income borrowers (totaling $7.34 million) in 2009, which is a decline of over 70%. While banks are likely to defend this as a function of the foreclosure crisis and the risk associated with lending to low-income homebuyers, it has been widely documented that first-time homebuyers who have completed pre-purchase counseling have miniscule default rates.

BRANCHING

A bank branch remains the primary point of entry for consumers to obtain access to financial services. While it seems as though there is a bank on every corner in some neighborhoods, others are bank deserts. ANHD has consistently called on the city's banks to fill this void by opening branches where they are most needed. Unfortunately, most of the branches that were opened in 2009 were in middle and upper income communities. Because only one branch was opened in a low-income census tract, the overall share of branches in low-income communities fell by almost 1% (see table 4). This is not a huge reduction admittedly, but a trend in the wrong direction in terms of how banks are meeting the credit needs of New York City's most vulnerable residents.

Table 4.

SHARE OF CITY'S BRANCHES IN LOW- AND MODERATE-INCOME NEIGHBORHOODS

number of branch openings	**27**
number of LMI branch openings	**12**
% CHANGE of branches in Low Income neighborhoods	**-0.8%**
% CHANGE of branches in Moderate Income neighborhoods	**3.2%**

FINDING 3

Commercial and savings banks approach reinvestment differently. For the most part, savings banks—as local and regional institutions—tend to be more rooted in the communities in which they do business. Because of this, as the tables below demonstrate, savings banks exceed their commercial and wholesale bank peers on average in terms of how much of their deposits are allocated for core reinvestment activities like multi-family and community development lending, and CRA-qualified investments.

For example, in terms of Multi-Family Lending, savings banks dedicated a much larger share of their deposits in 2009 compared to their commercial and wholesale bank peers—6.8% versus 0.004% and 0% respectively. The disparity was even

Table 5.

AVERAGE % OF DEPOSITS DEVOTED TO REINVESTMENT ACTIVITIES

	Commercial Banks	Savings Banks	Wholesale Banks
Multi-Family Lending	.004%	6.8%	0%
Community Dev. Lending	.53%	.89%	.33%
CRA-Qualified Investment	.34%	4.75%	.12%
CRA-Eligible Philanthropy	.014%	.014%	.024%

greater in 2008 when savings banks allocated 13.8% of their deposits for multi-family mortgage lending. New York Community Bank is the clear leader when it comes to the percent of deposits set aside for multi-family lending. As Part I will detail, however, volume alone is not the only important factor in assessing a bank's commitment. Indeed, far too many of NYCB's multi-family loans are in a state of distress, which is likely the result of aggressive underwriting and doing business with irresponsible borrowers. Therefore, regulators must distinguish between productive and unproductive multi-family lending when assessing bank performance.

For Community Development Lending, savings banks committed 0.89% of their deposits to this activity on average compared to just 0.53% for commercial banks. And wholesale banks posted even smaller percentages than savings banks in every area except philanthropy where they had the strongest performance. Table 7 lists those institutions across commercial, savings, and wholesale banks that dedicate the largest percentage of their deposits to Community Development Lending. Interestingly, as this table makes clear, among the commercial banks, smaller, regional banks dedicate a greater percentage of their deposits for community development lending than the city's largest banks, when tend to be national or global institutions.

> "The business model of savings banks aligns better with the needs of our communities than large commercial or wholesale banks; yet all banks need to do more."
>
> **-Benjamin Dulchin,**
> ANHD's Executive Director

For CRA-qualified Investment, commercial banks dedicated 0.34% whereas savings banks reserved 4.75% of their deposits for investments in affordable housing, and community and economic development initiatives. Again, it is evident that savings banks have dedicated a greater share of their deposits to a core reinvestment activity for New York City. Similar to what was established in Community Development Lending, the smaller, regional commercial banks performed better than their larger peers. Interestingly, wholesale banks, which tend to be assessed on their community development lending and investment, reserved the smallest share – in most cases just a fraction of one percent.

In terms of CRA-eligible philanthropy, all of the top performing banks are within a narrow range for how much of their deposits they earmark for philanthropy. Table 9 demonstrates that Deutsche Bank, a wholesale bank, leads the city. Santander/ Sovereign and Apple Bank, both savings banks, have the lowest percentage of deposits dedicated to philanthropy.

In terms of how commercial and savings banks performed over 2008 and 2009, savings banks had more positive trends than commercial banks in the following categories: community development lending as a percentage of deposits, percent of home purchase

Table 6.

HIGHEST % OF DEPOSITS DEDICATED TO MULTI-FAMILY LENDING 2009

Rank	Bank	Highest % of Deposits Dedicated to MF Lending
COMMERCIAL BANKS		
1	Wells Fargo	.004%
2	Capital One	.53%
3	M&T Bank	.34%
SAVINGS BANKS		
1	NYCB	34.1%
2	Apple Bank	.06%
3	Astoria	.003%
WHOLESALE BANKS		
3	BONY Mellon	0%
3	Deutsche	0%
3	Goldman Sachs	0%

Table 7.

HIGHEST % OF DEPOSITS DEDICATED TO CD LENDING 2009

Rank	Bank	Highest % of Deposits Dedicated to CD Lending
COMMERCIAL BANKS		
1	M&T Bank	1.25%
2	Valley National	1.20%
3	Capital One	.94%
SAVINGS BANKS		
1	Carver	3.06%
2	Apple Bank	.29%
3	Astoria	.11%
WHOLESALE BANKS		
1	Deutsche	.42%
2	BONY Mellon	.32%
3	Goldman Sachs	.25%

loans to low- and moderate-income borrowers, multi-family loans in low- and moderate-income neighborhoods and CRA-eligible philanthropy as a percentage of deposits. This makes sense given that savings banks, for the most part, did not engage in the irresponsible mortgage lending, securitization, investment in credit default swaps, and proprietary trading that brought many of the largest financial institutions to the brink of insolvency. Benjamin Dulchin, ANHD's Executive Director, said, "The business model of savings banks aligns better with the needs of our communities than large commercial or wholesale banks; yet all banks need to do more."

Commercial banks saw a greater level of improvement in CRA-qualified investment as a percentage of deposits compared to their savings bank peers.

Table 8.

HIGHEST % OF DEPOSITS DEDICATED TO CRA INVESTMENTS 2009

Rank	Bank	Highest % of Deposits Dedicated to CRA Investments
COMMERCIAL BANKS		
1	Capital One	**1.43%**
2	M&T Bank	**.55%**
3	Banco Popular	**.34%**
SAVINGS BANKS		
1	Carver	**20.34%**
2	NY Community Bank	**2.45%**
3	Ridgewood	**.84%**
WHOLESALE BANKS		
3	Goldman Sachs	**.29%**
3	BONY Mellon	**.04%**
3	Deutsche	**.02%**

Table 9.

HIGHEST % OF DEPOSITS DEDICATED TO PHILANTHROPY 2009

Rank	Bank	Highest % of Deposits Dedicated to Philanthropy
COMMERCIAL BANKS		
1	M&T Bank	**.03%**
2	Citibank	**.02%**
3	Wells Fargo/ Wachovia	**.02%**
SAVINGS BANKS		
1	NY Community Bank	**.024%**
2	Carver	**.023%**
3	Ridgewood	**.01%**
WHOLESALE BANKS		
1	Deutsche	**.038%**
2	Goldman Sachs	**.01%**

That being said, in terms of actual dollars lent and invested, savings banks reinvest just a fraction of what the city's largest commercial banks do and often do not participate in many of the public programs responsible for affordable housing and community development. Overall, all banks must increase their modest levels of lending and investment while also committing to year-over-year growth and being more responsive to local credit needs.

OVERALL RANKINGS

ANHD has chosen to rank New York City's banks in an attempt to demonstrate which banks consistently seek to meet our communities' credit needs, not to characterize them as either "good" or "bad." Because we are analyzing performance at a moment in time, the rankings are meant to provide a snapshot of how well each of the city's banks served the credit needs of LMI households and neighborhoods compared to their peers in 2008 and 2009. ANHD compiled data on 46 different reinvestment activities including branching, staffing, multi-family lending, community development lending, CRA-qualified investment, home purchase loans, and philanthropy. The rankings are based on fifteen indicators that represent core reinvestment activities and those areas where the most data was provided by the banks. As the accompanying chart and narrative illustrate, there are few

RANKING OF NATIONAL COMMERCIAL BANKS

2009		2008	
NATIONAL COMMERCIAL BANKS			
1	Capital One	1	Bank of America
2	Banco Popular	2	Banco Popular
3	M&T Bank	3	Capital One
4	Citibank	4	M&T Bank
5	JPMorgan Chase	5	JPMorgan Chase
6	Wells Fargo/ Wachovia	6	Citibank
7	HSBC	7	TD Bank
8	Bank of America	8	HSBC
9	TD Bank	9	Valley National Bank
10	Valley National Bank	10	Wachovia

banks that rank consistently near the top or bottom. Rather, most banks seem to excel in some areas and lag in others. It is our hope that these rankings, by assessing each institution compared to its peers, encourage banks to commit to year-over-year improvement.

It is our expectation that banks are committed to expanding the volume of these activities on a year-over-year basis and improving the marketing and delivery mechanisms to ensure low- and moderate-income communities are well served. Unfortunately, out of the 18 banks that we examined in both 2008 and 2009, every one retrenched in at least one area. These reductions are highlighted in red in Appendix A. The rankings will be discussed in greater detail in Part II.

RANKING OF REGIONAL SAVINGS BANKS

2009		2008	
		REGIONAL SAVINGS BANKS	
1	Carver Savings Bank	1	Apple Bank for Savings
2	NY Community Bank	2	Sovereign/Santender
3	Ridgewood Savings	3	Signature Bank
4	Apple Bank for Savings	4	Astoria Federal Savings Bank
4	Sovereign/Santender	5	NY Community Bank
6	Astoria Federal Savings Bank		
6	Emigrant Savings Bank		
8	Signature Bank		

RANKING OF WHOLESALE BANKS

2009		2008	
WHOLESALE BANKS			
1	Deutsche Bank	1	BONY Mellon
2	Goldman Sachs	2	Deutsche Bank
3	BONY Mellon		

RECOMMENDATIONS

ANHD, like many in the community development sector, believes there are immediate and intermediate steps that can be taken to strengthen and expand the CRA so it continues to catalyze community development and other bank reinvestment activities.[3] These steps include legislative and regulatory actions at both the federal and local levels. Indeed, given CRA's centrality to ensuring financial institutions are committed to helping secure the health and vitality of our neighborhoods, all options must be pursued.

Most critical is the need to strengthen the enforcement underpinnings of CRA by creating more leverage for community engagement and incentivizing banks to seek the highest CRA rating. This can be achieved through local CRA ordinances, which enable greater public engagement or placing greater emphasis on public input during the development of local CRA plans and performance evaluations. Additionally, banks, regulators, and community advocates must consider the outcomes of a financial institution's reinvestment activities and not just the number and dollar amount. Indeed, ANHD believes the stability and profitability of these activities and the long-term financial and economic health of the community are inherently linked. We believe the actions detailed below would go a long way to reverse the negative trends outlined in Part I and ensure banks dedicate a meaningful amount of resources to lending, investment and services in New York City.

In the short term, ANHD believes local strategies and federal regulatory reform present the best opportunities for reversing the negative trends discussed in this report. Specifically, ANHD seeks to:

1. Pass a Local "Responsible Banking" Ordinance

Although ANHD is optimistic that both regulatory and legislative fixes at the federal level will move forward in a timely fashion, we are also mindful of New York City's ability to initiate changes through the local legislative process. Cities across the nation including Cleveland and Philadelphia have undertaken similar strategies with great success while others such as Boston, and Los Angeles have introduced ordinances. These local statutes require banks to submit annual reports with the city that detail the programs and products they will offer to help meet the respective city's credit needs. The cities then evaluate the bank's performance based on these reports and reward performing institutions with deposits, city contracts, and pension funds. Cleveland and Philadelphia, the two cities that have enacted these ordinances, have found the incentives to be sufficient for encouraging banks to develop local plans and create comprehensive community development programs.

3 December 15, 2009, Letter to the Federal Financial Institutions Examination Council. Signed by 19 institutions including tax credit syndicators, community development intermediaries, lenders and financial institutions, and advocacy organizations. Letter available at: http://www.enterprisecommunity.org/public_policy/documents/cra_letter_to_ffiec.pdf

ANHD is proposing the creation of a "Responsible Banking" ordinance for New York City with the following structure:

- Focus on those banks that are eligible to provide "depository services" to the city.
- Rank banks according to submission of an annual "strategic plan," which details how they plan to meet the credit needs of local communities as well as an annual "progress report" that states the number and dollar amount of loans, investments, and services provided by the bank.
- Require the city to compile and publicly disseminate the banks' strategic plans and progress reports so elected officials and community groups can engage with financial institutions about local credit needs.
- Encourage the city to do business with those banks that are the most responsive partners in meeting local credit needs.

We believe that the New York City Responsible Banking Act (Int. 485), which was introduced in early 2011, would create an important tool for local influence on the community investment practices of our banking institutions, and give the City Council, the City of New York, and engaged citizens in communities throughout the city a powerful mechanism to provide input related to our credit needs that would help ensure local responsiveness and oversight.

2. Strengthen the regulatory system by encouraging regulators to tailor assessment criteria to the local performance context, place more emphasis on community development, and develop evaluation criteria that considers the quantity and quality of a bank's lending, investment, and services.

ANHD recognizes that many banks have tailored their business models in such a way that makes it difficult for them to provide certain products or engage in the full range of CRA-related activities. That being said, it is ANHD's belief that for the largest banks, it would be hard to justify not providing a product or program that impacts such a large segment of the assessment area's residents and neighborhoods. In New York City, this means that lending and investment supporting the creation and preservation of multi-family properties and community development activities would receive greater weight.

Indeed, community development loans and investment are central to building strong neighborhoods and supporting the work of CDCs, but currently count only for extra credit. These activities must receive additional credit to achieve parity with home purchase and small business lending, especially in cities like New York where the housing stock is comprised mostly of multi-family rental properties. In the rare case where banks cannot be induced to provide the full range of essential products, the banks should be required to demonstrate how they are meeting their obligations in other ways.

Furthermore, it is clear that performance assessments have become increasingly volume driven. This gives an unfair advantage to the largest institutions and leads banks to support cookie cutter deals rather than develop innovative products and programs.

Regrettably, it may also reward banks for engaging in activities that have had a negative impact on communities. For example, in New York City, it is likely that bank that underwrote "Predatory Equity"-backed deals received CRA credit for loans that have displaced low- and moderate-income families and de-stabilized neighborhoods. To our dismay, rather than correcting their practices of predatory lending, certain institutions, like New York Community Bank, have engaged in fire sales of distressed assets to other speculative buyers who do not have the best interests of tenants in mind. When ANHD brought these overleveraged loans to both federal and state regulators, it became clear they did not have the tools to encourage or require the banks to dispose of the assets responsibly.

Therefore, ANHD believes examinations must move beyond simply rewarding dollar and unit volumes, and actually determine which activities have had a positive impact on strengthening communities. For example, credit enhancements that enable community development financing, such as letters of credit, should be given equal or near equal weight to loans and investments. Overall, regulations should be reworked to ensure exams are not merely checklists that are driven by volume, but the qualitative impact as well.

3. Protect the Consumer Financial Protection Bureau (CFPB) as a strong, independent advocate for consumers.

Over the past several months, several bills have been introduced in the House of Representatives that seek to weaken the CFPB. To ensure the CFPB is a strong advocate for consumers, several key characteristics must be preserved. First, the CFPB must continue to remain within the jurisdiction of the Federal Reserve Board and not transferred to the Department of Treasury. Second, funding for the CFPB must come from automatic transfers from the Federal Reserve Board and not subject to annual Congressional appropriations. Finally, the CFPB must be led by a single director, not a multi-person commission, which will delay policy and decision making. In all, these steps should help ensure consumers have comprehensible information to make responsible financial decisions, gain access to financial services, and are protected from abuse, unfairness, deception, and discrimination.

4. Restore Critical Housing Counseling Funding

Housing counseling is a critical and much-needed service provided to home buyers in all economic segments, particularly to low-and moderate-income borrowers. Last year, HUD- approved housing counseling agencies provided counseling and education services to over 3 million families nationwide. HUD counselors were successful in preventing mortgage delinquency for 1.4 million households and helping 410,000 avoid foreclosure. However, in FY 2011, HUD certified housing counselors were hit terribly hard as a result of federal budget cuts to the program. Despite record demand for these essential services, funds for housing counselors were zeroed out in FY 2011. Housing counseling is critical given that the housing crisis is far from over, wreaking havoc on cities and counties across the country. It is imperative that counseling funds are restored to the fullest extent in FY 2012.

In the longer term, Congress must pass CRA Modernization legislation that would enhance and expand the law to reflect the current structure of the financial industry.

5. Enact CRA Modernization

Again, the CRA has been one of the most important laws for building wealth and revitalizing neighborhoods since its passage in 1977. However, the financial services sector has changed dramatically in the three decades since and the law has not been altered to reflect the shifts in how banks do business and other trends in the lending industry. In order to ensure the CRA remains an effective law and meets the on-going needs of LMI borrowers and communities, modernization legislation needs to be passed.

Legislation introduced in the 111th Congress, including H.R. 1479, the Community Reinvestment Modernization Act, and H.R. 6334, the American Community Investment Reform Act would make many important changes. These bills would:

- Expand geographical scope of bank examination to include not only where the bank has branches, but also where it makes loans through brokers and non-branch entities.
- Combat grade inflation through the requirement of federal banking agencies to publish preliminary CRA exams for review and public comment before finalizing CRA ratings. Additionally, more ratings would be added to reflect gradations in performance, which are clearly absent under the current system where 98 percent of banks receive a passing grade. These changes would help hold banks more accountable.
- Apply CRA to a variety of non-bank institutions, require federal regulatory agencies to hold more public hearings and meetings when banks merge, enhance accountability through data disclosure and introducing more publicly available ratings, address racial disparities in lending by requiring CRA exams to explicitly consider lending and services to minorities in addition to LMI communities, and bolster the accountability of banks to all communities, among other things. Similar legislation must be introduced and passed in the 112th Congress.

Additionally, ANHD recommends expanding data disclosure requirements to include community development activities and create a new community development test for large banks. The latter recommendation is especially important as it would encourage banks to think more comprehensively about the range of products and policies it needs to best fulfill its CRA obligations. The current community development test for a wholesale bank could be a model that is adapted for this purpose.

CONCLUSION

Our ability to help working class families build wealth and ensure the vitality of our neighborhoods is dependent on partnerships with banks, local government, community institutions and grassroots leaders. The Community Reinvestment Act (CRA) is a valuable tool, which used responsibly helps build wealth and revitalize neighborhoods across the country. It is imperative that CRA remains effective and that banks meet the ongoing needs of low-and moderate-income communities.

The data and anecdotal evidence presented in this report demonstrates the deep need, now more than ever, for banks to reaffirm their commitment to providing loans, investments and financial services that are responsible and responsive to local needs.

In order to meet this objective, it is our continued mission to work to create and maintain safe, decent neighborhoods for New Yorkers across all five boroughs and of all income levels.

INTRODUCTION

Passed in 1977 in response to the devastating impact that redlining and disinvestment had on urban areas, the Community Reinvestment Act (CRA) states that banks have an affirmative obligation to help meet the credit needs of low- and moderate-income residents and neighborhoods in a safe and sound manner. This obligation stems from the banks being publicly chartered, receiving low-cost deposit insurance and having access to inexpensive credit from the Federal Reserve Bank's discount window. Spurred by the CRA, banks have played a critical role in helping to build wealth for households and revitalizing many neighborhoods across the city through their support of community development efforts and providing access to capital.

"NYC's largest banks are less interested in providing traditional financial services and less focused on meeting local credit needs."

In today's environment, banks have tightened credit to a level that even loans with a strong track record of success are not being made. Consumer loans and small business loans have been nearly impossible to obtain. Had these loans been made, they surely would have fueled economic growth and job creation. While many banks may raise "safe and sound" considerations to defend this credit tightening, the truth is that these are low risk, high impact loans and exactly the type of deals are communities need to thrive. For example, there is currently no product for the purchase of a mixed used property despite the fact that many main streets need this type of financing and that the StoreWorks program has been a successful model over the past 15 years. Banks, in concert with CDCs, should examine the performance of deals that have worked and recreate the various products to ensure the full range of community credit needs is met.

Several factors, including this tight credit market, have created a strong impression in the affordable housing and community development industry that banks have taken more than they have given over the past several years. In 2009, New

York City residents deposited $521.7 billion in 20 of the city's largest banks. For the vast majority of local residents, these deposits represent a bulk of their assets and are called upon every month to cover rent and mortgage payments, utility bills, groceries, health care costs, and all the other necessities of city life. New Yorkers regard these deposits as precious resources that must be protected and used wisely.

Banks, however, view these deposits as something altogether different: cheap money that they are able to loan, invest, and leverage for high returns. Fueled by the repeal of the Glass-Steagall Act, the nation's largest banks have transformed from conservative deposit takers to aggressive trading institutions seeking the highest return on their capital.[4] Less interested in providing traditional financial services, it is not surprising that there has been less attention focused on helping to meet local credit needs and substantial reductions in reinvestment activities, which will be further discussed in Part I. If banks continue to shift their attention away from conventional lending and toward proprietary trading, it seems reasonable to cut or eliminate the benefits they receive as publically-chartered institutions.

ANHD is deeply troubled by the lack of commitment to reinvestment activities. The bigger issue, however, is that despite their sizable pledges, the truth is that just a small fraction of banks' overall deposits are reinvested. In 2009, only 2.2% of city deposits ($11.5 billion) were dedicated to the full range of reinvestment activities including community development lending, multi-family lending, home mortgage lending, CRA-qualified investments, and philanthropy by these 20 large banks. ANHD believes this percentage is grossly inadequate and hopes that this report underscores the need for community residents, regulators, and elected officials to demand more from our city's banks.

Despite empirical evidence proving otherwise, banks are quick to celebrate their commitment to communities. In 2009, Bank of America, through its "Commitment to Community" campaign, pledged to invest $1.5 trillion over ten years across the nation. Here in New York, Bank of America failed to demonstrate this commitment as it decreased its multi-family lending by approximately $83 million, its community development lending by almost $200 million, and its grantmaking by $300,000.

JPMorgan Chase, through its "The Way Forward" campaign, touts the bank's role in helping the country recover economically from "the great recession". At the same time as it took out ads in The New York Times celebrating its role in the revival of Coney Island as part of this campaign , the bank authorized reductions of $2.3 billion in mortgage lending, $163 million in community development lending, $147 million in CRA-qualified investments, and $1.5 million in philanthropy.

4 Kroll, Andy. "Dems: Ban Banks' Gambling," Mother Jones.
Available at: http://motherjones.com/mojo/2010/03/senators-levin-merkley-bill-banking-proprietary-trading-ban

These public relations campaigns illustrate how many banks are more interested in talking about community development than actually doing it. The truth is that Bank of America and JPMorgan Chase are not alone. Indeed, all 20 banks that we analyzed authorized a reduction in lending, investment, or services in at least one area in 2009. That being said, the areas of retrenchment are not consistent from bank to bank and it is our sense that business opportunities far exceeded the actual level of reinvestment.

In addition to presenting this empirical evidence of retrenchment, this year's "State of Bank Reinvestment in New York City" report draws several other notable distinctions. First, commercial and savings banks operationalize their commitment to reinvestment very differently. On average, savings banks dedicate a larger—though still inadequate—amount of their deposits to core activities. Second, all banks have authorized a disproportionate amount of the cuts in low- and moderate-income communities compared to the city as a whole. These findings further demonstrate how the evolution of the banking industry from one dominated by community-based banks to one controlled by national institutions has resulted in our communities being worse off.

The good news is that new tools and reforms have been proposed that should go a long way toward reversing these negative trends. ANHD, working with the leadership of the New York City Council including Speaker Christine Quinn, Dominic Recchia and Al Vann, has introduced the "Responsible Banking Act." Rabbi Ellen Lippmann of Kolot Chayeinu/Voices of our Lives, a member congregation of Brooklyn Congregations United, said, "The Responsible Banking Act offers communities all over Brooklyn and New York City a first step in creating a new vision for our lives. The Act simply asks banks to let us know what actions they are taking in our communities. Hopefully, they will go much further and work with communities to build and preserve affordable housing and spark entrepreneurship. As members of the clergy and faith communities, we ask banks to embrace a new bottom line, one that prioritizes both human need and financial profit. And the city must recognize that residents want their tax dollars deposited and invested in banks that accept this vision."

At the federal level, the Federal Reserve Board of Governors has signaled its intent to propose robust regulatory reform this fall. ANHD will be working with our members and allies to ensure these proposals became a reality.

5 Freedberg, Louis. "JPMorgan Chase makes millions on California Bonds," California Watch. Available at: http://californiawatch.org/dailyreport/jpmorgan-chase-makes-millions-california-bonds-4536 and http://www.jpmorganchase.com/corporate/Home/moving-communities-forward.htm

METHODOLOGY

Since 2008, ANHD has submitted detailed information requests to New York City's largest commercial, savings, and wholesale banks to get a better sense of how well they are serving our communities through lending, investment, and services.[6] These requests are necessary because other than branching and home mortgage data, the vast majority of information related to a bank's CRA activities is not publicly available. And much of what is publicly available is at a geographic level that is either too broad or too narrow for our purposes of looking at citywide reinvestment patterns.

For this year's report, ANHD extended the information requests to four additional banks including Morgan Stanley, Goldman Sachs, Carver Federal Savings Bank and Emigrant Savings Bank. Morgan Stanley and Goldman Sachs became CRA-covered institutions in fall 2008, so 2009 was the first year where the banks had statutory obligations to help meet the credit needs of communities in which they do business.

ANHD has been encouraged by the willingness of most of the city's banks to provide us with the requested data. Indeed, of the 22 banks we have submitted information requests to, 91 percent (20 banks) have returned at least partial responses. Encouragingly, the "Rate of Completeness" improved by 36.7% percent between 2008 and 2009.[7] The "Rate of Completeness" is especially notable since we expanded our data request by six indicators including several new categories related to loan modification activities. ANHD believes this strong response rate reflects the spirit of the CRA and banks' recognition that public input is an important component of their ability to identify credit needs and opportunities.

One of the two non-responsive institutions, Signature Bank, did send ANHD information that the bank is required to make public—branching and Home Mortgage

6 Size was determined based on total New York City deposits. A sample request letter is enclosed as Appendix C.

7 It should be noted that in order to make fair comparisons, only institutions that provided information in 2008 and 2009 were included in trending analysis. For this reason, there is a moderate amount of data that banks provided for 2009 that we could not use for year-over-year analysis since the same information was not provided in 2008. Appendix A details all information that we received from each lender.

Data—but no other data. Since our policy is to designate a bank as compliant only if they provide critical data that is not publicly available, we consider Signature a “non-responsive” bank.

For both Signature Bank and Morgan Stanley[8], ANHD made every attempt to acquire information by searching the bank’s annual reports and their most recent federal and state performance evaluations. However, the information found through these methods is imprecise because data are either presented for different time periods and geographic areas or not disclosed at all. And Morgan Stanley, as a relatively new CRA-covered institution, has yet to undergo a performance evaluation.

Both Morgan Stanley and Goldman Sachs were reluctant to comply with our information request as they did not feel as though their performance in 2009 was reflective of their level of commitment to reinvestment. Ultimately, Goldman Sachs agreed to respond while Morgan Stanley did not. Goldman Sachs’s decision to comply most likely was a function of them having a head start as their Urban Investment Group (UIG) had invested in affordable housing when the institution was an investment bank. Thus, they had more infrastructure and knowledge of the local market than their counterparts at Morgan Stanley.

That is not to excuse Morgan Stanley’s slow start, however. ANHD first met with representatives in March 2009. When we met with them in November 2010, it was clear that few significant steps had been taken to build a community development lending or CRA team. That being said, we believe Morgan Stanley has finally built a strong, large team comprised of seasoned CRA and community development professionals. We hope that future years demonstrate this progress.

Overall, the amount of data we received enabled us to conduct this analysis, but it is admittedly imperfect given the fact that many banks did not report across all data points. This is problematic because without year-over-year data, it is difficult to compare a bank’s performance against its own record as well as its peers over several years. Without consistent data, the universe of banks we can include in industry-wide analysis for a given year is reduced. Thus, the 2009 data we present throughout much of this report for lending, investment and services is not representative of the total amount of reinvestment activities by all banks in our study. Appendix B presents the total amount of reinvestment reported by all institutions, not just the totals for banks that provided data in both 2008 and 2009. As will be discussed in Part III, one of ANHD’s key priorities for CRA modernization is to require banks to report this important information on an annual basis. The banks’ responses are summarized in Appendix A.

While individual indicators are useful in ascertaining a bank’s year-over-year record in a certain area over time, ANHD also wanted to compare and rank banks against their peers to examine which institutions were leaders within the industry.

8 Morgan Stanley and Signature Bank have been unresponsive to our requests. It should be noted that Morgan Stanley, which became a Bank Holding Company in 2008, communicated that their 2009 activities did not reflect their commitment going forward and therefore opted to not respond to our request. While ANHD recognizes the banks efforts to build their CRA staff related to their wholesale designation, we feel that the bank had sufficient time to operate and report on activities for calendar year 2009.

In an attempt to control for the wide variance in size and the various charters of the institutions, which are central to informing their respective business plans, ANHD—for comparison purposes—grouped these 22 institutions into the following three categories:

Commercial Banks

A commercial or retail bank's primary focus is providing financial services to corporations. Commercial banks also accept deposits and offer retail products to individuals including checking and savings accounts, money market accounts, credit cards, and an array of secured and unsecured loans. While commercial banks are not required to have a national service area, the footprint of the majority of New York City's commercial banks covers numerous markets.

Savings Banks

A savings bank's primary purpose is personal banking through the provision of checking and savings accounts, credit cards, home purchase and equity loans, and financial services to both individuals and small- or medium-sized businesses. Apart from this retail focus, they also differ from commercial banks by their broadly decentralized distribution network, providing local and regional outreach. Savings banks tend to have a much more narrow service area although some of the savings banks included in our analysis have a multi-state presence.

Wholesale Banks

A wholesale bank provides financial services to large corporate clients, mid-sized companies, real estate developers and investors, international businesses, institutional customers (such as pension funds and government entities/agencies) as well as other banks. Wholesale banks usually deal with only high value and high volume transactions. Wholesale banks do not have any branches as they do not serve individual customers.

Rankings

Rankings were determined based on the following methodology: Banks that provided information for a given indicator received a score based on their performance compared to their peer banks. Based on the number of banks in each category, scores ranged from 1 to 10 for Commercial banks, 1 to 8 for Savings banks, and 1 to 4 for Wholesale banks. Banks that had the best performance received a score of 1, the second best bank a 2, and so on. For indicators where not all banks reported, the upper limit was reduced from 10, 8 or 4 to the number of reporting banks. It should be noted that ANHD did not weight the indicators so the actual amount of the differential between two banks' level of activity mattered less in our analysis than the more straightforward measure of who did more or less compared to their peers.

Although ANHD compiled and analyzed 46 different types of data, banks were ranked according to the following fifteen indicators:

- Percentage of Branches in Low- and Moderate-Income census tracts
- Percentage of Branches in Low-Income census tracts
- Percentage of Multi-Family Loans in Low- and Moderate-Income census tracts
- Percentage of Bank Deposits Dedicated for Community Development Lending
- Percentage of Community Development Loans to Not-for-Profit Borrowers
- Percentage of Home Purchase Loans to Low- and Moderate-Income Borrowers
- Percentage of Bank Deposits Dedicated to CRA-eligible Investment
- Percentage of CRA-eligible Grants Dedicated for Affordable Housing
- Percentage of Deposits Reserved for Philanthropy
- Percentage of Community Development Staffing located in NYC
- Percentage of Community Development Loans to Affordable Housing
- Percentage of HAMP Trial Modifications resulting in Permanent Modifications
- Percentage of CRA Grants to Neighborhood and Community Based Organizations
- Percentage of Data Request Completeness
- Raw Score for Community Responsiveness

The fifteen indicators were chosen to capture the spectrum of CRA-related activities of importance to low- and moderate-income residents as well as Community Development Corporations (CDCs) and the availability of data. Moreover, the selected indicators cover the full range of lending, investment and services, but also reflect ANHD's belief that not all CRA-eligible activities are necessarily equal. For example, a community development loan to a not-for-profit developer demonstrates not only the bank's commitment to build partnerships with local institutions, but also results in keeping these valuable resources under community control which ensures they will be available to residents over the long term. Summary tables for each activity are incorporated throughout the report and present banks that rank either high or low based on their performance.

After rankings were assigned for individual indicators, a bank's aggregate score for the fifteen indicators was then divided by the number of relevant indicators they were scored on to determine their weighted score. Banks were then ranked 1-10 (for commercial banks), 1-8 (for savings) or 1-4 (for wholesale) to determine their Overall Ranking. Thus, a bank that received a #1 ranking had the strongest record among its peer institutions across the indicators we examined and a commercial bank with a #10 ranking, a savings bank with a #8 ranking, or a wholesale bank with a #4 banking had the weakest performance respectively.

While banks' quantitative record is important, ANHD recognizes the significance of the qualitative impact of a bank's CRA-related activities on community development, small businesses, financial literacy, wealth creation, and neighborhood stabilization. In fact, this realization was one of the driving factors behind the development of our Reinvestment Principles (see Appendix B). One of the common themes throughout the Principles is that how a bank approaches its CRA-related work is just as important as what it actually does. Given this recognition and our desire that bank's seek to achieve more than numbers, we added an indicator this year that seeks to measure "Community Responsiveness." Several factors were included in this indicator such as:

- Developing and publishing a local CRA plan

An effective CRA program needs to be locally-focused and flexible so as to meet changing community needs and priorities. In New York City, priorities change from year to year, as new issues arise, and needs also differ among individual neighborhoods. ANHD has asked that all banks doing business in New York City develop a local CRA plan that responds to this reality. Several banks reported that they have an internal local CRA plan; yet no bank has made their plan public. In the future, ANHD hopes that all banks will embrace this principle.

- Creating an advisory board or another formal mechanism for inviting feedback and fostering regular conversations with leaders from the community.

- Committing to innovative products and policies that respond to local market forces and credit needs.

PART I:

MAJOR FINDINGS:
Banks Slash Lending, Investment And Services, Especially To Low- And Moderate-Income Communities

As ANHD and others have pointed out in the past, structural changes in the banking industry—including growth and consolidation—have led to a substantial shift in the way banks' approach CRA-motivated lending and investment. Much of the growth is due to banks being permitted to conduct both commercial and investment banking, which was enabled through the repeal of the Glass-Steagall Act in 1999.[9] Additionally, banks doing business in New York City continue to grow and consolidate with peer institutions.[10] The combination of fewer banks serving New York City and those that remain being "mega-banks" has had negative consequences on the ability of banks to serve the unique and varied credit needs of low- and moderate-income communities across the five boroughs.

"Given that the City of New York has increased its commitment to affordable housing, it is unacceptable for banks to decrease their commitment to community development and neighborhood stabilization."

Community Development Corporations (CDCs), the non-for-profit organizations at the front lines of neighborhood stabilization and revitalization, have experienced this trend dramatically. Although several banks have deployed their community development teams to work effectively with CDCs in the creation of successful loan products and community-friendly policies over the past thirty years, this system has been impacted as banks have grown. Larger banks are driven by volume and since these loans generally are smaller and more specialized, lenders look at community development deals as less appealing. This is particularly true in institutions that have moved their community development functions into mainstream business units. Bernell Grier, CEO of NHSNYC, has experienced this first hand. She observes, "NHSNYC has experienced in the last two years an unwillingness for the banks to create new, innovative methods in community development or to examine programs that have a strong track record of performance and continuing them. We need bankers whose first inclination is 'we can find a way to make this deal

9 New York City's 10 largest banks accounted for 69% of the market share for branches in 2009 compared to 61.8% in 1998. FDIC Summary of Deposits.

10 Eleven of the city's 25 largest banks in 1998 were acquired and merged with other banks in the ten year period ending in 2008. "Community Development At-Risk: The Troubled Future of Bank Reinvestment in New York City," ANHD. Available at: www.anhd.org.

work.'" ANHD has found that banks that have specialized community development groups, like Capital One, are more likely to have this inclination and achieve much stronger performance overall.

Although ANHD is increasingly focused on the quality and impact of banks' lending, investment and services, we are equally concerned about the falling quantity of loans and investments. Similar to what we heard when examining the banks' 2008 reinvestment activities, many banks continue to justify these substantial decreases in lending, investment and philanthropy by blaming "the economic crisis," not their institution's indifference to meeting their obligations under CRA. This is puzzling on many fronts.

First, many banks posted record profits and had more available capital; yet still did less to help meet the community's credit needs. Furthermore, as ANHD has pointed out in the past, community development is countercyclical, which means the private market's interest in projects that have a public purpose and access to public subsidy intensifies when the economy overall weakens. This is evident in the increased investment of public resources by the city's housing agencies over the past several years. For example, the number of completed units financed or assisted under the city's New Housing Marketplace Program increased by 4,331 units from FY 2008 to FY 2010 resulting in a 34.53% jump. Of the 16,874 completed in FY 2010, 5,389 were new construction projects completed by HPD and HDC and 11,485 were preservation projects. Given the significant increase in commitment to affordable housing by the city, it is unacceptable for banks to wane on their commitment.

Finally, a bank's obligation to help meet the credit needs of the communities in which it does business is tied to the benefits it receives as a federally-chartered institution. As long as the bank receives these benefits, there should be no retrenchment. Thus, while volatility in the larger economy and a weaker balance sheet surely affected banks' ability to lend and invest, these factors do not fully explain or justify the significant reduction in core CRA-relative activities.

Certainly, ANHD continues to find it disturbing that many banks have used the recent recession to excuse their reduced commitment to serving low- and moderate-income communities. Our message to regulators, elected officials, and the banks themselves is that using the economic recession to excuse their reduced commitment is an insufficient answer. Rather, banks should be working hard to develop creative, cost effective strategies for keeping owners and renters in their homes and stabilizing neighborhoods.

DEPOSITS

As a city of over 8 million people and the financial capital of the world, New York City provides financial institutions access to stable and significant customer deposits. These deposits constitute the most secure and cheapest source of capital for banks. Additionally, a bank's deposit base provides the truest indication of a bank's presence in the city and consequently, the scope of their local CRA obligation.[11] Therefore, as explained in our Reinvestment Principles, many of ANHD.'s benchmarks for lending, investment, and philanthropy are tied to the size of a bank's local deposits.[12] Unfortunately, as the data below illustrates, an incredibly small percentage of these deposits are reinvested in the community.

As table 10 below details, total deposits in New York City for 15 of the city's largest banks increased from $446.4 billion to $484.9 billion—a one year increase of 8.6%. This follows a 10.2% increase from the previous two-year period. It is clear that New York City's banks—already large institutions—are getting even bigger. Indeed, New York City's ten largest retail banks hold a staggering 76.4% of all city deposits—a percentage that has been increasing steadily over the past several decades. Viewed through this lens, ANHD believes it is reasonable to conclude that most banks doing business here had an even greater responsibility to meet the credit needs of working class residents in 2009 than in previous years.

Table 11.

TOTAL DEPOSITS FOR 15 of NYC's LARGEST BANKS (billions)

2008	2009	% CHANGE
$446.38 b	$484.89 b	**8.6%**

That being said, five banks reported a smaller deposit base in 2009 compared to 2008, and the average decrease was 10.6%. While ANHD hopes that a smaller deposit base does not translate to less reinvestment, our position is that any potential decrease should be commensurate to the decrease in deposits. As finding two explains, however, reinvestment activities—especially lending and investment in low- and moderate-income communities—tend to suffer a disproportionate decrease than mainstream activities.

Although an increase in deposits should be seen as a positive development for the economy as a whole, how the depository institution re-deploys that capital in a local market is equally important. As the following examples illustrate, however, for numerous banks there seems to be an inverse relationship between the size of their deposit base and the amount of lending and investment they commit to their assessment area. For example, JPMorgan Chase saw an increase in deposits of $14.5 billion (+6.6%) but authorized double-digit decreases to its home purchase lending, community development lending, CRA-qualified investments, and philanthropy, which will be discussed in greater detail in subsequent sections. Additionally, in terms of commercial banks, HSBC, TD Bank, Valley National and M&T, despite larger deposit bases, all reduced at least some of their lending or investment over this period.

11 New York City is the headquarters for many wholesale and national commercial banks, which means that they may book deposits here that may not be tied to a local resident. For example, the deposit information for Goldman Sachs essentially represents both their national and NYC deposits since the bank has only one other small branch in Utah. This distinction should not matter when determining a bank's local CRA obligations, however, since obligations are tied to an assessment area and banks choose their assessment areas. In other words, if Goldman Sachs is holding deposits in NYC and chooses the city for its assessment area, the full amount of these deposits should establish its obligations.

12 Regulators use Tier 1 Capital to estimate the volume of a given bank's lending, investment and services. While this may be the best indicator for determining the entire bank's commitment, ANHD believes that a bank's local deposit base is a better method for determining reasonable levels of reinvestment for individual assessment areas like New York City.

> “The key to successful lending is staff who understand local communities and programs.”

There are similar trends for savings banks. In 2009, Santander/ Sovereign increased its deposit base by $800 million—an increase of 12.5%—yet authorized considerable reductions across the board in multi-family lending, community development lending and CRA eligible investments. For instance, Santander/ Sovereign reduced its CRA-qualified investments by 100%, meaning the bank did not invest a single dollar in 2009. Furthermore, the bank nearly eliminated its multi-family lending by authorizing a 98% reduction between 2007 and 2009. Over this same three-year period, the number of community development loans was reduced by 60%, while the dollar amount lent was also reduced by 82%.

Astoria Federal Savings Bank saw an even larger increase—from $4.7 billion to $12.8 billion—a whopping 172.6% jump. Although the bank expanded its community development lending from $3.1 million to $14.6 million, their grantmaking remained flat at $490,000. By comparison, TD Bank, with only $9 billion in deposits, gave over $1.4 million in CRA-eligible philanthropic support in 2009.

Of the ten commercial banks serving New York City, Wells Fargo/Wachovia, the second largest bank based on national deposits, had the greatest drop in city deposits, decreasing $650 million, from $3.98 billion to $3.33 billion in 2009. Even though the bank has signaled its intent to expand its retail presence in New York City, this growth did not materialize in 2009. Wells Fargo/ Wachovia also zeroed out their community development lending in 2009 and reduced CRA eligible grants in New York City by 3.5%.

In terms of savings banks, Signature Bank's deposits shrunk by $1.4 billion from $5.4 billion to $4 billion—a 26% decline from the previous year. In the one area where data is publically available—home purchase lending—Signature saw a disproportionate reduction in the volume and dollar amount of lending compared to its smaller deposit base. The number of home purchase loans originated by Signature between 2008 and 2009 fell from 32 to 22 (-31.3%) and the dollar value slipped from $21.7 million to $8.2 million (-61.2%). New York Community Bank and Apple Bank also saw declines in city deposits and both institutions decreased their commitment to reinvestment in at least one area at a greater level than their deposits' shrunk.

This evidence suggests that the community is not necessarily better served as banks' deposits grow nor are residents' convenience and needs better met as a result of mergers.

COMMUNITY DEVELOPMENT LENDING

Community development lending—loans to both for-profit and non-profit borrowers for affordable housing rehabilitation and construction, neighborhood revitalization, small business development, and job creation initiatives—fuels economic development and is the engine that enables the construction of new affordable housing and community facilities. The quality of New York City's housing stock and the vitality of its neighborhoods depends on the availability of this capital. Although some banks have remained committed partners on certain types of deals, the industry as a whole is reducing its financial investment and seems less interested in responding to local needs through the crafting of innovative approaches.

Between 2008 and 2009, there was a 39% reduction in the number of community development loans (from 308 to 187) originated in New York City. In dollar terms, the decrease was nearly 37% (from $2.1 billion to $1.4 billion). These figures cover 14 of the city's largest banks so the true magnitude of reductions is likely greater. The fact that several banks failed to include this data in their response may reflect their inclination to conceal a decrease in the number and value of loans they made. Nevertheless, the reported reductions amount to very large sums of money.

Citibank was the only commercial bank that made more community development loans in 2009 compared to 2008. However, despite a 267% increase in the number of CD loans, in terms of CD dollars lent, there was actually a 56.7% decrease. Notably, Citi's CD lending has fallen from $616.3 million in 2007 to just $68 million in 2009.

For savings banks, Astoria Bank and Santander/ Sovereign also saw modest increases in the number of new community development loans. Astoria grew its CD loan portfolio from two to five loans, and Santander/ Sovereign made one additional CD loan in 2009 to bring its total to four loans. In terms of wholesale banks, Deutsche Bank increased the number of CD loans by 85.7% (from 7 to 13) and dollar amount by 36.5% (from $42.5 million to $62.1 million).

CITI SHOWS SIGNS OF A RESURGENCE

As detailed in last year's "State of Bank Reinvestment in NYC" report, Citi's decline in community development lending was largely the result of sizeable reductions in the bank's Community Capital group as well as the need to shift its focus toward asset management and preventing losses on its "for sale" portfolio. While not excusing this retrenchment, ANHD has been encouraged by the steps the bank has taken to re-staff the Community Capital group and re-commit itself to being one of the city's most active community development lenders.

For example, as reported in *The Nonprofit Quarterly*, Citi partnered with the City of New York in March 2010 to invest $576 million to preserve 5,674 units of public housing. Citi also created a $100 million fund to preserve overleveraged multi-family properties. Finally, Citi Community Capital was ranked the top affordable housing lender by *Affordable Housing Finance* magazine in 2010.[13]

ANHD is encouraged by these steps and hopes the bank continues to exhibit progress.

Table 11.

HIGHEST % OF DEPOSITS DEDICATED TO CD LENDING 2009

Rank	Bank	Highest % of Deposits Dedicated to CD Lending
COMMERCIAL BANKS		
1	M&T Bank	1.25%
2	Valley National	1.20%
3	Capital One	.94%
SAVINGS BANKS		
1	Carver	3.06%
2	Apple Bank	.29%
3	Astoria	.11%
WHOLESALE BANKS		
1	Deutsche	.42%
2	BONY Mellon	.32%
3	Goldman Sachs	.25%

In 2009, to our disappointment, Wells Fargo/Wachovia and TD Bank both zeroed out community development lending in New York City. While Wells Fargo/Wachovia saw a decline in deposits in New York City, the bank had a wildly profitable year and saw year-over-year profits increase by almost 200%. Furthermore, TD Bank was profitable and saw an increase in deposits by nearly 32% from the previous year. Both of these banks are new to the New York City market and entered through acquisitions of smaller institutions. Thus, to our dismay, we see once again how larger banks acquiring smaller institutions has not served the convenience and needs of local residents nor does it lead to increased lending, investment and services.

Of the savings institutions, Apple Bank had the greatest decline in the number of loans, reducing the number of loans by nearly 67% from 12 to 4 loans. Ridgewood Savings Bank does not do any community development lending as it does not fit into their business model of providing more long-term capital through multi-family mortgage loans.

As table 11 illustrates, banks have dedicated a very small percentage of their deposit base to community development lending. For most banks we analyzed, this amounts to less than one percent of their total city deposits.

Interestingly, wholesale banks—whose performance evaluation places greater emphasis on the institution's community development-related activities—have similarly weak records in terms of deploying their asset base to make loans for community development. For example, Deutsche Bank, Bank of New York Mellon and Goldman Sachs only lent 0.42%, 0.32% and 0.25% respectively of their city deposits for community development purposes. Unfortunately, this represents an even smaller percentage than the previous year. If Bank of New York Mellon lent at the same rate as M&T, for instance, the bank's community development lending would increase from $158 million to $600 million – a meaningful increase by any measure.

Although the low percentage of deposits dedicated to community development lending is disappointing, the trend of banks reducing their community development lending in the recent past may be more distressing. Other than Deutsche Bank and Astoria Federal Savings, every bank we examined saw a reduction in either the number or dollar amount of community development lending. For example, in 2008, Bank of America increased community development lending by an impressive 154% from the previous year. However in 2009, Bank of America

13 See: http://www.nonprofitquarterly.org/index.php?option=com_content&view=article&id=2002:nonprofit-newswire--citigroup-to-help-finance-20000-nyc-housing-units-&catid=155:nonprofit-newswire&Itemid=986).

See: http://housingsfinance.com/news/ahf/080210-ahf-Citi-Launches-New-York-Preservation-Fund.htm).

See: http://www.housingfinance.com/news/aft/021411-aft-The-Top-10-Affordable-Housing-Lenders-of-2010.htm retrenched, reducing lending by nearly 75% from 2008. Table 12 demonstrates those institutions that reduced their lending by the greatest percentage over this period.

For the three commercial banks, these reductions amount to a decrease of $293.2 million; the savings banks accounted for a $9.1 million cut. Two out of the four wholesale banks we analyzed, including Deutsche Bank and Goldman Sachs, raised their community development budgets by $16.6 million and $82.7 million respectively. However, this increase is dwarfed by the $1.4 billion decrease in community development financing that evaporated in the city between 2008 and 2009 across the industry. BONY Mellon, which recently changed its designation from a retail bank to a wholesales bank, experienced the largest decline with a nearly 41% cut in CD Lending.

The news is not all bad, however. Between 2008 and 2009, there was a 36.4% increase in the number of community development loans (from 118 to 161) made with not-for-profit borrowers. From a neighborhood stabilization perspective, loans to not-for-profit developers are especially important as these developers commit to maintaining permanent affordability, working with households that are rebuilding their credit, and building truly livable units that meet the needs

Table 12.

BANKS THAT AUTHORIZED LARGEST DECREASES IN CD LENDING 2009

Rank	Bank	Highest % of Deposits Dedicated to CD Lending
COMMERCIAL BANKS		
1	TD Bank	-100%
2	Wells Fargo/ Wachovia	-100%
3	Bank of America	-74.44%
SAVINGS BANKS		
1	Carver	-46%
2	Apple Bank	-27.5%
WHOLESALE BANKS		
1	BONY Mellon	-40.42%

Table 13.

COMMUNITY DEVELOPMENT LOANS TO NOT-FOR-PROFIT DEVELOPERS 2009

Rank	Bank	Highest % of CD Loans to Not For Profit Developers		Lowest % of CD Loans to Not-For-Profit Developers
1	Deutsche	100%	Capital One	40%
2	Astoria	100%	Bank of America	39.1%
3	Citibank	95.49%	Carver Federal Savings	28.2%
4	JPMorgan Chase	75.79%	M&T Bank	12.5%
5	Apple Bank	75%	TD Bank	0%
6	Banco Popular	75%	Wells Fargo	0
7	Santender/Sovereign	75%		

of local residents in terms of unit size and deeper affordability. ANHD's Reinvestment Principles recommend that banks make at least 50% of their community development loans with not-for-profit organizations – a reasonable threshold given the nature and purpose of these deals. As table 13 notes, only 1/3 of the banks we analyzed have met this threshold.

As mentioned above, CDCs have found that in order to do business with most of the city's banks, they need to bring a certain type of deal to the table. Michelle de la Uz, Executive Director of the Fifth Avenue Committee and ANHD Board Chair, says CDCs continue to hear the following message from banks,"We are only interested in doing deals upwards of $5 million or $10 million. 'We emphatically respond that our communities loans of all sizes and it is our experience that even the smallest deals have an outsized impact.'"

> "Loans to not-for-profit developers are important as these developers commit to maintaining permanent affordability, working with households that are rebuilding their credit, and building truly livable units that meet the needs of local residents and deeper affordability."

For example, New York City's Participation Loan Program (PLP) is a core source of financing for owners of affordable housing who are trying to maintain their properties in a state of good repair. Through PLP, the city's housing agency provides up to $100,000 per unit at a 1 percent interest rate, which is combined with private financing from a participating lender, to deliver a composite financing cost that is below market. These deals are extremely low risk for private lenders given the city's financial stake in the project. Many lenders, however, feel that the amount of time it takes to underwrite these deals is too burdensome given the relatively small size of the loans. The Community Preservation Corporation and Low Income Investment Fund are the only lenders participating in a meaningful way. Without private financing, many owners cannot maintain their properties, which leads to unsafe, unhealthy living conditions for tenants and stressed neighborhoods.

MULTI-FAMILY LENDING

Multi-Family Lending are loans, either originations or re-financings, to individual landlords or investors of multi-family properties, such as an apartment building with five or more units. Approximately 40% of all residential units in the city are located in multi-family rental properties,[14] and almost nine in ten low- and moderate-income households in the city are renters. The availability of responsibly-underwritten mortgages and other forms of commercial loans are absolutely essential for a healthy, thriving housing stock and city. Many ANHD groups began in the 1970s and 1980s as a response to "redlining" when banks refused to make loans in working-class neighborhoods of color. ANHD and our members fought to get responsible banks back into our neighborhoods so they would not stagnate. More recently, we fought to slow speculative lending fueled by predatory equity that created overleveraged properties that have fallen into a state of both fiscal and physical distress. The dual phenomena of redlining and predatory equity are two sides of the same coin: responsible lending—not too much, not too little—is essential to healthy neighborhoods.

14 New York University Furman Center for Real Estate and Urban Policy, "State of New York City's Housing and Neighborhoods: 2010." Available at: www.furmancenter.org.

Given this reality, ANHD holds that if a bank is serious about establishing a comprehensive, locally-responsive CRA-strategy for New York City, multi-family lending must be a meaningful part of its reinvestment activity.[15] This is particularly evident in the case of JPMorgan Chase and Citibank. ANHD believes it is unacceptable that two of the city's three largest banks have stated that multi-family loans are not a part of their business plans. The banks have explained this decision by stating that multi-family loans are not profitable enough.

As the recent economic turmoil has made apparent, banks' desire for huge, short-term returns has often led them to take on very risky deals—those that on paper promise a sizeable return on investment but in practice have a higher likelihood of default. Committing to a meaningful amount of multi-family lending—in addition to ensuring credit is available to owners serving so many of the city's working class residents—would provide both a reasonable and less risky return. Thus, JPMorgan Chase and Citi must not continue to sit on the sidelines; it is essential to the health of our multi-family housing stock that they re-enter the market in a meaningful way.Between 2008 and 2009, there was a 37% reduction in the number of multi-family loans (from 975 to 447) originated in New York City. In dollar terms, the decrease was 13.6%, falling from $2.3 billion to $2.0 billion.[16]

Of the ten commercial banks, Citibank had the greatest drop in the number amount of multi-family loans, declining by nearly 77% from 59 loans in 2008 to a paltry 14 loans in 2009. In terms of dollar amount, it was a steep decline of $150 million, down 84% from the previous year. Following closely, TD bank decreased its multi-family portfolio by 16 loans, resulting in a 76% drop from the previous year. In terms of dollars, TD Bank reduced multi-family lending from $35 million to $11 million, a decrease of 69%.

Regarding savings banks, Santander/ Sovereign and Astoria Bank both experienced a staggering retrenchment in multi-family lending. Santander/ Sovereign reduced the number of multi-family loans by 101, a 95.3% reduction from the previous year. In terms of dollar amount lent, we saw equally disturbing decreases of 98.2%, from $339 million to $6 million, an alarming reduction of $333 million from the previous year. Based on increases in New York City deposits of $800 million, ANHD believes that this level of retrenchment in multi-family lending is indefensible.

Astoria Bank also demonstrated significant reductions in multi-family lending, down 97% in the number of loans, from 168 to 5. In terms of dollars lent, Astoria Bank decreased lending by nearly 99%, from $328 million to $4 million, a startling decline of $324 million from the previous year. In 2009, Astoria Bank saw a huge jump in deposits of $4.7 billion, from $8.1 billion to $12.81 billion. Given this tremendous increase, ANHD believes it is imperative that the savings bank plays a more significant role in expanding multi-family lending in New York City.

15 Multi-family loans are commercial mortgages and therefore considered permanent financing. For the purpose of CRA reporting, banks are allowed to count multi-family loans as part of both their HMDA and Community Development lending. Given their importance to the city's affordable housing sector, ANHD separates them out.

16 According to The Furman Center's annual report "State of the City's Housing & Neighborhoods 2010", multi-family loan originations experienced a sharp increase in 2009, as the result of historically low interest rates. This finding conflicts with ANHD's data, but this could be explained by the fact that we focused our analysis on banks only whereas the Furman Center examined all lenders. This discrepancy in lending patterns underscores the need to expand and modernize CRA to cover all lending institutions, not just chartered banks.

Only two commercial banks, JPMorgan Chase and Well Fargo/Wachovia, saw increases in their multi-family portfolios. JPMorgan Chase increased multi-family lending from 3 to 25 loans, which translated into an increase of $45.75 million from the previous year. Given its stature as the city's largest bank, this level of multi-family lending remains grossly inadequate. Wells Fargo/Wachovia also increased multi-family lending by 37.5%, resulting in a net gain of 3 loans. In terms of dollar amount, Wells Fargo/Wachovia increased multi-family lending by $903 million from the previous year. Since this nearly $1 billion in multi-family lending covered just 11 deals, loans were very large on average.

> "Responsibly underwritten multi-family mortgages are essential to the health, sustainability and affordability of housing in New York City."

Ridgewood Savings was the only savings bank with increases in multi-family lending. Ridgewood Savings increased multi-family lending by $47.5 million, an impressive increase of 51% from 2008.

The reductions in multi-family lending are disconcerting when one considers that much of the "lost" loans were in low- and moderate-income neighborhoods. For example, there was a 57.8% reduction (from 386 to 163) in the number of loans and a 48.4% drop (from $983 million to $507 million) in dollars of multi-family loans made in LMI tracts over the two year period.

Of the ten commercial banks, four institutions reported decreases of more than 50% in multi-family lending in low-and moderate-income tracts. TD Bank had the greatest percentage decline in the number of multi-family loans in low-and moderate-income tracts. In fact, TD Bank all but eliminated multi-family lending by reducing the number of loans from 16 to 1, a 93.8% decline. Given that TD Bank had increased New York City deposits by $2 million and remained profitable, ANHD believes this steep reduction in multi-family lending activity is unacceptable.

Citibank reduced the number of multi-family loans by 81%, the second highest percentage decline after TD Bank, but relative to TD Bank, this represents twice fewer loans. In terms of dollars lent, Citibank saw a 79% decrease from $119.9 million to $24.7 million. Bank of America also demonstrated retrenchment in multi-family lending in LMI tracts, by reducing the number of loans from 34 to 9, and a reduction in dollar amount from $233 million to $108.3 million, a 53.6% slide. Rounding it out, M&T Bank reduced the number of multi-family loans in LMI tracts by 50%, in addition to a 76% decline in dollar amount lent, from $8.8 to $2.1 million.

In terms of savings banks, Astoria Bank had a colossal decline not only in the number of loans in LMI tracts, but also in the dollar amount in LMI tracts. Astoria Bank demonstrated the greatest level of retrenchment of all of the savings banks, reducing the number of loans by 97% (from 99 to 3) as well as reducing the dollar amount lent from $176.9 million to $1.70 million, an astonishing 99% drop.

As mentioned above, Santander/ Sovereign drastically reduced multi-family lending. And the declines were even more drastic in low- and moderate-income communities. Santander/ Sovereign reduced the number of loans by nearly 97% from 60 to 2 loans, as well as decreased the dollar amount lent also by nearly 97% from $153 million to $5 million.

While 40% of the savings institutions reduced multi-family lending in LMI tracts, there were a few institutions that demonstrated a commitment to multi-family lending in low-and moderate-income tracts. For example, despite declines in overall multi-family lending and reductions in New York City deposits in 2009, Apple Bank increased the number of multi-family loans to low-and moderate-income tracts by 280% from 5 to 19 loans. In addition, they also increased the dollar amount lent by 123.6%, $11 million to $24.6 million in 2009.

Table 14.

LOWEST % OF LENDING IN LMI TRACTS (2009)

COMMERCIAL BANKS		
1	TD Bank	20%
2	M&T Bank	20%
3	HSBC	36.4%
SAVINGS BANKS		
1	Apple Bank	9.45%
2	Carver	15%
3	NY Community Bank	39.53%
WHOLESALE BANKS		
1	BONY Mellon	11.4%

Table 14 illustrates those institutions that have the lowest percentage of multi-family lending in LMI tracts. Furthermore, the table details how the leading savings banks have a smaller share of their loans in low- and moderate-income neighborhoods than larger retail banks. This is likely due to the fact that savings banks do not have as large a footprint as commercial banks and concentrate their branching in more affluent neighborhoods.

ANHD continues to be concerned about the lack of multi-family lending. Unfortunately, the situation may get worse depending on the future of Fannie Mae and Freddie Mac. An active secondary market is central to the health of the multi-family lending business and ANHD will work aggressively to ensure GSE reform does not have any negative consequences for this type of lending. That being said, our immediate problem continues to be those lenders who did lend, but at unsustainable levels and to actors whose business model is predicated on displacing working class tenants.

Indeed, ANHD has consistently called for lending that is both safe and sound and has a positive impact on the city's rent regulated housing stock and working class neighborhoods. However, too high of a percentage of loans made by New York Community Bank and other institutions represents exactly the type of lending we do not want given its destabilizing effect on tenants and workingclass neighborhoods.

As last year's "State of Bank Reinvestment in NYC" report outlined, ANHD has been working to protect tenants living in buildings owned by predatory equity-backed landlords across the city over the past several years.[17] Too many disreputable owners operating in the Bronx obtained financing from New York Community Bank, which often underwrote loans based not on current rents but at projected higher rents that would be obtained once existing tenants were forced out. It should be noted that New York Community Bank may not have been the most aggressive lender in terms of over-leveraging properties; however, tenant organizers and the City of New York have spent more time trying to preserve properties where the bank holds the mortgage than any other lender.

As table 15 illustrates, this may be because New York Community Bank has the most units in a state of physical and fiscal distress of any lender doing business in the five boroughs. Based on research conducted by the University Neighborhood Housing Program (UNHP) using its "Building Indicator Project," we have learned that almost 19,500 units of housing—13.8% of the bank's total portfolio—are at-risk. The magnitude of these numbers reflects a fundamental problem with how the bank conducts its multi-family lending business.

Table 15.

HIGHEST % OF UNITS AT-RISK ACCORDING TO BIP DATA (2009)

COMMERCIAL BANKS		
1	Valley National	8.1%
2	JPMorgan Chase	6.8%
3	Wells Fargo/ Wachovia	5.7%
SAVINGS BANKS		
1	NY Community Bank	13.8%
2	Signature	10.4%
3	Ridgewood	10.1%
WHOLESALE BANKS		
1	Deutsche	7.7%
2	BONY Mellon	7.5%

ANHD along with our member organizations CASA New Settlement Apartments, Flatbush Development Corporation, Northwest Bronx Community and Clergy Coalition, Pratt Area Community Council, and University Neighborhood Housing Program as well as other allies including UHAB, Tenants & Neighbors, and National People's Action have been working over the past year to undo much of the damage caused by the bank. We have met with representatives from the bank numerous times and each time have hoped that the bank would take the necessary steps to force owners to maintain the properties or initiate a process where they are transferred to more responsible owners. While several of the bank's community relations managers have been somewhat helpful at brokering meetings between tenants and landlords, no notable progress has been made in terms of improving living conditions or writing down the mortgage to a level that is sustainable. In fact, we have been especially troubled by the bank's practice of selling the notes on troubled buildings at prices that have proven unsupportable and to landlords with track records of abusing tenants, neglecting their properties, and stripping communities of precious affordable housing.

Desiree Pilgrim-Hunter, President of the Northwest Bronx Community and Clergy Coalition, said, "New York Community Bank's refusal to acknowledge past mistakes and remove these properties from the speculative cycle is unacceptable.

17 Multi-family loans are commercial mortgages and therefore considered permanent financing. For the purpose of CRA reporting, banks are allowed to count multi-family loans as part of both their HMDA and Community Development lending. Given their importance to the city's affordable housing sector, ANHD separates them out.

GOOD VS. BAD MULTI-FAMILY LENDING

Multi-family housing is the back bone of New York City. Multi-family lending helps maintain the rental housing stock and ensures millions of New Yorkers have a place to call home. The problem with multi-family lending arises when banks irresponsibly lend to bad landlords and provide financing that is not based on the building's current rental income, which results in over-leveraged buildings. Inevitably, these buildings fall into disrepair which endangers tenants and the surrounding neighborhood. Selling the loans at unsustainable prices to the next wave of speculative buyers once the property faces physical and financial distress is not the solution. Rather we expect banks to acknowledge the true value of the property as affordable housing, write down the mortgage, and commit to responsible lending from the start going forward.

Overall, we need banks like New York Community Bank that are committed to multi-family lending at a meaningful level. However, the quality and impact of the loans they make matters equally as volume. Assuming NYCB continues to be a leader in terms of the quantity of multi-family lending, it is our expectation that the bank improves the quality of those loans both in terms of how they are underwritten and who they are made with.

We are seeing a developing trend, as commercial banks are moving out of the multi-family lending marketplace, of savings banks increasing their appetite for these types of loans. In order to preserve our neighborhoods, it is important for lenders, including New York Community Bank to be mindful of the negative consequences that bad loans and bad actors can have on entire communities.

Tenants in the Bronx will not stop fighting until their homes are returned to a state of good repair and in the hands of owners who are committed to preserving affordability."

Bank regulators and elected officials must get a commitment from New York Community Bank that they will not originate these destructive loans going forward, enforce good repair clauses for mortgages it currently holds, and only sell notes to lenders who are responsible and committed to maintaining the properties as affordable housing.

As New York Community Bank seeks to divest itself of these troubled mortgages, Signature Bank has entered the market and become a key source of financing for what appears to be the next wave of speculative predatory equity investors. Signature Bank appears to either be purchasing the notes at a slight discount and inexplicably loading even more debt on the building or paying too high a price for a note given the property's physical conditions and rent roll. This underscores the need for systemic solutions and not just interventions that target specific institutions.

For these reasons, regulators must not view every multi-family loan made in a LMI neighborhood equally as some loans better meet the needs of poor and working class residents and communities more than others. Additionally, given what is currently happening with many of these overleveraged properties and poorly underwritten loans, one needs to question how and if they passed the regulators'"safety and soundness" test as there are many simple, straightforward ways to determine the soundness of a loan. For example, one primary indicator of default danger that regulators should be examining is the Debt Service Coverage Ratio (DSCR), which measures the amount of cash flow available to meet annual interest and principal payments on debt. Of the dozens of deals ANHD has examined, the DSCR is universally under 1 and often less than .5, which means only $0.50 in income is available for every dollar of debt owed. Despite this incredibly low DSCR, neither the bank nor the regulator questioned the merit of these loans or the impact they would have on residents and neighborhoods. Clearly, more needs to be done on multiple levels to prevent these speculative loans. If regulators do not have the power to guide a bank's underwriting standards, Congress should give them the statutory authority to do so.

HOME PURCHASE LENDING AND FORECLOSURE PREVENTION

New York City has a large homeowner population; approximately 1/3 of our residents are homeowners. As such, we have a continuing need for responsible home mortgage lending as well as foreclosure prevention initiatives.

HOME PURCHASE LENDING

Home Purchase Loans are extended to consumers by financial institutions to be used towards the purchase of a home. According to The Furman Center's "2010 State of New York City's Housing and Neighborhoods" report, the number of first lien, conventional home purchase loans originated in New York City decreased by 26% from 2008 to 2009.[18] The report also states that the overall number of home purchase loans originated in New York City has declined considerably, falling from 59,169 in 2005 to 24,461 in 2009. This reduction led to a decline in the number of conventional home purchase loans to borrowers of each race. Black and Hispanic borrowers were especially negatively impacted. For instance, blacks make up about 23% of city households but only received 10% of home purchase loans. Likewise, Hispanics, which represent 29% of the population, were responsible for just 8% of all originations in 2009. It should be noted that the Furman Center study looks at all originators of home purchase loans including banks, their affiliates, and mortgage brokers while ANHD looks only at banks.

Of the banks we analyzed between 2008 and 2009, the number of Home Purchase Loans originated to all households fell by 37.5%—an even larger decrease than the

18 New York University Furman Center for Real Estate and Urban Policy. "20010 State of New York City's Housing and Neighborhoods. Available at: http://furmancenter.org/files/sotc/SOC%202010.pdf

Furman Center found. This likely means that banks reduced their home purchase lending at a greater rate than other lenders like mortgage companies. The 37.5% reduction represents a decrease from 20,519 mortgage loans to 12,834. In terms of dollar amount of Home Purchase Lending, the reduction was even greater. Total dollars lent fell from $7 billion to 4 billion, a slide of 42.9%.
In terms of commercial banks, M&T Bank was the only commercial bank that not only increased overall home purchasing lending but also increased home purchase lending to LMI borrowers. In 2009 M&T Bank increased the number of mortgage loans from 223 to 324, resulting in a 45% increase. Over a two year period beginning in 2007, M&T Bank has demonstrated a solid commitment to increasing home purchase lending in New York City, inclusive of lending to LMI borrowers.

Bank of America also increased the number of home purchase loans from 1,782 to 3,170—a 79% increase from the previous year. However, while Bank of America did in fact see a boost in overall home purchase lending, it should be noted that the bank decreased home purchase lending to LMI borrowers by a staggering 50%.

> "In 2009, banks reduced overall home purchase lending; however, the greatest reductions were to low-and moderate-income borrowers."

The commercial banks with the greatest decrease in overall home purchase lending are Banco Popular, JPMorgan Chase, and Citibank. JPMorgan Chase had decreases in both the number of home purchase loans and dollar amount lent. JPMorgan Chase had a staggering 64% decline in home purchase loans from 8,279 to 3,022 in 2009. In addition to a reduction in the number of loans, JPMorgan also decreased the amount lent by $2.3 billion from the previous year.

In terms of savings banks, Santander/Sovereign, one of the largest savings banks, increased the number of home purchase loans from 249 to 383—a jump of 53.8%. Apple Bank had the biggest drop in home purchase loans from 223 to 93—a 58.3% decline. In terms of dollar amount, the cut was even greater as lending fell from $185 million to $70.2 million—a 62.1% fall. Apple bank did see a modest 7.9% reduction in deposits and 35% slide in profits, but again, it is unfortunate that lending fell by larger percentages.

Home Purchase Loan products that facilitate new homeownership opportunities are especially crucial to ensuring low- and moderate-income households have the credit they need to achieve the American dream. Table 16 illustrates those banks that have made the best effort to ensure a meaningful percentage of their mortgage lending serves LMI households.

Between 2008 and 2009, the number of home purchase loans to low- and moderate-income borrowers in New York fell from 2,451 mortgages to 912—a fall of 62.7%. Of the 912 loans to low-and moderate-income borrowers, 132 loans were to low-income borrowers. As a percentage of their overall home purchase lending,

Table 16.

LARGEST % OF HOME PURCHASE LOANS (HPLS) TO LMI BORROWERS 2009

COMMERCIAL BANKS

1	Capital One	28.21%
2	M&T Bank	23.15%
3	Banco Popular	14.29%

SAVINGS BANKS

1	Carver	50.94%
2	NY Community Bank	19.23%
3	Santender/ Sovereign	14.10%

the proportion of home purchase loans to LMI borrowers fell by 40%. This exceeds the 37.5% reduction that home buyers as a whole experienced. Thus, we can see the banks' reduction in home purchase lending disproportionately affected lower income New Yorkers.

While this industry-wide decline is staggering, several institutions authorized even sharper reductions. Over this two year period, TD Bank decreased the number of mortgage originations to low- and moderate-income borrowers from 71 to 13—an 81.7% cut. These reductions occurred despite $2.94 billion in profits and a 31.4% increase in New York City deposits.

Citibank also significantly reduced their home purchase lending to LMI borrowers. In 2009, Citibank decreased home purchase lending to credit worthy, LMI borrowers by 76.1%. In 2008, Citibank facilitated new homeownership opportunities to 1,623 LMI borrowers, totaling $575 million. In sharp contrast, in 2009, Citibank significantly reduced home purchase lending to only 388 LMI borrowers totaling $46 million.

In 2009, Citibank posted a loss of $1.6 billion and saw a 4.7% reduction in deposits. Nonetheless, this level of retrenchment is unacceptable from a CRA perspective. It is clear that the bank made countless unsafe and unsound business decisions over the past several years that not only led to its own financial troubles, but also contributed to the nationwide recession. It is ANHD's perspective, however, that poor business decisions fueled by greed and speculation should not diminish the bank's obligation to meet its CRA mandate of helping to meet the credit needs of working class communities. If regulators believe that deploying capital would undermine a bank's balance sheet, they should consider this information during the bank's performance evaluation and reduce their rating accordingly.

In addition, Banco Popular reduced their mortgage lending to LMI borrowers by 90%. It should be acknowledged, however, that Banco Popular has a very small portfolio of home purchase loans.

Not all banks reduced their lending to low-and moderate-income borrowers. In fact Capital One increased the number of home purchase loans by 175% from four loans in 2008 to 11 loans in 2009. Despite Capital One's modest comparative loan volume, the bank demonstrated commitment to not only increasing year-over-year originations, but also to developing a new loan product that would better serve the New York City market. Capital One's loan product provides a grant of up to $6,000 for home or condo purchase or up to $3,000 toward co-op purchase in a LMI tract.

For New York City and Rockland/Westchester Counties, the maximum income to qualify for the grant is $82,000.

The only other commercial bank to come close to a substantive increase in home purchase lending to LMI borrowers was M&T Bank. In fact, M&T surpassed its impressive numbers of overall home purchase loans detailed above. Over the two year period, M&T expanded the number of LMI loans from 29 to 75—an increase of 158.6%. M&T should be commended for the huge strides it made over this period.

In terms of savings banks, Santander/ Sovereign was the only institution that increased its lending to low- and moderate-income borrowers. And the expansion was an impressive 80%—from 30 mortgage loans to 54 loans. The bank was one of the most profitable in the city—posting a profit of $12.6 billion and also growing its deposits by 12.5%

Across the industry, however, ANHD believes there are few lenders, if any, that should be considered a standard bearer in serving this population. And it is important to point out that this lack of lending to credit-worthy borrowers, coupled with a rising tide of foreclosures, are having a de-stabilizing effect on certain neighborhoods where abandoned properties have caused surrounding property values to fall.

More specifically, ANHD's Reinvestment Principles urge banks to commit to mortgage lending to low-income households that is proportionate to the percent of low-income households in the city as a whole. Given that about 10% of households in the city are occupied by low-income owners, ANHD would like to see 10% of a bank's home purchase loans being originated to these households. Of the 13 banks that provided ANHD with mortgage data, Capital One is the only commercial bank that exceeds this threshold with 10.2% of its home purchase loans being originated with low-income borrowers. Additionally, Carver Bank is the only savings bank that also meets or exceeds this threshold with 26.4% of its home purchase loans being originated with low-income borrowers. Banco Popular and TD Bank are the only commercial banks that did not commit a single home purchase loan to low-income borrowers. Both Banco Popular and TD Bank significantly reduced their mortgage lending services by over 80% from the previous year.

There is a model for serving low-income households in a sustainable fashion. Both Neighborhood Housing Services of New York (NHS) and the New York Mortgage Coalition (NYMC) provide financial workshops, pre-purchase counseling, and access to competitive, fixed-rate loans and payment assistance in the form of closing cost grants and down payment subsidies.[19]

19 NYMC is a not-for-profit collaboration of financial institutions and community-based housing agencies dedicated to helping low- to moderate-income families in New York, Long Island and Westchester County achieve the dream of responsible homeownership. The community groups participating in the NYMC include Asian Americans for Equality, Cypress Hills Local Development Corporation, Harlem Congregations for Community Improvement, Neighbors Helping Neighbors, Pratt Area Community Council, Housing Partnership Development Corporation, Housing Action Council, and the Long Island Housing Partnership. Participating lenders include Amalgamated, Astoria Federal Savings & Loan, Bank of America, Capital One, Citi, HSBC, JPMorgan Chase and M&T. http://www.nymc.org/home

The New York Mortgage Coalition assists first time home buyers through pre-purchase counseling and financial education to help households meet the necessary criteria for home purchasing.

In 2009, community-based housing organizations in the New York Mortgage Coalition (NYMC) partnered with New York City-based banks to originate 648 mortgages citywide. Out of 7 participating lenders, HSBC committed the largest share of overall LMI loans made through the coalition, resulting in 33% of all loans closed in 2009 through the coalition. Of the 306 home purchase loans originated by HSBC to low-and moderate-income borrowers, 211 (69%) of those loans were facilitated through the New York Mortgage Coalition. HSBC currently has the highest overall volume of loans through the coalition and has closed over 22% of all loans NYMC has ever done. HSBC is a strong coalition partner that has developed a steadfast approach to servicing the needs of households and we applaud their effort in this area.

Not only does HSBC have a robust staff of loan officers, HSBC, along with M&T and Astoria Bank is a participant in the Federal Home Loan Bank of New York's "First Home Club" program. The "First Hme Club" program is a savings matching program for households with incomes at or below 80% of area median income. The program encourages prospective homebuyers to save towards the purchase of a new home. The FHC provides down payment and closing cost assistance by granting four dollars in matching funds for each dollar saved in a dedicated account (up to $7,500 in matching funds) to an eligible first-time homebuyer purchasing a home.[20]

While banks like HSBC have been strong partners of the NYMC, there are some institutions that are lending to fewer low-and moderate- income borrowers. For example, in 2009 Citibank originated 388 home purchase loans to low-and moderate-income borrowers, of which approximately 10% of the loans were facilitated through the Mortgage Coalition. This is a discouraging statistic as there is a strong model in place and a very healthy market for these loans.

The community based organizations help homeowners in all five boroughs of New York City. Of the 648 mortgages originated in 2009, Suffolk and Queens County had the greatest number of committed loans by financial institutions. 30% of the committed loans were in Suffolk County, followed by 25% in Queen County.

As mentioned above, the number of mortgages originated with LMI homebuyers across the city fell by 62.8% (from 2,451 to 912) between 2008 and 2009. The number of similar mortgages originated with homebuyers counseled by Mortgage Coalition members increased by nearly 10% (from 449 originations to 498 originations) over the same period. Thus, the Mortgage Coalition's share of all LMI mortgage loans rose drastically over the past year, from 18% to 55%. One possible reason that banks expanded their home purchase lending with members of the

20 Federal Home Loan Bank of New York "First Home Club" http://www.fhlbny.com/community/fhc/fhc.htm America, Capital One, Citi, HSBC, JPMorgan Chase and M&T. http://www.nymc.org/home

Mortgage Coalition while shrinking their overall lending is that they recognize that the Mortgage Coalition's model works. Indeed, Ken Inadomi, Executive Director of NYMC, says, "It is important to point out that because of mandatory and comprehensive pre-purchase counseling, these are incredibly safe loans. In fact, the foreclosure rate on the 5,000+ loans originated through NYMC is less than 1%."

FORECLOSURE PREVENTION

Over the past several years, millions of homeowners have faced losing their homes through foreclosure. Thus, in addition to a need for affordable home purchase loans, including responsible products targeted to LMI borrowers and first-time homebuyers, it is also important that banks have products and programs in place to preserve homeownership and prevent foreclosure.

The reasons for the foreclosure crisis are well-documented so this report will not repeat them. However, it is important to acknowledge the millions of homeowners across the country facing foreclosure and discuss the quantitative record of banks related to modifying these unaffordable loans.[21] While both banks and government have rolled out various initiatives to keep families in their homes, the primary vehicle for this effort is currently the federal Home Affordable Modification Program (HAMP). According to HAMP data, there were almost 52,000 active loan modifications in the New York metropolitan statistic area as of December 2009.20 As a percentage of eligible loans to be modified, Bank of America had the worst record of modification of the largest loan servicers. Of Bank of America's approximately 1.1 million eligible loans, only 7% in August 2009 and 19% in December 2009 [22] were in either an active or permanent trial.

Bank of America's sub-par service has not gone unrecognized. In December 2010, PICO National Network and National People's Action released an annual report card giving Bank of America- the nation's largest bank-an "F" rating for its dismal foreclosure prevention and lending performance. According to the report card, for the almost two years, Bank of America had completed permanent modifications for only 18.7% of eligible borrowers compared to peer institutions such as JPMorgan Chase, Wells Fargo/Wachovia and Citibank, who performed permanent modifications for 30% or more of eligible borrows.[23] In addition to distressing modification statistics, Bank of America continues to maintain a dual credit system as the bank maintains a stake in four of the top five publicly held payday lenders—subsequently charging low-income and minority communities exorbitant fees and interest rates. Table 17 demonstrates that many of its peer banks had much better track records in New York too.

In addition to HAMP data, ANHD was able to gather information related to some of the city's largest servicers' proprietary foreclosure prevention programs. JPMorgan Chase, the largest bank in New York City, has one of the lowest rates of

21 It is important to acknowledge that this data covers a larger geographic area as it represents the banks' activity in the MSA, not just New York City.

22 Making Home Affordable, "March Loan Modification Report."
Available at: http://www.makinghomeaffordable.gov/news/latest/Documents/MHA-Public_090909.pdf

23 Source: Bank of America Report Card, December 2010
http://www.yp.com.hk/everwin/

Table 17.

ACTIVE MODIFICATIONS AS A SHARE OF ESTIMATED ELIGIBLE 60+ DAY DELINQUENCIES (2009)

COMMERCIAL BANKS		August 2009			December 2009
Rank	Bank	Current Modifications as % of Eligible Loans	Rank	Bank	Current Modifications as % of Eligible Loans
1	JPMorgan Chase	25%	1	Citi Mortgage	47%
2	Citi Mortgage	23%	2	JPMorgan Chase	37%
3	Wachovia	13%	3	Wachovia	36%
4	Bank of America	7%	4	Bank of America	19%

home modifications. JPMorgan Chase's lack of effort to modify mortgages has been singled out by National People's Action and New York Communities for Change, as the bank has serviced a large number of mortgages in the city yet turned down a majority of requests for mortgage modifications.[24] According to our 2009 quantitative analysis, only 6 percent of New York City homeowners who sought to modify their mortgages with JPMorgan Chase between July 2008 and December 2010 were able to get permanent loan modifications. Thus, while JPMorgan Chase has been targeted for their poor performance nationally and at the state level, the truth is their record in granting permanent modifications is even worse here in New York City.

Even among those banks who have demonstrated a stronger willingness to offer their clients a trial or permanent modification, there have been pervasive reports of lost paperwork, unresponsive staff, unreasonable delays, and a general reluctance to take the necessary steps to achieve a sustainable outcome. Indeed, there is a sense among borrowers, counselors, and attorneys that obstacles are being put in place that make it typical for some borrowers to wait more than a year to secure a modification, if at all.

In 2009, New York Mortgage Coalition (NYMC) community-based housing organizations counseled over 2,700 individuals facing foreclosure in New York City. Coalition members have helped thousands of New Yorkers achieve responsible homeownership. Through pre-purchase counseling, financial workshops and foreclosure mitigation services, NYMC groups continue to help preserve homeownership throughout New York City. Below are two stories that represent just a small fraction of the issues homeowners have encountered in trying to save their homes.

Harlem Congregations for Community Improvement (HCCI), an active Harlem revitalization group, has offered guidance and support to hundreds of Harlem households facing home foreclosure. Eustace Samuel, a native of Antigua and 25-year

24 Source: New York Times: Unions to Press Chase on Modifying Additional Mortgages http://www.nytimes.com/2011/02/10/nyregion/10chase.html?_r=1

resident of the Bronx was not only hit hard by the economic downturn, he also faced mounting personal misfortunes. With the decline of work through the carpenter's union and an irresponsible tenant who caused damage to his home, Mr. Samuel was $15,000 in delinquent mortgage payments. In 2010, Mr. Samuel was contacted by his bank, informing him of foreclosure on the home he shared with his wife and two sons.

Seeking help, Mr. Samuel turned to Reverend Charles Butler, Director of The Office of Equitable Development at HCCI. When Mr. Samuel reached out to HCCI, he was no longer receiving timely rent payments from his tenant and Section 8 ceased their $1,200 monthly rent contribution. He was in dire straights and needed a solution to help save his home. With the help of Rev. Butler and HCCI, Mr. Samuel was able to get his finances back in order and was able to work out a trial modification on his home.

Since working with Rev. Butler and HCCI, Mr. Samuel has been granted 3 trial modifications on his home loan, but has yet to receive a permanent modification. The ordeal has left Mr. Samuel very frustrated as he believes trial modifications are an imperfect solution to a problem facing millions of homeowners. Regardless of his frustrations, Mr. Samuel is grateful to HCCI for its help. Without HCCI's assistance, Mr. Samuel would have lost his home, causing his family great distress.

Pratt Area Community Council (PACC), a community development corporation, also contributes heavily to the development and preservation of communities in central Brooklyn. PACC's foreclosure counselors have been instrumental at preventing and helping to remediate the often disastrous consequences of scams, unaffordable mortgages, job loss and most importantly, foreclosure prevention.

Ms. Hazel Mitchell first approached PACC because she had fallen behind 11 months on her monthly mortgage payments with Bank of America and the bank began to threaten to foreclose. Prior to reaching out to PACC, Ms. Mitchell made attempts to resolve the issue with Bank of America, but was offered no assistance.

In June 2010, on behalf of Ms. Mitchell, PACC applied for a modification with Bank of America, however, the bank did not review the file correctly and consequently denied Ms. Mitchell's application. The bank requested additional documents, which were sent multiple times to Bank of America. With the help of the Center for NYC Neighborhoods (CNYCN), PACC filed a legal complaint on behalf of Ms. Mitchell with the Office of the Comptroller of the Currency (OCC), and went to Washington, D.C. to advocate on behalf of Ms. Mitchell and other clients who have been abused by poor banking practices.

On December 14, 2010, the Office of the President and CEO of Bank of America sent an official letter to Ms. Mitchell responding to the OCC complaint and a mortgage modification offer, reducing Ms. Mitchell's mortgage payments.

Because of organizations like Harlem Congregations for Community Improvement (HCCI) and Pratt Area Community Council (PACC), who have been tirelessly working on behalf of homeowners like Mr. Samuel and Ms. Mitchell, thousands of New Yorker's have been able to reach amicable agreements with banks and lenders to avoid foreclosure on their homes.

CRA-QUALIFIED INVESTMENT

CRA-qualified Investment is a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. For example, banks may purchase state and local government bonds that fund the construction or rehabilitation of affordable housing. As table 18 illustrates, CRA-qualified investment among New York City banks significantly declined – in some cases substantially – between 2008 and 2009. For the seven banks that provided data in both years, total investment decreased from $818.75 million to $520.06—a 36.5% decline. Of the 15 banks that provided data in 2009, the vast majority of CRA-qualified investments were in the form of Low Income Housing Tax Credits (LIHTC). Indeed, of the $628.6 million invested by these institutions, $481.1 million (76.6%) was LIHTC.[25]

Although we initially speculated that the decline in CRA-qualified investment would be attributed to a decreased investment in LIHTC[26] brought about by record losses and subsequent lack of tax liability, the truth is, over 80% of the city's banks posted profits in 2009. And the average profit was almost $3.4 billion. Thus, the banks looking to offset tax liability given these profits should have an appetite for tax credit investment.

Of the four banks that were not profitable in 2009, three (Citi, Banco Popular and Carver) continued investing in tax credits – either LIHTC or New Markets Tax Credits (NMTC). ANHD commends these institutions for not walking away from this core activity. It is this type of commitment that we feel bank regulators should give special attention as it signals the banks' recognition that poor and working class communities are disproportionately harmed by economic recessions.

The only bank that did not invest in LIHTC or NMTC, Bank of New York Mellon, lost over $1 billion in 2009, a 175% decrease compared to its $1.4 billion in profits the previous year. While these losses are unfortunate, it is troubling that the bank's CRA-qualified investment fell by even more—a staggering 467%—from $160.6 million to $21 million over the two year period (see Table 18). And the bank's numbers may have fallen even more had it not been for ANHD alerting the Federal Reserve Bank of New York of the bank's intention to pull out of several tax-exempt bond deals with the City of New York. After ANHD wrote a letter to the Fed, BONY Mellon re-affirmed its commitment to invest. Another important factor to consider when trying to understand BONY Mellon's reduced CRA-qualified investment is that the bank's deposits were up 25% from 2008. Overall, BONY Mellon's drastic

25 This significant percentage is likely due to several factors. First, as the headquarter city of many of these banks, their interest in LIHTC investment is more stable than in areas outside of their service area. Second, pricing for tax credits were less volatile in New York City than other jurisdictions so investors likely viewed them as more attractive. Finally, both New York State and New York City maintained their investment in affordable housing so a constant flow of deals was presented to the banks.

26 LIHTC is a central element of the financing for approximately 90% of all affordable housing development according to Enterprise Community Partners, "About the Low-Income Housing Tax Credit." Available at: http://www.enterprisecommunity.com/products_and_services/lihtc.asp

decrease comes as a surprise given the bank's recent change in designation to a wholesale bank, which tend to rely more on investments to fulfill their community development obligations.

In comparison, Capital One, Citibank, New York Community Bank and Ridgewood Savings increased their CRA-qualified investments between 2008 and 2009. Capital One expanded qualified investments from $113 million to $229 million—an extraordinary jump of 102.6%. Despite Capital One being a fraction the size of the city's largest commercial banks, the bank now has the distinction of investing more than any other institution in CRA-qualified projects. As Table 19 highlights, Ridgewood Savings Bank also deserves credit for substantially expanding CRA-qualified investments from $7.8 million to $19.9 million—a jump of over 154%.

Overall, a much smaller share of banks' deposits are being devoted to CRA-qualified investments than in previous years. In 2008, the ten banks ANHD analyzed in this category dedicated an average of 0.19% of their deposits to CRA-qualified investments. Those same institutions only contributed 0.11% in 2009—a decrease of 41.8%. This statistic is another indication that banks are reserving smaller and smaller amounts of their overall capital for reinvestment purposes.

PHILANTHROPY

CRA-related philanthropy, which consists of banks providing grants for general operating and program-specific support, and sponsorship of fundraising galas, conferences, and community education events in the communities in which they do business, has played and continues to serve a crucial role in the ability of community groups to further their missions of creating and preserving safe, decent affordable housing and neighborhoods for low- and moderate-income New Yorkers. The city's banks have been key partners in providing not only general operating and program-specific support, but also sponsorship of fundraising galas, conferences, and community education events. In the past, it was rare for a bank's philanthropic budget to shrink even when banks were deploying less capital overall. In 2009, however, grant support was not immune from drastic cuts.

Table 18.

LARGEST % DECLINE IN CRA-QUALIFIED INVESTMENTS 2008-2009

COMMERCIAL BANKS		
1	HSBC	-67.3%
2	JPMorgan Chase	-50.5%
3	TD Bank	-34.62%
SAVINGS BANKS		
1	Sovereign/ Santender	-100%
2	Apple Bank	-92.03%
WHOLESALE BANKS		
1	BONY Mellon	-466.89%
2	Deutsche	-60%

Table 19.

LARGEST % CHANGE IN CRA-QUALIFIED INVESTMENTS 2008-2009

COMMERCIAL BANKS		
1	Capital One	102.65%
2	Citibank	1%
SAVINGS BANKS		
1	Ridgewood	154.6%
2	NY Community Bank	58.83%

Between 2008 and 2009, CRA-eligible grant making decreased by nearly 5%, from $37.4 million in 2008 to $35.6 million in 2009. Only three banks, TD Bank, Citi, and Deutsche Bank increased their commitment to philanthropy in 2009. TD Bank increased CRA-eligible philanthropy from a paltry $290,000 to a respectable $1.4 million—an increase of 377% from 2008. Despite a modest 3% increase in deposits, it is encouraging to see that TD Bank has expanded its commitment to CRA-related philanthropy. TD Bank is also a leader in terms of the percent of its deposits that it dedicates to philanthropy. Citi and Deutsche Bank saw more modest increases, of 14.7% and 5.7% respectively.

Unfortunately, this commitment is not shared by all of the institutions serving New York City. For example, for commercial banks, Banco Popular (-91.6%), HSBC (-49.8%) and Capital One (-33.7%) shrunk their grant budgets substantially. These reductions are especially troubling for HSBC and Capital One, which both posted larger profits in 2009 than the previous year.

For the second year in a row, JPMorgan Chase reported a decline of nearly 13% in CRA-related philanthropy. Despite an extremely profitable year and record growth, it is once again evident that the community does not do better when the bank's fortunes rise. In fact, of the eleven commercial banks ANHD examined, JPMorgan Chase had one of the smallest percentage of deposits—just 0.004%—dedicated to philanthropy. It also must be noted that the JPMorgan Chase and Washington Mutual merger of 2008 continues to result in fewer combined resources being deployed in neighborhoods across New York. ANHD believes this is a problem both the FDIC and OCC should address in the bank's next examination and in any bank failure going forward.

For savings banks, Santander/ Sovereign and Ridgewood Savings Bank reduced their grant budgets by 77.5% and 30.2% respectively.

ANHD's members are experiencing these cuts in deep and varied ways. Indeed, almost every ANHD member has seen grant support from financial institutions fall and many have seen double digit percent decreases. Additionally, many members have reported that banks are

Table 20.

HIGHEST % OF DEPOSITS FOR PHILANTHROPY 2009

COMMERCIAL BANKS

1	M&T Bank	.028%
2	Wells Fargo/ Wachovia	.0212%
3	Citibank	.0206%

SAVINGS BANKS

1	NY Community Bank	.0241%
2	Carver	.0230%
2	Ridgewood	.0051%

WHOLESALE BANKS

1	Deutsche	.0378%
2	Goldman Sachs	.0104%

shifting their support away from homebuyer education and pre-purchase counseling into broader categories like financial education with a particular emphasis on youth programs. While these are important initiatives and work that our members are committed to, it is shortsighted and unwise for banks to abandon a model that both serves first-time homebuyers and drives business opportunities for the banks.

Again, overall bank deposits in New York City increased by 8.6 percent from the previous year. This increase is a clear indication that institutions are safe, sound and profitable. However, community development lending, CRA-qualified investment and CRA-related philanthropy declined in 2009. While ANHD believes it is logical to link a bank's philanthropic budget to its earnings, we are discouraged by the percentage of a bank's deposits that are earmarked for grant making. Table 20 shows those banks that dedicate the largest percentage of its deposits. M&T Bank is the leader in this area. Yet it is easy to see that an incredibly small amount of deposits are deployed for philanthropic endeavors as no bank comes close to committing even a single percent of their deposit base to these initiatives.

Table 21.

HIGHEST % OF CRA GRANTS FOR AFFORDABLE HOUSING (2009)

COMMERCIAL BANKS		
1	HSBC	72%
2	Bank of America	41%
3	Wells Fargo / Wachovia	39%
SAVINGS BANKS		
1	NY Community Bank	5%
2	Carver	.04%
WHOLESALE BANKS		
1	Deutsche	36%

There is another grantmaking trend that we are concerned about: the smaller percentage of CRA-eligible grants to support affordable housing. In 2008, 36.5% of CRA-eligible grants were dedicated to a purpose related to affordable housing compared to 33.0% in 2009. Given that a lack of affordable housing is an overwhelming problem for such a high share of working class New Yorkers, ANHD has set a target of dedicating at least 50% of a bank's CRA-related philanthropy to housing-related activities. Over the two year period, Bank of America, HSBC, Wells Fargo/Wachovia and Deutsche Bank were the only institutions that met this threshold at least once. And in 2009, only HSBC demonstrated a strong commitment to CRA-grants for affordable housing with 72% of its CRA-grants dedicated to this purpose.

Several savings banks reported a very small percentage of CRA-eligible grants to support affordable housing compared to commercial and wholesale banks. For instance, as table 21 highlights, New York Community Bank and Carver Bank —the leaders among savings banks— reported 5% and .04% respectively. While we recognize that savings bank often do not have comparable grantmaking staffs as the large commercial banks, which makes it more difficult to respond to local needs, it is surprising that these institutions have not targeted more of their grantmaking to affordable housing given its importance in New York City.

BRANCHING

Lack of access to credit and basic banking services in neighborhoods continues to be a serious problem for low- and moderate-income New Yorkers. Currently, of the 15 banks ANHD examined regarding branching in both 2008 and 2009, approximately 22.5% of total branches are located in LMI areas. ANHD's threshold for equitable branching is 25%, which means for the industry as a whole, there is room for improvement. While we are encouraged by the somewhat modest 2.1% increase in the number of branches in LMI communities over this two year period, it is clear that far too many working class New Yorkers do not have access to affordable financial services.

A recent study by the office of former Congressman Anthony Weiner (NY-9) found that "there is a bank for every 2,300 New Yorkers living in neighborhoods with a median household income above $53,000-but there is only one bank for every 9,000 people in neighborhoods with a median household income below $31,000."[27]

"ANHD would like to see 25% of a bank's total branches in the city to be located in LMI neighborhoods"

In addition, the report found that more than 825,000 New Yorkers, mostly low-income individuals, are un-banked and do not have checking and savings accounts with a bank or credit union. ANHD sees how this lack of access to mainstream financial services has stripped wealth and led to the rise of predatory lenders in neighborhoods across the city including Bushwick in Brooklyn, Jamaica in Queens and Melrose in the Bronx. Thus, one of our primary reinvestment priorities is that local banks establish equitable branching patterns.

Again, in terms of equitable branching, ANHD wants 25% of a bank's total branches in New York City to be located in LMI neighborhoods. This is a reasonable benchmark given almost 56% of census tracts in New York City are classified as low- and moderate-income meaning that more than half of the households living there earn a moderate-income wage or below.[28] While a common refrain among banks is that online banking and ATMs are appropriate alternative service vehicles, the fact that over half of New Yorkers live in LMI areas signals that there is a market that is eager for access to mainstream financial services and a physical bank branch.

As table 22 illustrates, bank branch siting in New York City is uneven. While savings banks tend to serve neighborhoods better across many activities due to their more localized focus, in the case of branching, larger commercial retail banks have stronger branch networks due in larger part to their most expansive footprints. Of the ten commercial banks we analyzed, 60% of the banks (6 out of 10) met the 25% branching threshold in 2009. On the contrary, of the eight savings institutions we examined, only three banks (37.5%) met or exceeded the threshold.

That being said, several savings banks have established a strong branch presence in low- and moderate-income tracts. For example, out of a total of eight branches serving New York City, Carver Bank maintains five branches (62.5%) in low-and

27 More Banks in New York City: (But Only for Some)". Prepared by the Office of Former Congressman Anthony D. Weiner. Available at: http://www.weiner.house.gov/news_display.aspx?id=1640 .

28 U.S. Census Bureau. Community Development Block Grant Census Tract Eligibility. 2007. Available at: http://www.nyc.gov/html/dcp/download/resource/2000cdbgtractreport.xls

moderate-income tracts. Similarly, Apple Bank, which operates a total of 34 branches in the city has 19 branches (56%) located in low-and moderate-income tracts. Carver and Apple Bank's commitment to equitable branching is encouraging.

Unfortunately, this commitment is not shared by their peer institutions. New York Community Bank was the most active institution in terms of branch openings and closings in 2009. NYCB opened 20 branches between 2008 and 2009, and to its credit, eight of those new branches were in moderate-income census tracts. However, the bank also closed one of its two branches in low-income tracts. NYCB continues to fall short of ANHD's threshold for equitable branching as just 19.5% of the bank's branches are located in LMI neighborhoods.

Astoria Bank, despite a remarkable 173% increase in deposits in 2009, did not open a single branch in low- and moderate-income tracts in 2009 and has no branches in low-income neighborhoods among its 85 branches.

Again, commercial banks tend to be much stronger when it comes to providing retail financial services to working class New Yorkers. JPMorgan Chase, Bank of America, Citibank, HSBC, Capital One, and Banco Popular all surpassed the 25% threshold. Banco Popular continues to lead the pack with 68.8% of its total branches in LMI communities.

Of the four commercial banks that failed to meet ANHD's 25% threshold, Wells Fargo had the smallest percentage of banks in LMI communities. Just 7.7% of the bank's branches are sited in low- and moderate-income areas. TD Bank, despite posting a 31.5% increase in deposits, did not open a single branch in low-and moderate-income tracts and closed six branches overall.

An equally important benchmark related to branch siting is that at least 10 percent of a bank's total branches be located in low-income neighborhoods. In the two year period, the total number of branches operated by the 16 responding banks increased by 2% (from 1,287 branches to 1,314). Of the 27 branches that opened, only one (3.7%) is located in a low-income community. Thus, the overall share of branches

Table 22.

PERCENTAGE OF BRANCHES IN LOW- OR MODERATE-INCOME TRACTS 2009

COMMERCIAL BANKS

1	Banco Popular	**68.8%**
2	Bank of America	**33%**
3	JPMorgan Chase	**30.03%**

SAVINGS BANKS

1	Carver	**75%**
2	Apple Bank	**55.9%**
1	Ridgewood	**26.9%**

Table 23.

PERCENTAGE OF BRANCHES IN LOW INCOME TRACTS 2009

COMMERCIAL BANKS

1	Banco Popular	**31.3%**
2	JPMorgan Chase	**9.8%**
3	M&T Bank	**7.7%**

SAVINGS BANKS

1	Carver	**62.5%**
2	Apple Bank	**17.6%**
3	Sovereign/ Santender	**1.4%**

fell by almost 1% between 2008 and 2009. Although this may not seem like a substantial decrease, it is a disturbing trend and one that we are very concerned about.

Indeed, measured against the 10% benchmark, the majority of New York City banks are underperforming. In fact, of the 13 reporting banks, only two banks have met this threshold. JPMorgan Chase exceeded the 10% threshold in 2008, but fell short in 2009 since only one of its 30 new branches was located in a low-income tract, which resulted in a decrease in its overall share. Astoria Federal Savings and Ridgewood Savings do not have a single branch in a low-income tract and several others including Wells Fargo, Valley National, M&T, Sovereign, and Signature have only a single branch. Table 23 details the banks that best serve low-income neighborhoods in terms of having a physical presence in the community.

The weak branch penetration in low-income neighborhoods is problematic as the lack of access to financial services means banks are failing to serve the convenience and needs of local residents. Furthermore, it also enables the existence of predatory lenders, and check cashing businesses and other unregulated actors to take advantage of the service gap, prey on working class residents and charge exorbitant fees.

Yet a physical branch is just one component of ensuring residents have access to financial services. Banks must also offer and market products that respond to the credit needs of working class New Yorkers. Former Congressman Weiner's study says, "the fundamental mismatch between current financial products offered and consumer transactional needs—getting cash, paying bills, and buying goods—appears to be the major determinate in whether and how individuals with low incomes use mainstream financial institutions." There continues to be great disparity in bank access between lower income individuals and wealthier residents. Thus, it is also essential that banks focus on creating and marketing products that also respond to the needs of low and moderate-income customers' needs.

STAFFING

It has been ANHD's experience that the banks with the most effective CRA programs reflect a broad institutional commitment to CRA, which begins with leadership that is knowledgeable about, engaged in, and committed to a bank's CRA programs. In addition to committed leadership, strong CRA programs require the bank to have adequate levels of staff with appropriate expertise dedicated to each of its local markets. In terms of staff dedicated to reinvestment activities, we saw the most significant increases in overall CRA staffing and CRA staff located in New York City.

Overall, staff supporting CRA activity jumped from 29 to 48—a 64% jump from the previous year. However, just three banks were responsible for this growth: Bank of America, TD Bank and Bank of New York Mellon. Of the 19 new positions added across New York City, 14 were at Bank of America and four were at BONY Mellon. The vast majority of these hires are located in New York City and hopefully dedicated to serving the city's credit needs.

Two institutions reduced the number of CRA staff serving New York City. Of the commercial banks, M&T Bank reduced CRA staff located in New York City by one, a decrease of 33%. Of the savings banks, Astoria Bank reduced its two person CRA team by 50% resulting in only one staff person overseeing CRA activity in New York City. Thus, despite these minor shifts, it is evident that most banks doing business in New York City did not see meaningful changes in the number of staff devoted to CRA purposes.

Unlike the stability that characterized CRA staffing patterns between 2008 and 2009 in New York City, community development staffing was much more volatile. Overall, community development staffing increased by just two people (+2.9%), yet specific institutions saw much more drastic changes.

Of the commercial banks, Bank of America had the most significant increases in community development lending staff, which were similar to its CRA staff gains outlined above. Bank of America added six members to its community development staff, an impressive 75% increase. Five of these six new community development bankers are located in New York City. Although Bank of America should be applauded for ramping up their CRA and community development staff, it should be noted that Bank of America had some of the largest reductions in community development lending, as highlighted below.

Citi and Capital One also enhanced their community development staffing, hiring three and two new people respectively. None of the city's savings bank added community development staff.

On the flip side, of the commercial banks, JPMorgan Chase cut five staff members, a 10.9% reduction in community development staff; Banco Popular lost three staff, a 50% reduction; and M&T lost two staff members leaving the bank with only one community development officer. Of the savings banks, Astoria Bank again saw the most significant reductions in staff as it lost both of its community development bankers. Of the wholesale banks, Bank of New York Mellon decreased its community development staff by a third, from six bankers to four, which surely offsets the gains the bank made in CRA staffing.

We believe that the key to successful lending requires understanding local communities and thus, banks should always maintain a strong staff and physical presence in each neighborhood that they serve. As the footprint of a bank's service area expands due to mergers and acquisitions, its staff is stretched to cover new geographies, often without increased resources. It is only natural that this leads to a situation where staff has grown increasingly distant from the local community and less knowledgeable about local credit needs and resources including public affordable housing and community development programs. This has been one of the most troubling trends identified by ANHD's members.

That being said, some institutions such as Capital One have built a strong team that is rooted in New York City. As part of a panel discussion titled "CRA: How to Ensure Local Accountability" that took place during ANHD's 2011 Annual Conference, Dorothy Broadman, Managing Vice President of Community Development Banking, said, "At Capital One, we have found that the key strategy for responding to local credit needs is to have staff regularly meet with nonprofits and public sector staff to ensure a deep and current understanding of trends and priorities. This approach promotes our effective engagement in critical issues and activities." ANHD member groups have reported a highly productive working relationship with Capital One's community development staff and consistently characterize them as a leader in doing the deals we care about. Furthermore, Capital One, from its leadership on down, continues to care about the creation of community-responsive housing and economic development policy, which is evident in its staff participation on local Boards of Directors as well as national forums and conferences. In addition to strong quantitative performance, it is clear that this locally-focused, intensive approach is responsible for helping Capital One achieve the top spot in ANHD's 2011 Ranking of New York City Banks.

PART II:

OVERALL RANKINGS:
Capital One Climbs To Top Spot

ANHD has chosen to rank New York City's banks in an attempt to demonstrate which banks consistently seek to meet our community's credit needs, not to characterize them as either "good" or "bad." Because we are analyzing performance at a moment in time, the rankings are meant to provide a snapshot of how well each of the city's banks served the credit needs of LMI households and neighborhoods compared to their peers in 2008 and 2009. As mentioned above, ANHD compiled data on 46 different reinvestment activities including branching, staffing, multi-family lending, community development lending, CRA-qualified investment, home purchase loans, and philanthropy. The rankings are based on fifteen indicators that represent core reinvestment activities and those areas where the most data was provided by the banks. As the accompanying chart and narrative illustrate, there are few banks that rank consistently near the top or bottom. Rather, most banks seem to excel in some areas and lag in others. It is our hope that these rankings, by assessing each institution compared to its peers, encourage banks to commit to year-over-year improvement.

> "While most banks authorized overall reductions in reinvestment activities in NYC, a few banks, including Capital One, maintained a steady response to local credit and investment needs."

It is our expectation that banks are committed to expanding the volume of these activities on a year-over-year basis and improving the marketing and delivery mechanisms to ensure low- and moderate-income communities are well served. Unfortunately, out of the 18 banks that we examined in both 2008 and 2009, every one retrenched in at least one area. These reductions are highlighted in red in Appendix A.

ANHD accounted for year-over-year performance in these rankings. While we did not weight increases or decreases per se, since performance is assessed relative to their peers, if a particular institution experienced a large change, it is likely that their ranking for that indicator also changed. For instance, Bank of America's ranking drastically fell from #1 to one of the lowest possible rankings—#8—over the two-year period due in large part to the bank's enormous drop-off in multi-family and community development lending. As Appendix A illustrates, between 2008 and 2009, Bank of America authorized a 73.5% decrease in the number of multi-family loans in low-and moderate-income tracts and a 74.4% cut in the amount of dollars dedicated to community development lending. ANHD feels strongly that it is important to provide incentives that encourage banks to better serve working class populations as well as think creatively about how to leverage their resources to maximize public benefit.

There are a few banks who have maintained a steady responsiveness to local credit and investment needs.

One bank that clearly led the pack in 2009 was Capital One, coming in at #1 in overall rank. Over the years, Capital One has emerged as a committed partner in economic and housing development, especially in low-and moderate-income neighborhoods. In 2007, Capital One had an average rank of #5 among commercial banks. In 2008, Capital One jumped from #5 to #2, trailblazing ahead most of its peer institutions. The success of Capital One comes from its leadership on down. Not only does Capital One have 23 bankers dedicated to CRA and community development activity, all 23 bankers are located in New York City. Furthermore, while most institutions were reducing community development lending and CRA-qualified investments, Capital One was aggressively ramping up, resulting in a 273% increase in affordable housing lending, from $40 million in 2008 to $150 million in 2009. In addition, Capital One also markedly increased CRA-qualified investments by 102.6%, from $113 million in 2008 to $229 million in 2009.

M&T Bank too has maintained a consistent rank as one of the top three in several core indicators since 2007. Of commercial banks, M&T Bank has been ranked #1 three years in a row with the highest level of deposits dedicated to philanthropy in New York City. In addition, M&T has also consistently maintained a high rank in home purchase lending to low-and moderate-income borrowers. 2009 was no exception and M&T Bank increased the number of home purchase loans to LMI borrowers by 78%.

While we applaud M&T Bank for their commitment to providing philanthropic support, the bank is weak in some areas too. For the past three years, M&T Bank consistently has been ranked one of the lowest in terms of the percentage of branches located in LMI tracts. Indeed, M&T has only 15.4% of its branches in LMI neighborhoods and not a single branch in a low-income neighborhood.

In 2009, Carver Savings Bank ranked #1 overall amongst savings banks. Carver ranked in the top two for all of the indicators it reported on with the exception of multi-family loans in low-and moderate-income tracts where it ranked 5th out of 6 banks. It should be noted that 2009 was the first year that ANHD requested information from Carver regarding the bank's CRA-related activities. While it is outside of the scope of the report, Carver Savings Bank has faced challenges, however, based on our assessment, these issues are not connected to lending and investments in low-and moderate-income communities.

Of the wholesale banks, Deutsche Bank has exhibited consistent dedication to bank reinvestment. For three consecutive years, Deutsche Bank has achieved a #1 or #2 overall rank amongst wholesale banks. In 2009, Deutsche Bank ranked #1 in all categories with the exception of percent of deposits to CRA qualified investments, where the bank ranked #3 out of 4 banks.

It should be noted that while some institutions near the top or bottom of the rankings scored consistently high or low, the performance of others was quite uneven. For example, in 2009, Banco Popular ranked #2 overall and scored #1 in several categories such as the percentage of branches in LMI neighborhoods, the percentage of community development staffing located in New York City and the percentage of multi-family loans in LMI tracts. At the same time, the bank had the second worst record in terms of how much of its total deposits were dedicated to philanthropy.

Likewise, New York Community Bank secured one of the top rankings in 2009 based on the strength of its home purchase lending to low-and moderate-income borrowers, CRA-qualified investments as a percentage of total deposits, grantmaking that supported the creation of affordable housing and a high percentage of deposits dedicated to philanthropy. Yet, the bank also ranks four out of 5 savings banks for multi-family lending in low-and moderate-income tracts. Additionally, the bank has the most units in a state of physical and fiscal distress of any lender doing business in the five boroughs. New York Community Bank's rank would have likely slipped drastically had the number of overleveraged and distressed properties in a lenders portfolio been considered in the rankings.

Signature Bank ranked #4 in 2007 and improved its ranking to #3 in 2008. However in 2009, Signature Bank ranked the lowest amongst peer savings institutions, coming in at #8. One of the reasons for this significant decline could be attributed to the fact that Signature Bank did not provide a complete response to our information request. Signature Bank responded to only 4 out of 46 data points, the lowest response of any institution. However, it should be noted that of the information Signature did provide, the news was bad. Specifically, Signature Bank reduced home purchase lending by 62% from the previous year.

Another savings bank whose performance fluctuated in 2009 was Apple Bank for Savings. In 2007 and 2008, Apple Bank for Savings was one of the highest ranking savings banks, leading by example with overall rankings of #2 and #1 respectively. In 2009, Apple Bank for Savings fell a few spots to #4. A key area where Apple Bank for Savings experienced a significant decline was in CRA-qualified investments. In 2009, Apple Bank's CRA-qualified investments dropped by 92% and CRA-qualified investments as a percent of total deposits also fell by 91.34%.

Although there are numerous banks who continue to be responsive partners, as a whole ANHD is disappointed with the direction the banking industry has taken related to serving low- and moderate-income populations in New York City. In our experience, there are several commercial banks that consistently underperform relative to their peers. Given that commercial banks have a stronger presence in New York City and higher deposits than savings institutions, this level of disregard for community needs is unacceptable. For example, Valley National Bank has consistently ranked in the bottom two for the past three years, and ranked last in 2009. While it should be noted that Valley National Bank did not submit a complete response to our request for information, the bank ranked near the bottom for the three indicators for which they did supply information.

In addition to Valley National Bank's poor overall ranking, HSBC and TD Bank also have overall weak performances over the past several years. HSBC has maintained a below average ranking three years in a row, ranking in the bottom third since 2007. While HSBC jumped one place to #7 in 2009, overall, the bank fared poorly in several indicators. Specifically, HSBC had one of the lowest amounts of deposits dedicated to philanthropy, with a paltry .004% dedicated to grantmaking, second worst to Banco Popular. Despite HSBC's poor overall ranking, we are encouraged by signs of improvement in a few indicators. For example, the bank increased grantmaking to support the creation of affordable housing by 20%.

TD Bank retrenched in 2009 and ranked second lowest overall to Valley National Bank. While there were a few improvements, TD Bank for the most part performed worse in 2009. For example, although TD Bank was once the leader—ranking #1 in 2007 and 2008 in total deposits dedicated to CRA-qualified investments—the bank slipped to #4 in 2009. In fact, TD reduced the percent of deposits to CRA- qualified investments by 50%. Also discouraging was that in 2009, TD Bank reduced multi-family lending in low-and moderate-income tracts by nearly 74%, pushing down their #3 ranking in 2008 to #8 in 2009.

As far as saving banks, Astoria Bank experienced dramatic declines in CRA-related activity in 2009. For example, over the past three years, Astoria Bank has not improved its branch presence in low-and moderate-income neighborhoods, and does not have a single branch in a low-income neighborhood. Furthermore, in 2009 Astoria Bank zeroed out community development staff and maintained only one staff person dedicated to CRA related activity in New York City.

In terms of wholesale banks, Bank of New York Mellon experienced the sharpest drop in overall rankings among the wholesale banks. Once a leader, Bank of New York Mellon slipped from the #1 spot which it held for two consecutive years to last place in 2009. Again, the area with the most substantial decline was in CRA-qualified investments. In 2009, Bank of New York Mellon's CRA-qualified investments fell by a staggering 466.89%. This level of reduction is distressing given that from 2007-2008, the bank increased CRA-qualified investments by nearly the same amount. This trend is alarming given that CRA-qualified investments are critical to meeting the credit and investment needs of low-and moderate-income neighborhoods.

Finally, there are a few institutions whose record can best be described as incomplete. For example, Wells Fargo/Wachovia has made steady improvements year-over-year, moving from #10 in 2007 to #9 in 2008 and making a leap to #6 in 2009. What is unclear is if this steady improvement is an indication that the bank is intent on expanding both its retail presence as well as its commitment to reinvestment, or if the bank is benefiting from a weaker performance amongst its peers. Indeed, most of our members reported that the bank is not yet a player in the New York City market. And if Wells Fargo/Wachovia is indeed serious about being a factor here, zeroing out its community development lending in 2009 sends an odd message.

Given the experience of our 99 members, it would be surprising if the banks' 2010 numbers were more encouraging. As Part III will explain, numerous steps must be taken in both the immediate and intermediate terms to reverse these trends and ensure the city's banking partners renew their commitment to meeting their CRA obligations in a meaningful way.

RANKING OF NATIONAL COMMERCIAL BANKS

2009		2008	
NATIONAL COMMERCIAL BANKS			
1	Capital One	1	Bank of America
2	Banco Popular	2	Banco Popular
3	M&T Bank	3	Capital One
4	Citibank	4	M&T Bank
5	JPMorgan Chase	5	JPMorgan Chase
6	Wells Fargo/ Wachovia	6	Citibank
7	HSBC	7	TD Bank
8	Bank of America	8	HSBC
9	TD Bank	9	Valley National Bank
10	Valley National Bank	10	Wachovia

RANKING OF REGIONAL SAVINGS BANKS

2009		2008	
REGIONAL SAVINGS BANKS			
1	Carver	1	Apple Bank
2	NY Community Bank	2	Sovereign/Santender
3	Ridgewood	3	Signature
4	Apple Bank	4	Astoria
5	Sovereign/Santender	4	NY Community Bank
	Astoria	6	
	Emigrant	6	
	Signature	8	

RANKING OF WHOLESALE BANKS

2009		2008	
WHOLESALE BANKS			
1	Deutsche	1	BONY Mellon
2	Goldman Sachs	2	Deutsche
	BONY Mellon	3	

PART III:

RECOMMENDATIONS:
Need For Local CRA Tools and Regulatory Reform

ANHD, like many in the community development sector, believes there are immediate and intermediate steps that can be taken to strengthen and expand the CRA so it continues to catalyze community development and other bank reinvestment activities.[29] These steps include legislative and regulatory actions at both the federal and local levels. Indeed, given CRA's centrality to ensuring financial institutions are committed to helping secure the health and vitality of our neighborhoods, all options must be pursued.

Most critical is the need to strengthen the enforcement underpinnings of CRA by creating more leverage for community engagement and incentivizing banks to seek the highest CRA rating. This can be achieved through local CRA ordinances, which enable greater public engagement or placing greater emphasis on public input during the development of local CRA plans and performance evaluations. Additionally, banks, regulators, and community advocates must consider the outcomes of a financial institution's reinvestment activities and not just the number and dollar amount. Indeed, ANHD believes the stability and profitability of these activities and the long-term financial and economic health of the community are inherently linked. We believe the actions detailed below would go a long way to reverse the negative trends outlined in Part I and ensure banks dedicate a meaningful amount of resources to lending, investment and services in New York City.

In the short term, ANHD believes local strategies and federal regulatory reform present the best opportunities for reversing the negative trends discussed in the report. Specifically, ANHD seeks to:

1. Pass a Local "Responsible Banking" Ordinance

Although ANHD is optimistic that both regulatory and legislative fixes at the federal level will move forward in a timely fashion, we are also mindful of New York

29 December 15, 2009, Letter to the Federal Financial Institutions Examination Council. Signed by 19 institutions including tax credit syndicators, community development intermediaries, lenders and financial institutions, and advocacy organizations. Letter available at: http://www.enterprisecommunity.org/public_policy/documents/cra_letter_to_ffiec.pdf

City's ability to initiate changes through the local legislative process. Cities across the nation including Cleveland, Los Angeles and Philadelphia have undertaken similar strategies with great success. Indeed, all three cities have either introduced or passed ordinances that require banks to submit annual reports with the city that detail the programs and products they will offer to help meet the city's credit needs. The cities then evaluate the banks performance based on these reports and reward performing institutions with deposits, city contracts, and pension funds. Cleveland and Philadelphia, the two cities that have enacted these ordinances, have found the incentives to be sufficient for encouraging banks to develop local plans and create comprehensive community development programs.

ANHD is proposing the creation of a "Responsible Banking" ordinance for New York City with the following structure:

- Focus on those banks that are eligible to provide "depository services" to the city.
- Rank banks according to submission of an annual "strategic plan," which details how they plan to meet the credit needs of local communities as well as an annual "progress report" that states the number and dollar amount of loans, investments, and services provided by the bank.
- Require the city to compile and publicly disseminate the banks' strategic plans and progress reports so elected officials and community groups can engage with financial institutions about local credit needs.
- Encourage the city to do business with those banks that are the most responsive partners in meeting local credit needs.

We believe that a New York City Responsible Banking ordinance would create a tool for local influence on the community investment practices of our banking institutions, and give the City Council, the City of New York, and engaged citizens in communities throughout the city a powerful mechanism to provide input related to our credit needs that would help ensure local oversight.

2. Strengthen the regulatory system by encouraging regulators to tailor assessment criteria to the local performance context, place more emphasis on community development, and develop evaluation criteria that considers the quantity and quality of a bank's lending, investment, and services.

ANHD recognizes that many banks have tailored their business models in such a way that makes it difficult for them to provide certain products or engage in the full range of CRA-related activities. That being said, it is ANHD's belief that for the largest banks, it would be hard to justify not providing a product or program that impacts such a large segment of the assessment area's residents and neighborhoods. In New York City, this means that lending and investment supporting the creation and preservation of multi-family properties and community development activities would receive greater weight.

Indeed, community development loans and investment are central to building strong neighborhoods and supporting the work of CDCs, but currently count only for extra credit. These activities must receive additional credit to achieve parity with home purchase and small business lending, especially in cities like New York where the housing stock is comprised mostly of multi-family rental properties. In the rare case where banks cannot be induced to provide the full range of essential products, the banks should be required to demonstrate how they are meeting their obligations in other ways.

Furthermore, it is clear that performance assessments have become increasingly volume driven. This gives an unfair advantage to the largest institutions and leads banks to support cookie cutter deals rather than develop innovative products and programs. Regrettably, it may also reward banks for engaging in activities that have had a negative impact on communities. For example, in New York City, it is likely that bank that underwrote "Predatory Equity"-backed deals received CRA credit for loans that have displaced low- and moderate-income families and de-stabilized neighborhoods. To our dismay, rather than correcting their practices of predatory lending, certain institutions, like New York Community Bank, have engaged in fire sales of distressed assets to other speculative buyers who do not have the best interests of tenants in mind. When ANHD brought these overleveraged loans to both federal and state regulators, it became clear they did not have the tools to encourage or require the banks to dispose of the assets responsibly.

Therefore, ANHD believes examinations must move beyond simply rewarding dollar and unit volumes, and actually determine which activities have had a positive impact on strengthening communities. For example, credit enhancements that enable community development financing, such as letters of credit, should be given equal or near equal weight to loans and investments. Overall, regulations should be reworked to ensure exams are not merely checklists that are driven by volume, but the qualitative impact as well.

3. Protect the Consumer Financial Protection Bureau (CFPB) as a strong, independent advocate for consumers.

The Consumer Financial Protection Bureau was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Over the past several months, several bills have been introduced in the House of Representatives that seek to weaken the CFPB. To ensure the CFPB is a strong advocate for consumers, several key characteristics must be preserved. First, the CFPB must continue to remain within the jurisdiction of the Federal Reserve Board and not transferred to the Department of Treasury. Second, funding for the CFPB must come from automatic transfers from the Federal Reserve Board and not subject to annual Congressional appropriations. Finally, the CFPB must be led by a single director, not a multi-person commission, which will delay policy and decision making. In all, these steps should help ensure consumers have comprehensible information to make responsible financial decisions, gain access to financial services, and are protected from abuse, unfairness, deception, and discrimination.

4. Restore Critical Housing Counseling Funding

Housing counseling is a critical and much-needed service provided to home buyers in all economic segments, particularly to low-and moderate-income borrowers. Last year, HUD-approved housing counseling agencies provided counseling and education services to over 3 million families nationwide. HUD counselors were successful in preventing mortgage delinquency for 1.4 million households and helping 410,000 avoid foreclosure. However, in FY 2011, HUD certified housing counselors were hit terribly hard as a result of federal budget cuts to the program. Despite record demand for these essential services, funds for housing counselors were zeroed out in FY 2011. Housing counseling is critical given that the housing crisis is far from over, wreaking havoc on cities and counties across the country. It is imperative that counseling funds are restored to the fullest extent in FY 2012.

In the longer term, Congress must pass CRA Modernization legislation that would enhance and expand the law to reflect the current structure of the financial industry.

5. Enact CRA Modernization

The Community Reinvestment Act (CRA) has been one of the most important laws for building wealth and revitalizing neighborhoods since its passage in 1977. However, the financial services sector has changed dramatically in the three decades since and the law has not been altered to reflect the shifts in how banks do business and other trends in the lending industry. In order to ensure the CRA remains an effective law and meets the on-going needs of LMI borrowers and communities, modernization legislation needs to be passed.

Legislation introduced in the 111th Congress, including H.R. 1479, the Community Reinvestment Modernization Act, and H.R. 6334, the American Community Investment Reform Act would make many important changes. These bills would:

- Expand geographical areas for where a bank is examined to include not only where it has branches, but also where it makes loans through brokers and non-branch entities.
- Combat grade inflation through the requirement of federal banking agencies to publish preliminary CRA exams for review and public comment before finalizing CRA ratings. Additionally, more ratings would be added to reflect gradations in performance, which are clearly absent under the current system where 98 percent of banks receive a passing grade. These changes would help hold banks more accountable.
- Apply CRA to a variety of non-bank institutions, require federal regulatory agencies to hold more public hearings and meetings when banks merge, enhance accountability through data disclosure and introducing more publicly available

ratings, address racial disparities in lending by requiring CRA exams to explicitly consider lending and services to minorities in addition to LMI communities, and bolster the accountability of banks to all communities, among other things. Similar legislation must be introduced and passed in the 112th Congress.

Additionally, ANHD recommends expanding data disclosure requirements to include community development activities and create a new community development test for large banks. The latter recommendation is especially important as it would encourage banks to think more comprehensively about the range of products and policies it needs to best fulfill its CRA obligations. The current community development test for a wholesale bank could be a model that is adapted for this purpose.

CONCLUSION

Our ability to help working class families build wealth and ensure the vitality of our neighborhoods is dependent on partnerships with banks, local government, community institutions and grassroots leaders. The Community Reinvestment Act (CRA) is a valuable tool, which used responsibly helps build wealth and revitalize neighborhoods across the country. It is imperative that CRA remains effective and that banks meet the ongoing needs of low-and moderate-income communities.

The data and anecdotal evidence presented in this report demonstrates the deep need, now more than ever, for banks to reaffirm their commitment to providing loans, investments and financial services that are responsible and responsive to local needs.

In order to meet this objective, it is our continued mission to work to create and maintain safe, decent neighborhoods for New Yorkers across all five boroughs and of all income levels.

APPENDIX B:

2009 STATISTICS FOR 20 OF NYC'S LARGEST BANKS

	2009 ALL	# Of Banks Reporting In 2009
Data Points Provided	27	21 banks
Percent Completeness	58.70%	21 banks
BRANCHES & DEPOSITS (billions)		
Tier 1 Capital	$474.34	20 banks
Total Deposits (National)	$2,990.71	19 banks
Total Deposits NYC	$521.66	19 banks
Total NYC Branches	1431	20 banks
Low-Income (LI) Branches	85	15 banks
Mod. Income (MI) Branches	226	15 banks
% in LMI Census Tracts	26.55%	17 banks
% in LI Census Tracts	5.94%	14 banks
% in MI Census Tracts	15.79%	14 banks
STAFFING		
CD Staff Serving NY	138	16 banks
CD Staff located in NYC	114	16 banks
Staff supporting CRA Activity	89	14 banks
CRA Staff Located in NYC	76.5	14 banks
% CD Staffing located in NYC	84.38%	16 banks
COMMUNITY DEVELOPMENT LENDING		
CD Lending (# Loans)	308	17 banks
CD Lending (in $)	$1,474.30	17 banks
CD Loans to Nonprofits (#)	180	15 banks
CD Loans to Nonprofits ($)	$520.19	14 banks
Affordable Housing Loans (#)	76	12 banks

STATISTICS FOR 20 OF NYC'S LARGEST BANKS 2009

	2009 ALL	# Of Banks Reporting In 2009
COMMUNITY DEVELOPMENT LENDING *(continued)*		
Affordable Housing Loans ($)	$755.85	12 banks
Affordable Housing to NFPs	17	5 banks
% CD Lending to AH ($)	448.95%	12 banks
% CD Loans to NFPs (#)	58.44%	11 banks
CD Lending as % of Deposits	0.58%	17 banks
MULTI FAMILY LENDING (billions)		
MF Lending (# Loans)	975	16 banks
MF Lending (in $)	$2,040.65	17 banks
MF Lending in LMI tracts (#)	387	16 banks
MF Lending in LMI tracts ($)	$1,307.88	15 banks
% Loans in LMI (#)	39.69%	16 banks
MORTGAGE LENDING / MODIFICATION (millions)		
Home Purchase Loans (#)	18,456	17 banks
Home Purchase Loans ($)	$6,193.34	17 banks
HPLs to LI borrowers (#)	236	14 banks
HPLs to LI borrowers ($)	$49.94	13 banks
HPLs to MI borrowers (#)	1524	14 banks
HPLs to MI borrowers ($)	$238.81	14 banks
% of Loans to LMI Borrowers (#)	14.45%	14 banks
% of loans to LI Borrowers (#)	1.28%	14 banks
Loans Eligible for Trial Mod (#)	389	2 banks
Eligible loans Granted a Trial (#)	4	2 banks
Eligible loans Granted a Trial (%)	1.03%	2 banks
Loans Eligible for Perm Mod (#)	682	5 banks
Eligible loans Granted a Perm Mod (#)	141	6 banks
Perm Mods as % of Eligible (%)	12.61%	5 banks
Eligible for Perm HAMP (#)		
HAMP Perm Modifications (#)	24,089	4 banks
HAMP % of Trial Modifications resulting in Permanent Mod	9.26%	4 banks
LMI HPLS as % of Deposits	0.61%	13 banks

STATISTICS FOR 20 OF NYC'S LARGEST BANKS 2009

	2009 ALL	# Of Banks Reporting In 2009
CRA-ELIGIBLE INVESTMENTS (millions)		
CRA Qualified Investments (#)	170	14 banks
CRA Qualified Investments ($)	$753.48	16 banks
LIHTC (#)	28	6 banks
LIHTC ($)	$343.70	9 banks
LIHTC (%)	34.33%	14 banks
NMTC ($)(m)	$126	4 banks
NMTC (#)	0	2 banks
CRA Qualified Investments to NFPs ($)	$233.78	11 banks
CRA Qualified Investments to NFPs (#)	37	11 banks
CRA-qualified investments as % of Total Deposits	0.14%	16 banks
PHILANTHROPY (millions)		
Total Philanthropic Giving (National)	$180.14	11 banks
CRA Eligible Grants in NYC (#, $)	$40.09	18 banks
Affordabe Housing CRA Grants (%)	26.75%	11 banks
% of Grants to NBOs	75.49%	8 banks
Citywide CRA Grants (#, $)	$9.28	8 banks
% of Deposits to Philanthropy	0.00042%	14 banks

APPENDIX C:

SAMPLE INFORMATION REQUEST LETTER

August 10, 2010

Dear ,

As you know, the Association for Neighborhood and Housing Development (ANHD) is a non-profit member organization of 98 neighborhood-based housing groups in New York City. Our members serve low- and moderate-income communities and households throughout the five boroughs. Since the passage of the Community Reinvestment Act (CRA) in 1977, ANHD's reinvestment advocacy has focused on identifying unmet credit needs as well as opportunities related to affordable housing and community development in New York City.

In this spirit, I am writing to submit our annual request for information concerning Bank's's CRA-related activities in New York City for calendar year 2009. We are especially interested in the bank's community development lending, investment and services. We would like this information on the activities of Bank's and all other subsidiaries and affiliates doing business in New York City.

While I would like to thank you in advance for sharing this important data, I also invite you to share additional information—either quantitative or qualitative—that you believe demonstrates Bank's's commitment to help meet the credit needs of working class New Yorkers. Indeed, we understand that every financial institution is unique and that numbers alone do not always capture all the bank's CRA-related efforts. This recognition is why one of ANHD's "Reinvestment Principles" recommends that banks doing business in New York City develop and publish a local CRA strategic plan that describes the bank's approach to reinvestment.

DEVELOPMENT OF A LOCAL CRA PLAN

As noted above, we believe an effective CRA program needs to be locally-focused and flexible so as to meet changing community needs and priorities. In New York City, priorities change from year to year, as new issues arise, and needs also differ among individual neighborhoods. A bank should have a local CRA plan which responds to that reality.

Does Bank's have a CRA plan for the five boroughs of New York City which reflects local needs and priorities and establishes concrete objectives and targets in the areas of CRA-related lending, investment and services? If so, is this plan publically available?

TIER ONE CAPITAL

We are requesting the following information concerning Bank's's Tier 1 Capital as of December 31, 2009:

- Dollar amount of Tier 1 Capital

DEPOSITS AND BRANCH NETWORK

We are requesting the following information concerning Bank's's deposits and branches as of December 31, 2009:

- Dollar amount of deposits in New York City
- Dollar amount of deposits nationally
- Number of bank branches within the five boroughs of New York City
- Number of NYC branches that were located in low-income census tracts
- Number of NYC branches that were located in moderate-income census tracts

Additionally, please provide information on whether Bank's opened or closed any branches in New York City in 2009. If so, please let us know how many of those branches were in low-income tracts and how many were in moderate-income tracts.

COMMUNITY DEVELOPMENT AND CRA-RELATED STAFFING

We are requesting the following information concerning Bank's's staffing as of December 31, 2009:

- Number of community development lending staff serving the New York City market
- Number of community development lending staff located in the city
- Number of staff supporting Bank's's CRA-related philanthropy in New York City
- Number of staff who support CRA-related philanthropy that are located in the city

Additionally, does the bank have a centralized community development group dedicated to New York City and staffed by a senior executive? Please describe what steps the bank has taken to ensure community development staff have knowledge about the New York City market including public subsidy programs. Finally, does Bank's have a community advisory council or other vehicles to identify and respond to emerging needs in the City's LMI neighborhoods?

COMMUNITY DEVELOPMENT LENDING

We are requesting the following information concerning Bank's's community development lending in 2009:

- Number of community development loans originated in NYC as a whole and by borough
- Dollar amount of community development loans originated in the city and by borough
- Number of community development loans made to non-profit sponsors / borrowers
- Dollar amount of community development loans made to non-profit sponsors / borrowers
- Number of community development loans for affordable housing
- Dollar amount of community development loans for affordable housing

MULTI-FAMILY LENDING

We are requesting the following information concerning Bank's's multi-family lending in 2009:

- Number of multi-family loans originated in New York City as a whole and by borough
- Dollar amount of multi-family loans originated in the city and by borough
- Number of multi-family loans for properties in low- and moderate-income (LMI) neighborhoods in the city as a whole and by borough
- Dollar amount of multi-family loans for properties in LMI neighborhoods in the city and by borough

HOME PURCHASE LENDING AND LOAN MODIFICATION

We are requesting the following information concerning Bank's's home purchase loans in New York City in 2009:

- Number of home purchase loans originated in New York City
- Dollar amount of home purchase loans in the city
- Number of home purchase loans originated with low-income (LI) borrowers in the city
- Dollar amount of home purchase loans originated with LI borrowers in the city
- Number of home purchase loans made with moderate-income (MI) borrowers in the city
- Dollar amount of home purchase loans originated with MI borrowers in the city
- Number of mortgage loans that were eligible for a trial loan modification
- Number of eligible loans that were granted a trial loan modification
- Percent of eligible loans that were granted a trial loan modification
- Number of mortgage loans that were eligible for a permanent modification
- Number of eligible loans that were granted a permanent loan modification
- Percent of eligible loans that were granted a permanent loan modification

CRA-QUALIFIED INVESTMENT

For calendar year 2009, what were the:

- Number of CRA-qualified investments made in New York City
- Dollar amount of CRA-qualified investments made in New York City
- Percent of these CRA-qualified investments that are Low Income Housing Tax Credits
- Number of these CRA-qualified investments made with non-profit sponsors
- Dollar amount of these CRA-qualified investments made with non-profit sponsors

PHILANTHROPY

We are requesting the following information concerning Bank's's philanthropy in 2009:

- Dollar amount of CRA-eligible grants awarded nationally
- Dollar amount of CRA-eligible grants awarded in New York City and by borough
- Dollar amount of CRA-eligible grants made to neighborhood-based community groups
- Dollar amount of CRA-eligible grants made to citywide organizations
- Percent of CRA-eligible grants that were awarded for affordable housing
- Percent of CRA-eligible grants that were awarded for community development
- Percent of CRA-eligible grants that were awarded for financial literacy

Does the bank have a competitive grant application process with well-defined procedures and priorities? Additionally, please provide information on the bank's participation in local strategic donor collaboratives or coalitions that seek to leverage and better coordinate community investments? Finally, what is the total CRA philanthropic budget for New York City for 2010?

INNOVATIVENESS

Please provide information on any products or loan programs offered by Bank's that reflect flexible underwriting standards or loan terms thereby enabling the bank to reach borrowers that you were previously not serving. Additionally, please describe how the bank has marketed this product to underserved populations.

If you have any questions, do not hesitate to call me at (212) 747-1117 x17 or email me at benjamin.d@anhd.org. Please send the requested information to my attention at:

Benjamin Dulchin, Executive Director
ANHD
50 Broad Street, Suite 1125
New York, NY 10004

Thank you very much,

Benjamin Dulchin
Executive Director

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