

NEW YORK CITY COMMUNITY REINVESTMENT PLEDGE

New York Community Bank ("NYCB") hereby pledges to undertake the following community support activities during the three-year period following the completion of this pledge

1. Community Outreach.

NYCB will increase community outreach and engagement, particularly in low- and moderate-income communities and minority communities within its New York footprint area.

NYCB will meet with representatives from the Association for Neighborhood Housing and Development ("ANHD") and ANHD member organizations on a semi-annual basis to address specific plans relating to NYCB's commitments described herein. NYCB will partner with nonprofit organizations to explore possibilities for establishing additional Banking Development Districts ("BDDs") in New York and exploring possibilities for establishing branches therein; continue to provide its affordable deposit products; maintain the practice of branch managers hiring locally within communities; and continue to maintain bilingual staff members at branches located in areas with concentrated populations that speak languages other than English.

2. Products that Serve Unbanked and Underbanked Consumers.

NYCB will undertake to maintain products that support the communities it serves, including low-cost products and products that assist depositors and borrowers in saving and building or repairing their credit. NYCB is committed to the following:

- Maintain affordable deposit products with low or no monthly maintenance fees and very limited chances to overdraft.
- Offer a secured credit card product.
- Offer a checking account that has no option for overdraft.
- Consider other products to build or repair credit.

3. Expand Access to NYCB Deposit Products:

NYCB will endeavor to increase access to the banking system for underbanked populations. As part of this commitment, NYCB will:

- Continue to accept the IDNYC as a secondary form of identification. NYCB is open to accepting this as primary ID in the future and will work with community organizations to advocate for its acceptance more widely as primary ID.
- Accept foreign passports (with or without a visa) and valid visas as primary identification.
- Be open to considering other forms of primary identification in the future, such as consular cards and the IDNYC. Communicate with ANHD and members regarding any new forms of identification that are accepted or under consideration to get feedback and ensure their members know.
- Integrate enhanced ChexSystem guidelines into account openings at branches located in LMI census tracts in order to promote consumer-screening protocols that ensure more consumers receive access to standard checking accounts. NYCB will evaluate the expanded ChexSystem program to determine whether further expansion of these guidelines is appropriate for all branches.

4. Branching in LMI Communities.

NYCB has been a leader in establishing BDDs within the New York State under the Department of Financial Services' program created in 1997, pursuant to Banking Law Section 96-d. NYCB will partner with nonprofit organizations to open additional BDD branches in New York. NYCB has a goal of submitting at least two new BDD applications for branches in underbanked areas.

NYCB has no plans to close branches in any LMI area in New York City.

5. Residential Lending.

NYCB intends to continue to offer residential loan products through a third party partner. The process to identify such a partner is currently underway and expected to be completed by the fourth Q 2017.

6. Multifamily Lending.

NYCB has long been a leading producer of multi-family loans in New York City, with an emphasis on non-luxury apartment buildings that are rent-regulated and feature below-market rents, and also has expanded this multi-family lending expertise into its Ohio, Arizona and Florida assessment areas.

NYCB commits to continuing its leadership role in the New York City multi-family housing market, including by lending in LMI tracts and supporting properties that provide affordable rental housing. As part of these commitments, NYCB pledges to support affordable housing by making mortgage loans for income-restricted affordable multi-family housing loans and investments. NYCB expects to meet or exceed peer lending in LMI tracts and loans to buildings that are affordable to LMI populations as well as through Community Development Lending (more details on both are described below).

REGARDING DATA:

NYCB will continue to report multifamily lending to HMDA. In the event that NYCB is no longer obligated to report multifamily lending to HMDA due to a lack of 1-4 family lending activity, NYCB will continue to make such information available at similar reporting intervals, and will provide all HMDA data in an electronic format, in addition to the aggregate data already provided to ANHD.

7. Small Business Lending.

NYCB will continue to offer its current complement of small business products

In addition, NYCB will partner with select community development financial institutions ("CDFIs") and alternative lenders with the goal of increasing the availability of affordable credit to small businesses. Direct support for these organizations will be provided in the form of capital and grants, which would qualify as community development lending/investments.

NYCB will commit \$2,000,000 to support small business lending in the form of EQ2 (Equity Equivalent) Investments. Additionally, NYCB will partner with CDFIs to enhance NYCB's small business lending by doing the following:

- Train staff throughout NYCB's footprint in New York City to understand CDFI loan opportunities and to encourage such personnel to make referrals to the CDFI so that customers can be

referred to a CDFI for an appropriate product when they are unable to find a NYCB small business loan product that fits their needs.

8. *Responsible Lending.*-

Bad lending is as destructive as good lending is necessary. NYCB understands this and pledges to take all steps possible to lend responsibly on multifamily buildings in NYC. This includes the three key aspects to responsible multifamily lending in NYC:

1. **Responsible underwriting.** All banks should ensure their loans are not made speculatively and do not encourage displacement, harassment, or neglect. We believe a best practice is to underwrite to a Debt Service Coverage Ratio of at least 1.2, based on current in-place rents (including preferential rents) and realistic maintenance costs.
2. **Appropriate vetting of borrowers.** All banks should use all available sources – including information from tenants and tenant organizers – to lend to responsible landlords who are dedicated to maintaining the stock of rent-regulated housing and respecting the rights of tenants in order to preserve this stock of affordable housing.
3. **Responding to issues in buildings.** In addition to issues in loans already made, even when all best practices are followed, problems will sometimes arise. All banks should have a formal process to respond when problems arise in buildings they have loaned on, with the same goal of preserving affordable housing

Thus, NYCB is committed to providing credit to responsible building owners:

- NYCB's current Credit Policy guidelines require minimum stabilized Debt Service Coverage Ratios of 1.2 and allow only current in-place rents to be considered in determining the property net operating income, with no credit for any investor's plans to increase rents over time. By policy, NYCB's underwriters are permitted to only consider current rents and realistic maintenance costs.
 - NYCB will avoid any financial incentives in mortgages, including funds set aside for buyouts, that may lead to displacement.
- On the matter of preferential rents, NYCB underwrites multi-family loans based on actual rents being collected from tenants. In the case of "preferential rents" under New York's rent regulation laws, NYCB underwrites to these rents and not the higher registered rents.
- NYCB generally does not consider ancillary income, such as antenna income, in underwriting loans. NYCB's estimates of property maintenance costs are confirmed by MAI, peer-reviewed appraisers who assess collateral property values to ensure that they support the quality of NYCB's loan portfolio.
- NYCB currently considers many different sources to assess the property management records of applicants for its multi-family loans, taking into account violation counts for buildings owned by the principals of such applicants and including for properties that are not within its portfolio. NYCB currently takes proactive steps to identify and deal with landlords whose property maintenance records raise questions, often requiring that they address problems outside of the proposed lending relationship with NYCB before it moves forward on an application.
- NYCB's credit policies currently require that, as a condition to making credit recommendations, underwriters review authoritative housing quality records, including the HPD List and the Building Indicator Project ("BIP") List (together with other such lists, the "*Housing Quality Records*"). Through inspections of collateral properties and reference to accepted housing quality measures (such as the HPD and BIP Lists), NYCB takes reasonable precautions to ensure

that loans are not made to borrowers that have problematic building maintenance records. Those who present unacceptable scores require further investigation and, unless strong evidence exists indicating the owner is responsible and will address those issues, the credit request will be declined. NYCB intends to maintain these policies and practices to ensure that collateral properties are appropriately maintained.

- NYCB will also expand upon these practices to:
 - Take into consideration the “Worst Landlord List”, landlords under investigation by government agencies (e.g., the Attorney General), DOB violations and other similar reference sources.
 - Take into consideration media reports based on Internet searches and input from tenant organizers to determine whether borrowers have reputational issues that should be taken into account in the underwriting process.
 - Evaluate and consider using additional Housing Quality Records as they become available in the future, such as indicators of harassment, displacement, and loss of rent-regulated housing
 - Hold regular information and engagement sessions as needed with tenant organizers and tenant leaders to identify problem landlords and practices, including questionable renovation/construction records and SRO landlords.
 - In cases where the loan has already been made, work with all parties – borrower, community organizations and the City of New York – to address the issues in the building. In cases where the loan is being considered, NYCB will take similar steps to assess the situation and, when problems are confirmed, will address the situation proactively, such as through requiring building improvements, or decline to make the loan.
- NYCB shall discourage borrowers from taking out additional debt without properly notifying and getting approval from NYCB prior to doing so.
- As stated above, NYCB actually declines proposed applications where prospective borrowers fail to meet NYCB’s exacting housing quality requirements and intends to maintain these policies and practices going forward.

Furthermore, the mortgage loan brokers with whom NYCB works know its exacting housing quality standards, which they communicate to the market in order to extend the impact of NYCB’s policy restrictions, forcing improved compliance in the rent regulated housing finance market.

- A critical piece of carrying out these best practices is to have one or more people at the bank dedicated to working on issues regarding multifamily lending. NYCB will appoint and maintain a primary contact person who will visit buildings and is available to respond to and meet with tenants and tenant organizers. This person is critical to understanding the landscape of bad actor landlords and the tactics landlords use to displace or harass tenants. They must maintain strong relationships with tenant organizers and act as a liaison to the bank.
- NYCB will continue to Participate in the **First Look Program** to transfer buildings with distressed loans to responsible preservation-minded developers.

9. Community Development, CRA Qualified Investments and Grants.

NYCB also has a strong history of financing community development – including community development lending across its CRA assessment areas – having extended more than \$8 billion in community development loans since its last CRA performance evaluation in August 2014.

NYCB plans on expanding its current level of grant making throughout the New York City. This will be done directly by NYCB and through recommendations to its related foundations, Richmond County Savings Foundation and NYCB Foundation, to supplement NYCB's traditional bank lending efforts with philanthropic support.

- NYCB will commit an additional \$250,000 per year as part of a new-targeted grant making program, with funds to be developed in partnership with nonprofit community partners and administered by nonprofit administrative agents, over the next three years within the New York City market.
- NYCB is also open to exploring the best ways to support the organizations receiving the EQ2 investments listed above and below. In addition to the standard multi-family loans that qualify for community development credit, NYCB will emphasize the following:
- Continued support of affordable housing developers involved with the Federal Home Loan Bank of New York's Affordable Housing Program.
- Participation in any HPD program that fits with NYCB's multi-family product model to support affordable housing.
- Expanded LIHTC investments.
- Making the small business investments, including the equity equivalent investments, listed above.
- Making additional loans and investments to support affordable housing and equitable economic development.
- Working with ANHD and its members to increase loans and investments with nonprofit developers and community-based organizations to carry out the commitments listed above. This includes tracking and reporting loans and investments to nonprofits and CDCs in order to monitor progress

NYCB will expand community development staffing to support this work in New York City. Applicable loan officers and community development staff will have experience with low- and moderate-income borrowers, low- and moderate-income communities and the landscape of relevant policies and programs. Community development staff will conduct proactive outreach and also engage in regular dialogue with nonprofit developers, CDCs, and community-based organizations to understand community needs and identify opportunities for investment. Finally, NYCB will work with ANHD to develop appropriate ways to measure the impact of NYCB's community development lending.

Finally, NYCB believes ongoing dialogue with community partners is essential to its success in making its communities a better place to live, work and do business. As mentioned above, on a semi-annual basis, NYCB will meet with representatives from ANHD and ANHD members. The semi-annual meetings will provide a forum through which NYCB can solicit input and suggestions for strategies and opportunities that will enhance NYCB's service to New York City and communicate its performance targets and progress towards those objectives to the community.

The semi-annual meeting may also serve as a forum through which ANHD can share its recommendations with NYCB on the best approaches to develop and deliver products that meet the community's needs. At one of the meetings each year, an executive from NYCB's national headquarters will be present.

Questions regarding this Pledge should be directed to NYCB's Community Outreach Officer, Christopher Beck (516-500-6708), whom NYCB has appointed as principal point of contact with ANHD for such matters.

Dated: October 4, 2017