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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **NBD Bank** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of **May 28, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U. S. C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

### **Basis for the Rating**

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

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## **ASSIGNMENT OF RATING**

### Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**DISCUSSION OF INSTITUTION'S PERFORMANCE**

Institution's Rating:

This institution is rated **@Outstanding Record of Meeting Community Credit Needs@** based on the findings presented below.

**COMMUNITY PROFILE**

The bank's delineated community is comprised of three divisions (West Michigan, East Michigan and Southeast Michigan) that are divided into fourteen separate regional banking centers: (1) Southeast Michigan, (2) Flint, (3) Alpena, (4) Lansing, (5) Port Huron, (6) Saginaw, (7) Sandusky, (8) Grand Rapids, (9) Benton Harbor, (10) Cadillac, (11) Lakeshore, (12) Kalamazoo, (13) Petoskey, and (14) Traverse City. These regional banking centers are grouped as follows:

<u>West Michigan</u>	<u>East Michigan</u>	<u>Southeast Michigan</u>
Benton Harbor	Alpena	Southeast
Cadillac	Flint	
Grand Rapids	Lansing	
Lakeshore	Port Huron	
Petoskey	Saginaw	
Kalamazoo	Sandusky	
Traverse City		

In aggregate, the bank's service area includes 1,938 census tracts or block numbering areas (BNAs) from eight of the nine Metropolitan Statistical Areas (MSAs) in the state and nonmetropolitan areas. Some regions include MSAs in their entirety, while others only include portions of the MSA(s) and/or BNAs. Specifically, half (7) of the regional banking centers (Southeast, Lansing, Port Huron, Grand Rapids, Benton Harbor, Lakeshore and Kalamazoo) consist entirely of MSAs, while two regions (Flint and Saginaw) include MSAs and nonmetropolitan areas. The remaining five regions are exclusively nonmetropolitan areas (all BNAs).

Based upon 1990 census data, the bank's service area (all regions) has a population of 7.1 million people, representing 77% of the state's population (9.2 million). The following profiles describe each of the bank's regional delineations.

**Southeast Michigan Region**

The Southeast Michigan Region encompasses all of Wayne, Oakland, Macomb, Livingston, Monroe and Washtenaw Counties. Macomb, Monroe, Oakland and Wayne Counties are all in the Detroit MSA (#2160), while Livingston and Washtenaw Counties are in the Ann Arbor MSA (#0440). The Southeast Region is the largest of the bank's fourteen regions and includes the major cities of Detroit, Pontiac, Ann Arbor and Dearborn. Census data indicates that the Southeast Region has a population of 4.4 million people, which approximates half of the state's population. The ethnic make-up and income distribution within the Southeast Region is as follows:

<b>DELINEATION/ TRACTS BY INCOME LEVEL</b>		<b>POPULATION</b>	<b>ETHNIC</b>	<b># OF</b>	
<b>COUNTY</b>	<b>TOTAL TRACTS</b>	<b>(000S)</b>	<b>MAKE-UP*</b>	<b>LOW</b>	<b>MOD</b>
<b>MID</b>	<b>UPPER</b>				
MSA #0440: 103/123					
Livingston	22	115.6	98% White	0	2
Washtenaw	81	282.9	11% Black 4% Asian	11	15
				32	23
MSA #2160: 1,127/1,177					
Macomb	194	717.4	97% White 1% Black 1% Asian	1	18
Monroe	39	133.6	97% White 2% Black	1	3
				33	2
Oakland 127	262	1,083.6	88% White 7% Black 2% Asian 1% Hispanic	7	23
				105	
Wayne 204	95	632	56% White 40% Black 2% Hispanic 1% Asian	202	131

TOTAL DELINEATION	1,230	4,444.8	74.5% White	222	192	509
As % of Delineation		21.8% Black	18% Hispanic	16%	41%	25%
			1.5% Asian			
STATE OF MICHIGAN	N/A	9,295.3	82.3% White			
			13.8% Black			
			2.2% Hispanic			
			1.1% Asian			

\* Percentages do not add up to 100 in those instances that a particular ethnic group represents less than 1% of the population in any particular county.

Analysis of the ethnic makeup of census tracts and BNAs as a percentage of the total population reveals that in moderate, middle and upper income tracts, Whites represent the majority of the population (52%, 88% and 92%, respectively), while minorities represent 77.5% of the population in low-income census tracts (Blacks 72%) and 48% of moderate income tracts (Blacks 44%). The median family income in the delineated community is \$41,475 (\$45,123 in the Ann Arbor MSA and \$40,727 in the Detroit MSA). Nearly 39% of the families in the Southeast Region are upper income families, while middle, low and moderate-income families represent 22%, 21% and 16%, respectively. Ten percent of the families in the Southeast Region are considered below the poverty level.

There are approximately 1.7 million housing units in the Southeast Region and 65% are owner-occupied with a median value of \$68,983. The median housing value in this delineation is almost \$9 thousand higher than that of the State of Michigan, due in large part to a significant variance in housing values between the Ann Arbor and Detroit MSAs, \$87 and \$66 thousand, respectively. The median age and value of housing ranges from 48 years and \$17,969 in low-income tracts to 35 years and \$118,618 in upper-income tracts. Rental units are primarily 1 - 4 family units (76%) and account for 30% of the delineation's total housing stock, with a median rental cost of \$464 (\$515 and \$454 in the Ann Arbor and Detroit MSAs, respectively). Vacant housing units represent 5% of the area's housing stock. A review of building data compiled by the census bureau reveals that there has been a steady increase in the number of building permits issued in both the Ann Arbor and Detroit MSAs. During 1994, there were 3,629 and 14,586 single family building permits issued in the Ann Arbor and Detroit MSAs, respectively. Similarly, building permits for multi-family dwellings increased. Between 1992 and 1994, multi-family building permits issued in Ann Arbor increased from 11 to 446 and in Detroit permits increased from 2,314 to 3,034.

Large employers in the region include General Motors, Chrysler and Ford Motor Corporations, William Beaumont Hospital, Electronic Data Systems, the University of Michigan, GM Proving Grounds, Michigan Bell Telephone Service, Detroit Medical Center and Northwest Airlines. Despite the major presence of the automobile industry in the area, employment in the delineation is diversified with the service industry being the largest source of employment in both MSAs. In the Detroit MSA, 532,246 employees or 30% of the labor force (1.7 million) are employed by service related concerns, while nearly 22% and 20% of the MSA's employees are engaged in

manufacturing and retail trade, respectively. Similar labor characteristics were noted in the Ann Arbor MSA with the service and manufacturing industries employing the largest number of people 66,072 or 32% and 58,489 or 30%, respectively. As of the fourth quarter of 1994, the Ann Arbor and Detroit MSAs had unemployment rates of 4.0% and 5.2%, respectively. These unemployment levels represent significant improvement in employment between 1992 and 1994 with a decline in unemployment of 35% and 36%, respectively.

As of a June, 1996 issue of Money Magazine, Ann Arbor was selected as the fifth best place to live, while community contacts indicated that the city's housing is very expensive and has resulted in an affordability problem. Individuals/organizations in the Detroit area expressed the belief that Detroit will continue to grow if cooperation continues between government and businesses in the city's revitalization efforts. Help in certain neighborhoods throughout the city, particularly census tracts in the Empowerment Zone, were considered crucial to the area's future prospects. Based upon the bank's analysis of the Southeast Michigan Region, the area experienced overall modest growth in 1995. During 1996, a significant increase is not expected in the region's business activity, employment growth or automotive production/sales, nor is a serious decline anticipated.

### **Flint Region**

The Flint Region includes all of the communities in Genesee and Lapeer Counties and the eastern half of Shiawassee County. In aggregate, this region encompasses 126 census tracts/BNAs; 101 tracts are in the Flint MSA (#2640) and there are 25 BNAs. The number of BNAs in this region are almost evenly split between Lapeer (13) and Shiawassee (12) Counties. Lapeer County is in the Detroit MSA (#2160).

The population in the Flint Region totals 552,163 and is primarily White (81.6%). Blacks represent the largest minority group in the Flint Region (15.3%), followed by individuals of Hispanic origin (1.9%). All other ethnic groups represent less than 1% of the area's population. Of the 203,125 households in this region, the majority are upper income households (41.8%), 26% are low-income, 17.6% are middle-income, and 14.6% are moderate-income. More than half (14.7%) of the low-income households are considered below the poverty line. The region's median family income of \$36,794 parallels that of the Flint MSA, is approximately \$4,000 higher than the Detroit MSA and \$8,900 higher than the nonmetropolitan areas in the state.

There are 214,945 housing units in the region and the majority (68%) are owner-occupied units with a median age and value of 27 years and \$50,969. Although the Detroit MSA has a median housing value of \$66,680, lower values are noted in the Flint MSA (\$50,023) and nonmetropolitan areas (\$46,795). Housing stock in both the Detroit MSA and nonmetropolitan areas of the region have a median age of 43 years, while housing in the Flint MSA is newer with a median age of 27 years. Nearly 41% of the housing in the nonmetropolitan area was built prior to 1950. The majority (81%) of multi-family properties in the region are 1-4 family units with median gross rent of \$398 per month. Between 1993 and 1994, approximately 500 building permits were issued (single and multi-family) within the Flint MSA.

Employment in the Flint MSA is primarily provided by the manufacturing industry. Although there are only 347 manufacturing concerns, they provide employment for 47,108 or 33% of the MSA labor force. There are many more establishments in the service (3,280) and retail trade (2,590) industries, yet these segments of the labor market only provide employment for 39,700 and 35,200 people, respectively. Unemployment in the Flint Region declined 19.4% between 1993 and 1994, and 31.6% between 1992 and 1994; however, the area's unemployment level remains somewhat high at 7.7%. According to information obtained

from community contacts, the area is stabilizing in light of the urban revitalization that is taking place and the federal government's designation of the City of Flint as an Enterprise Community. Representatives of various academic, business and private foundations are collaborating to address education, taxation and workforce issues that are critical to the future of the community.

### **Alpena Region**

This region encompasses all of Alpena and Oscoda Counties, and the eastern portion of Presque Isle County, including Rogers City and the Townships of Belknap and Metz. There are 16 BNAs in this region, eight in Alpena County, five in Oscoda County and three in Presque Isle County. Inclusion of Oscoda County within the Alpena region represents an expansion of the delineation since the previous examination. Of the total BNAs in the Alpena Region, four are moderate income, eleven are middle-income and one is upper income (there are no low-income BNAs in this region).

The Alpena Region has a population of 42,517 people of which 99.2% are Whites. Individuals of Hispanic origin are the largest minority concentration in the region, representing 0.4% of the population. The largest portion of the region's population (30,605 or 72%) resides in Alpena County. The median family income for the three counties in the region ranges from \$21,000 to \$28,800, resulting in a regional median family income of \$26,888. There are 16,511 households in the region, of which 38.5% are upper income, 26.2% are low-income, 18.2% are middle income and 17.1% are moderate income. Approximately 15% of the low-income households are considered below the poverty level.

The housing stock in the Alpena region totals 25,427 and is 52.4% owner-occupied. The median age and value of housing in the region is 30 years and \$42,960. Thirty-four percent of the housing in Alpena County was built prior to 1950, resulting in a median age of 26 years. Rental properties constitute 12.4% of the region's housing stock (3,150) and are primarily 1- 4 family units (82%). Gross median rent for these properties is \$311 per month. A significant percentage (35%) of the region's housing stock is vacant (approximately 9,000 units).

The labor force in Alpena County is primarily engaged by the service industry, both the number of employees and the number of establishments in operation (2,467 and 283, respectively). In aggregate, Alpena County has 8,900 employees, with retail trade and manufacturing being the second and third major sources of employment. In Oscoda and Presque Isle Counties, the retail industry leads in providing employment opportunities. Between 1990 and 1993, the total private service producing industries in each county have grown, with the most notable change occurring in Presque Isle County at 72% (17% and 15% in Oscoda and Alpena Counties).



According to community contacts, Alpena County's future is optimistic because it is the most recent area to be developed in Northern Michigan. The contact stated that with less dependence on industry (i.e., limestone mining, forestry and cement) the area has experienced growth in the retail and service sectors, resulting in increased employment opportunities. Although there has been some growth in tourism, tourism is not expected to be a significant factor in the area.

**Lansing Region**

The Lansing Region is defined as the City of Lansing and surrounding townships, including Alaiedon (population 3,173), Delhi (population 19,190), Delta Meridian (population 26,129) and Windsor (population 6,460). This region is located within the Lansing-East Lansing MSA (#4040) which encompasses the Counties of Clinton, Eaton and Ingham. The bank's delineation does not include any portion of Clinton County; however, in Ingham and Eaton Counties the bank's community includes 70 of 78 (90%) and 9 of 20 (45%) census tracts, respectively.

According to 1990 census data, the Lansing Region has a total population of 277,513, approximating 64% of the MSA population of 432,674. It should be noted that 20,162 people in the delineation are classified as institutionalized or residents of group quarters and represent 7.27% of the area's population. These individuals are primarily residents of college dormitories (17,433 or 6.28%). The ethnic make-up of the region and MSA are similar with Whites constituting the largest ethnic group at 80.7% and 86.5%, respectively. Minority representation within the area is as follows:

**MINORITY REPRESENTATION**

	<b><u>Delineation</u></b>	<b><u>MSA</u></b>	<b><u>STATE</u></b>
Blacks	10.8%	7.1%	13.8%
Asians	2.7%	1.9%	1.1%
Hispanics	4.9%	3.8%	2.0%
American Indians	0.7%	0.6%	0.6%
Other	0.2%	0.1%	0.1%

In all ethnic groups (excluding Blacks), minority representation as a percentage of the total population is higher than minority representation throughout the MSA and the State of Michigan. Minorities represent 19.3% of the region's population, while they only represent 17.6 % and 13.5% of the State of Michigan and the MSA, respectively. The median family income in this region is comparable to the MSA, \$38,371 versus \$38,660, and both are higher than the median family income for the State of Michigan (\$36,652). Approximately 11% of the families in the area are considered below poverty. Analysis of population data

revealed that 8.4% or 23,376 residents live in low-income census tracts and the ethnic distribution of the low-income census tracts is 54% White, 24% Black, 8% Asian and 13% of Hispanic origin, while American Indians and other ethnic groups represent less than 2%.

Housing units in the region total 108,841 and the majority of homes are owner-occupied (53.4%) with a median value of \$64,549. Rental units account for 41% of the area's housing, with 1 to 4 family units constituting 70% of the rental properties. The remaining housing units, 5.6% or 6,059 are vacant. Housing in the Lansing region has a median age of 29 years, which is identical to the MSA and slightly higher than the state (26 years). Approximately 27% of the housing stock was built prior to 1950 (29.5% for the MSA). Between 1992 and 1994, there was an increase in the number of new residential building permits issued for single-family homes in the Lansing-East Lansing MSA. Specifically, new permits increased 5.84% between 1992 and 1993 (1,421 to 1,504), and 7.38% in 1994 (1,615). During the same period, issuance of multi-family building permits fluctuated from 161 in 1992 to 411 in 1993 and 318 in 1994.

Industry in the MSA is diversified. Based upon information contained in the 1992 County Business Patterns developed by the U.S. Census Bureau, there are a total of 153,650 employees in the MSA, employed by 9,327 establishments. Following is an illustration of the major industries in Eaton and Ingham Counties and the MSA, by number of employees and establishments:

<u>Industry</u>	<u>Number of Employees/Establishments</u>					
	<u>Eaton County</u>		<u>Ingham County</u>		<u>MSA</u>	
Construction						
100	26,700 / 296	31,467 / 452	1,061 / 169	3,913 / 532	5,651 / 859	Manufacturing 2,933 /
Retail Trade			6,124 / 383	29,929 / 1,803	38,951 / 2,439	
Wholesale Trade		837 / 83	7,374 / 438	9,010 / 588		
Finance, Insurance and Real Estate		777 / 144	10,996 / 729	12,124 / 931	Transportation/ Public Utilities	
326 / 54	6,718 / 199	326 / 54	Services		4,578 / 473	38,803 / 2,913
45,651 / 3,680						
<b>County Totals</b>		16,667 / 1,416	127,712 / 6,972	153,650 / 9,327		

Data from the U.S. Bureau of Labor Statistics reveals that the resident labor force in the MSA totaled 232,900 as of the fourth quarter of 1994, and there were approximately 9,000 people unemployed, resulting in an unemployment rate of 3.9%. This unemployment level represents a 16.8% decrease from 1993.

Discussions with members of the Lansing community revealed that there is a continuing need to revitalize downtown Lansing and the residential areas in proximity to downtown. Recent efforts have included a \$2 million park along the riverfront. During 1996, the City of Lansing committed funding via community development block grants to the Lansing Community Micro-Enterprise Fund (LCMF) to stimulate economic development and combat community deterioration. Recent revitalization efforts have begun to attract residents to the area and national retailers are being attracted by the large student and professional population in East Lansing. Housing in Lansing

and East Lansing ranges from affordable to expensive, and a large portion of the housing stock is rental property that is in need of rehabilitation. However, contacts indicated that it is difficult to encourage conversion of these properties into single-family residences because of the income that can be generated from the area's large student population.

### **Port Huron Region**

The Port Huron Region encompasses all of St. Clair County which consists of 37 census tracts, located in the Detroit MSA (#2160). The majority of the census tracts in the delineation are middle-income tracts (22), followed by moderate (8), low (6) and upper-income tracts (1).

This region has a population of 145,607 and 95.6% of the region's residents are White. Blacks are the largest minority group in the region (2.0%), followed by individuals of Hispanic origin (1.5% - all races). There are 52,998 households in the Port Huron Region. The median family income in the region is \$35,678 and of the 40 thousand families in the Port Huron Region, 30% are considered upper-income families, while 24% are classified as middle, 23% as low and 23% as moderate-income. Approximately 9% or 3,676 families are considered below the poverty level.

Housing stock in the Port Huron Region includes 57,494 units, of which 40,015 or nearly 70% are owner-occupied and rental units total 12,867 or 22%. Housing in the region has a median value of \$59,168 and a median age of 45 years, with 36% built prior to 1950. Rental properties are primarily 1-4 family units with a median rental expense of \$409 per month. Vacant properties constitute 8% of the area's housing stock. Building permit data from the census bureau reveals that since 1991 there has been an increase in the issuance of building permits for both single and multi-family properties. Between 1993 and 1994, total permits increased by nearly 2,800 and the majority (2,000) were for single-family properties.

Employment in the region is primarily provided by the retail industry, and followed closely by the manufacturing and service industries. Within St. Clair County, there are 38,411 employees, 30% or 11,565 are engaged in retail trade, while employees in manufacturing and services total 9,744 (25%) and 9,457 (24%), respectively. As noted previously, the unemployment rate in this MSA has declined significantly.

According to a Port Huron community contact, the area's economy is growing rapidly with an increase noted in business and industry. There are four industrial parks being developed to accommodate new businesses and future growth anticipated in light of a second bridge that is under construction which links the area to Canada. This increased traffic flow may increase tourism in the Port Huron area and a planning committee has been implemented to address the potential increase in tourist activity. With respect to the housing market, the contact stated that increases have occurred at the higher end of the market; however, there was no indication of a shortage of low-income housing.

**Saginaw Region**

The Saginaw Region, which is in the Saginaw/Bay City/Midland MSA (#6960), includes all 59 census tracts in Saginaw County. The delineation does not include any census tracts in Bay or Midland Counties which are also in the MSA. In addition to census tracts in Saginaw County, the delineation includes nine BNAs in Tuscola County. Of the 68 geographies (census tracts and BNAs) in the region, 36 are classified as middle-income, 12 are upper-income and low and moderate-income tracts total 10 each.

The Saginaw Region has a population of 251,907 of which 79% are White. Minority representation is 14.6% Black, 5.2% Hispanic (all races), 0.6% Asian, 0.4% American Indian, and 0.1% all other races. The majority of residents reside in middle-income tracts (134,690 or 53%), followed by upper-income tracts (20%), moderate (16%) and low- income tracts (10%). Approximately 1.5% of the residents in the region are institutionalized or residents of group quarters.

There are 92,299 households in the region, with a median household income of \$27,975. The median family income in the region is \$33,271. Low and moderate-income families represent 23.8% and 15.7% of the region's population, respectively, and 14.7% of the low-income families are considered below the poverty level. Housing units in the Saginaw Region total 96,902 and the majority (68.7%) are owner-occupied units with a median value of \$47,119. The median value of housing in the region is comparable to values noted in the MSA, county and non-metro areas. The median age of the housing stock is 45 years. Eighty-four percent of the rental properties are 1-4 family units with a median monthly rental expense of \$385. During 1994, the issuance of new residential building permits increased by approximately 200 in the MSA; all in the single-family housing category.

The largest source of employment in the Saginaw Region is the manufacturing industry, with 247 establishments employing 22,308 people (28% of the county's labor pool). The services and retail industries follow with 22,029 and 21,099 employees, respectively. In aggregate, the number of establishments in the service and retail industries total 3,130 and represent 66% of all employers in Saginaw County. As of year-end 1994, the MSA had an unemployment rate of 6.4%, with a decline of 23% noted between 1992 and 1994.

**Sandusky Region**

Sanilac County and the eastern half of Tuscola County make up the Sandusky Region. Within this region there are 16 BNAs, 12 in Sanilac County and four in Tuscola County. All BNAs in the region are middle-income areas. This region has a population of 55,465, which is 96.8% White, while individuals of Hispanic origin (all races) constitute the largest minority population at 2.1%. All other ethnic groups represent less than 1% of the region's total population.

There are 20,217 households and 15,392 families in the Sandusky region, with median household

and family incomes of \$23,881 and 27,659, respectively. The majority (38.7%) of the families in the region are upper-income families; while middle, moderate and low-income families represent 23.1%, 18.9% and 19.4%, respectively. The housing stock in the Sandusky Region includes 25,725 housing units with a median value of \$43,083, and nearly 63% of the units are owner-occupied. Forty percent of the housing stock was built prior to the 1950s. Rental properties in the region are primarily 1- 4 family units (81.4%), with a median monthly rental expense of \$343. Over 21% of the region's housing units (5,568) are vacant.

Sanilac County had 8,233 employees; although the majority (45%) of the county's labor force was engaged by the manufacturing industry, these concerns only represented 10% of all work establishments in Sanilac County. The majority of establishments in Sanilac County are in the retail trade industry (244); however, this industry only employs a third of the county's labor pool. In Tuscola County, the service and manufacturing industries employ 28% (each) of the labor pool, while service and retail establishments represent 28% and 30%, respectively of the county's total businesses. Between 1990 and 1993, total establishments in Tuscola County grew by 4.4%.

### **Grand Rapids Region**

The Grand Rapids Region incorporates all of Kent County (112 census tracts), which is a part of the Grand Rapids/Muskegon/Holland MSA (#3000). Other counties in the MSA (Allegan, Muskegon and Ottawa) are not included in this region of the bank's delineation. Since the previous examination, the bank revised the delineation to exclude the portion of Ottawa County that is south of Port Sheldon Road. Of the 112 census tracts in the Grand Rapids Region, 86 are middle and upper-income (60 or 53.6% and 26 or 23.2%, respectively), while 14.3% (16) are moderate-income and 8.9% (10) are low-income census tracts.

The population within the Grand Rapids Region totals 500,631; of which 87.8% is White, 7.9% Black, 1.0% Asian, 0.5% American Indian and 0.1% all other races. Individuals of Hispanic origin (all races) constitute 2.7% of the region's population. There are 182,318 households and 130,573 families in the Grand Rapids Region, with median household and family incomes of \$32,358 and \$37,783, respectively. Low and moderate-income families represent 17% of the total families in the region, while middle and upper income families represent 26% and 39%, respectively. Approximately 7% of the region's families are considered below the poverty level.

Of the 357,700 households in the MSA, 54% or 192,700 are in the Grand Rapids Region and 65.7% are owner-occupied units. Housing units have a median value of \$67,807 and a median age of 28 years, with 32% built prior to 1950. Rental units and vacant properties make up 28.6% and 5.7% of the housing stock. One to four family properties represent 78% of the region's rental properties and have a median monthly rental cost of \$431. Between 1993 and 1994, there was an approximate 1,900 increase in new residential building permits; 1,244 single family and 638 multi-family permits were issued.

The total number of employment sources in Kent Count has remained relatively stable between 1990 and 1993, with a decline in farm proprietors of 3.4% offset by an identical growth rate in wage and salary employers. Of the 267,338 employees in the county's labor pool, the majority (28%) are engaged in the service industry. The secondary source of employment in Kent County is the manufacturing industry with 27% of the county's employees.

**Benton Harbor Region**

The Benton Harbor Region encompasses all of Berrien County, Michigan, which makes up the Benton Harbor MSA (#0870). There are 53 census tracts within this MSA with an aggregate population of 161,378, as of the 1990 census report. The majority (30 or 56%) of the census tracts are middle-income tracts, while 11 are upper-income, 8 are low-income and 4 are moderate-income tracts. The median family income in the delineation is \$32,219; however, in low and moderate-income tracts, the median family incomes are \$11,000 and 19,500, respectively. The population in low and moderate-income tracts totals 26,259 (15,716 and 10,543, respectively) and represents 16.3% of the delineation. Minorities constitute 91% of the population in low-income tracts and 32% of the population in moderate-income census tracts. Larger communities in the delineation along with their respective 1990 population and ethnic make-up are as follows:

<b><u>COMMUNITY</u></b>	<b><u>1990 POPULATION</u></b>	<b>ETHNIC MAKE-UP (%)</b>		
		<b><u>White</u></b>	<b><u>Black</u></b>	<b><u>Other</u></b>
Benton Harbor	12,818	7.3	92.1	.5
Benton Heights	5,465	41.8	57.1	1.1
Buchanan/Buchanan Twp	4,992/3,402	87.3/98.7	11.2/.2	1.5/1.1
Coloma Township	5,123	97.9	.5	1.6
Fair Plain	8,051	65.3	32.7	2.0
Lincoln Township	13,604	97.8	.8	1.4
Niles and Niles Township	12,458/12,828	85.7/95.6	12.4/2.7	1.9/1.7
Oronoko Township	9,819	75.9	13.4	10.7
St. Joseph	9,214	94.9	3.1	2.0
St. Joseph Charter Township	9,613	91.3	7.2	1.5

There are 69,532 housing units in the Benton Harbor Region with a median value of \$52,723 and 61% are owner-occupied. Nearly 27% of the residential dwellings are rental units with gross median rent of \$368. One-to-four multi-family units are the predominant type of rental property in the area (84%). Unoccupied housing units account for approximately 12% of the area's housing stock. Housing characteristics in the region/MSA are comparable to those of the State of Michigan (owner-occupied, rented and vacant housing approximate 63%, 26% and 11%, respectively). The major distinction between housing in the Benton Harbor Region and the state is the age of residential properties; 35% of the region's housing has a median age of 43 years, while the median age for the state is 26 years. A review of low and moderate-income census tracts reveals that there are 9,594 households in the 12 tracts identified as low and moderate-income. In low-income census tracts the median age and value of housing is 38 years and \$19,590, respectively; compared to 40 years and \$26,581 in moderate-income tracts. In middle and upper-income tracts, the median ages of the housing stock are 42 and 30 years, with median values of \$49,465 and \$77,244. As of year-end 1994, there were 189 residential single-family building permits issued in the Benton Harbor MSA, more than doubling the number issued in 1993 (increased from 90 to 186). Between 1991 and 1992 the number of building permits issued was relatively stable with an approximate decrease of 20% noted in 1993.

The primary sources of employment in the MSA are private service (i.e., transportation, finance, retail and wholesale trade, etc.) and manufacturing concerns. During 1994, approximately 6% or 5,062 of the MSA's resident labor force was unemployed. Employment opportunities in the MSA appear to have improved with a 28% decrease in unemployment between 1992 and 1994.

### **Cadillac Region**

The Cadillac Region is defined as Wexford, Missaukee, Roscommon, Oscoda and Osceola Counties, and the eastern quarter of Lake County (specifically Dover, Ellsworth, Pinora and Chase Townships). There are 30 BNAs within the Cadillac Region (11 in Roscommon, 8 in Wexford, 6 in Osceola, 4 in Missaukee and 1 in Lake County). This region has a population of 80,866 which is primarily White (98.3%), while individuals of Hispanic origin (all races) represent 0.5% of the population and Blacks and Asians represent 0.2% (each). All other ethnic groups represent 0.1% of the delineation's population. There are 11 moderate and 19 middle-income BNAs in this delineation.

There are 31,180 households and 23,117 families in the Cadillac Region, with a median family income of \$24,148. The majority of these families (31.4%) are upper-income families, while low and moderate-income families constitute 24.7% and 21.5% of the delineation's population, respectively. Families below the poverty level represent 13.6% of the total families in the area. The housing stock in the Cadillac Region includes 53,056 housing units, 46% of which are owner-occupied units with a median housing value of \$40,854. The median age of housing in the region is 35 years with approximately 25% built prior to 1950. Rental units represent 12% of the housing stock, and 78.3% of the rental units are 1-4 family properties with a median rent of \$335 per month. A large percentage of the housing units (41%) are vacant.

As of year-end 1993, there were approximately 39,000 people employed in the Cadillac Region. By industry, the majority (53%) of people in the region are employed by private service producing businesses, with the largest components being the retail/wholesale trade and service industries. The second major employment industry is manufacturing, which employed 22% of the workers in the area. Overall, small businesses (1 to 49 employees) are the major source of employment in the region, constituting nearly 97% of employers during 1992.

### **Kalamazoo Region**

The Kalamazoo Region is in the Kalamazoo/Battle Creek MSA (#3720) and is defined as the area in and around the Cities of Kalamazoo, Portage, Galesburg, and Battle Creek, including the Townships of Comstock, Charleston, Pavilion, Oshtemo and Texas. There are 67 census tracts in this region and the majority of the tracts are in Kalamazoo County (49), while the remaining 18 are in Calhoun County. Twenty-seven of these census tracts are low and moderate-income tracts (13 and 14, respectively), representing 40% of all tracts.

This region has a population of 245,706 people, with 84.2% White, 11.9% Black, 1.8% of Hispanic origin, 1.6% Asian and all other ethnic groups represent less than 1%. Minorities constitute 44% of the population in low-income census tracts and 23% of the population in moderate-income tracts. In upper and middle-income tracts, minorities represent 6.5% and 9.8%, respectively. As a percentage of the total population, there are 12,213 people institutionalized or living in group quarters, representing nearly 5% (4.97%) of the region's population.

There are 94,114 households and 60,576 families in the Kalamazoo Region, with median household and family incomes of \$28,399 and \$35,346, respectively. Low and moderate-income families represent 37.5% of the population, with 11% below the poverty level. The housing stock in the Kalamazoo Region includes 100,585 housing units, of which 57% are owner-occupied, with a median value and age of \$54,315 and 44 years, respectively. Over 34% of the housing in the region was built prior to 1950. Rental units are primarily 1-4 family units (74%) with a median rent of \$408 per month. Only 6% of the housing units are vacant. In the MSA, there has been a significant increase in the total number of residential building permits issued between 1991 and 1994; increased from 588 to 1,628, with the majority of activity noted in the multi-family housing category (from 37 in 1991 to 482 in 1994).

As of year-end 1992, there were 171,000 employees in the MSA employed by 9,673 establishments. Slightly over 94% of these establishments were small firms with 1 to 49 employees.



### **Petoskey Region**

The Petoskey region includes the Counties of Charlevoix and Emmet, and these counties encompass a total of 24 BNAs (16 and 8, respectively). The majority of the BNAs (18) are middle-income areas, with four as upper and two low-income. Both of the low-income BNAs are located in Charlevoix County.

According to 1990 census data, the region has a population of 46,508 (Charlevoix - 21,468 and Emmet - 25,040). The ethnic composition of the area is primarily White (96.8%), with American Indians constituting the largest minority population (2.1%). Blacks, Asians and all other races each represent less than one-half of one percent of the population. The median family income is \$30,214.

There are a total of 27,850 housing units in the Petoskey Region (13,100 and 14,700 in Charlevoix and Emmet Counties, respectively), and 32% of the housing stock was built prior to 1950. Approximately one-half (48.2%) of the housing units are owner-occupied with similar types of housing occupancy in the two counties that make up the Petoskey Region. However, the value of housing in Emmet County is higher than the value of housing in Charlevoix (\$64,756 versus \$53,641), resulting in a regional median housing value of \$59,130. Vacant properties constitute a large percentage of the area's housing stock at 36.2% (Charlevoix 37%/ Emmet 35%). Rental properties are primarily 1 - 4 multi family units (81%) and represent 15.6% of the housing stock. The median rent in the area is \$369.

Data published in *County Business Patterns*,@reveals that in 1992 there were a total of 1,835 establishments in the Petoskey Region, employing 17,612 people. The primary industry in the area is the service industry (5,443 employees are employed by 576 establishments), followed by retail trade with 556 establishments and 4,443 employees. Manufacturing represents the third largest source of employment in the region with 112 establishments, employing 3,847 people. The majority of businesses in the area (1,780) are small entities with 1 to 49 employees, while 19 of the manufacturing and 18 of the retail businesses are categorized as medium sized entities (50 to 499 employees).

### **Lakeshore Region**

The Lakeshore Region (formerly the Grand Haven Region) is in the Grand Rapids/Muskegon/Holland MSA (#3000) and includes all of Ottawa County and the southern half of Muskegon County, including the City of Muskegon. There are 34 census tracts in Ottawa County and 45 census tracts in Muskegon County. The majority (39 or 65%) of the census tracts in the delineation are middle-income tracts, while low and moderate-income tracts total 5 and 8, representing 8% and 13%, respectively of the total tracts in the Lakeshore Region.

The population in the Lakeshore delineation is 284,492, and the area's ethnic composition is 91.3% White, 3.9% Black, 3.3% of Hispanic origin, 1% Asian and 0.5% American Indian. Approximately 86% of the residents in low-income census tracts are minorities (84% Black, 1% of Hispanic origin and 0.7% American Indian.) There are 98,721 households and 77,234 families in the region with median incomes of \$33,340 and \$37,602, respectively. Low and moderate-income families constitute nearly 34% of the families in the area, and approximately 6% are below the poverty level.

Owner-occupied housing units represent 76% of the total housing units (104,135) in the region. Rental housing accounts for 19% of the area's housing stock, and 5% of the housing in the region are vacant units. Approximately 27% of the region's housing stock was built before 1950, and the median value of housing in the Lakeshore Region is higher than both the MSA and the state at \$67,249. The gross median rent is \$432 per month. Similar to other regions that the bank has delineated as its service area, the Lakeshore Region has experienced an increase in the number of building permits issued in the MSA. Between 1993 and 1994, there were approximately 1,900 new building permits issued, and 1,244 of these permits were for single-family dwellings.

Muskegon County has 47,442 employees, employed by 3,192 establishments, while there are 72,096 employees in Ottawa County, employed by 4,515 establishments. The manufacturing sector employs the largest number of people in both counties, and the majority of the establishments in the region are small businesses (1 to 49 employees). Between 1990 and 1993, there was a -1% change in employment in Muskegon County, while employment in Ottawa county grew by 7.9%.

### **Traverse City Region**

The Traverse City Region is defined as all of the communities in the middle third of Leelanau County and the upper two-thirds of Grand Traverse and Kalkaska Counties. There are 20 BNAs in the Traverse City Region; 14 in Grand Traverse County, four in Kalkaska and two in Leelanau County. Of these BNAs, 14 are middle income and 6 are upper-income.

The Traverse City region has a population of 78,656 people and 97.4% of its residents are White. Minorities in the region are primarily individuals of Hispanic origin (1%), followed by American Indians (0.8%) and Asians (0.7%). There are 29,516 households in the region with a median household income of \$28,308. Families in the region total 21,476 and have a median family income of \$32,237. Nearly 48% of the families residing in the Traverse City Region are upper-income families. Although there are no low or moderate-income areas in this region, 12% of the families in the area are considered low-income while 16% are moderate income and 6.6% are below the poverty level. Of the 37,692 housing units located in the region, 59% are owner-occupied, 19% are rental units and a large percentage (22%) are vacant units. The housing stock is primarily comprised of 1-4 family units (80%). Housing in

the area is relatively new with 21% built prior to 1950. The median value of housing in the region is \$64,964. By county, the median value of housing ranges from \$44,200 to \$66,600 to \$73,100 thousand. Rental units have a median monthly rental expense of \$436.

Of the 37,649 people employed in the Traverse City Region, the majority are employed in Grand Traverse County (31,748), while 3,040 and 2,861 are employed in Leelanau and Kalkaska Counties, respectively. Small establishments are the primary employers in each of the three counties within the region. In Grand Traverse and Leelanau Counties, the service industry has the largest number of establishments and employs the majority of the respective workforce. However, in Kalkaska County, retail trade is the predominant source of employment followed by manufacturing. There has been overall employment growth noted in each of the three counties in the Traverse City Region, resulting in overall growth of 7.2% between 1990 and 1993.

## **BANK PROFILE**

NBD Bank, with total assets of \$27.9 billion as of March 31, 1996, is a wholly-owned subsidiary of First Chicago NBD Corporation, Chicago, Illinois. As of December 31, 1995, the parent company had total assets of \$122.0 billion. The bank operates a network of 331 branch offices: 178 in southeast Michigan, 73 in east Michigan, and 80 in west Michigan. The bank operates 66 branch offices in low and moderate-income census tracts, 40 in minority census tracts, and 26 of the 331 branch offices are operated as specialized offices, including loan production offices. A total of 36 branch offices are in the City of Detroit. The bank also operates 404 automated teller machines (ATM). The bank offers commercial, consumer, real estate, and mortgage loans. Unsecured credit card services are provided through First Chicago NBD Corporation. The bank became a member of the Federal Reserve System on December 31, 1994. The bank operates in nine MSAs and competition is provided by the following financial institutions:

Comerica Bank  
Standard Federal Bank  
First of American Bank-Michigan  
First Federal of Michigan  
Republic Bank  
Great Lakes Bancorp, A Federal Savings Bank  
Citizens Commercial & Savings Bank  
Old Kent Bank  
Michigan National Bank  
Chemical Bank Key State  
Citizens Federal Savings Bank  
Peoples Bank of Port Huron  
Chemical Bank and Trust Company  
Shoreline Bank  
The Peoples Bank  
Ottawa Savings Bank, F.S.B.  
First Michigan Bank

## **ASSESSMENT OF RECORD**

## I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

***Assessment Factor (a) - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.***

### **Regulatory Expectation**

The Statement of the Federal Financial Supervisory Agencies regarding the Community Reinvestment Act (Policy Statement) indicates that an effective CRA process must include methods to ascertain community credit needs on an ongoing basis through outreach efforts to local governments, businesses, and community members and organizations. This ascertainment effort should include a system that facilitates dialogue with these individuals and groups and enables them to communicate their concerns to an officer of the financial institution.

### **Scope and Findings**

The bank's officer/director community affiliations, call programs, annual officer surveys, various internal monitoring reports and response to identified credit needs were reviewed.

The bank's network of relationships with community organizations, public officials, builders, and developers throughout its delineated communities provides it with a strong system for ascertaining community credit needs.

Review of the bank's internal CRA files revealed that the bank relies upon the personal involvement of its directors, officers and staff with community organizations to remain aware of credit needs throughout its delineated communities. Appendix I to this report contains a representative listing of the key public and private organizations used by each of the bank's three divisions (Southeast, East and West) to ascertain community credit needs.

The bank also relies upon its Branch Manager, Commercial Loan and Mortgage Call Programs to ascertain community credit needs.

### **Commercial Loan & Branch Manager Call Program**

Under the bank's Commercial Loan and Branch Manager call program, each branch is assigned a geographic region. Under the program, approximately 310 branch managers and 251 commercial lenders are responsible for calls within their respective territories. Calling officers are required to make at least 10 calls monthly, and they usually target individuals, businesses, community organizations and public officials within each branch calling area. Although the bank does not geo-code officer calls, the assignment of calling territories around branch locations provides management with reasonable assurance that calls are made within all areas surrounding each branch. In 1995, the bank's three divisions made a total of 51,816 calls. Review of 1995 officer calls by division is depicted in the following charts:

Southeast Division-

Region	Customer #	Other* %	Prospect		Total
			#	%	
Detroit-City	2,433	71	1,012	29	3,445
Western Wayne	1,535	66	795	34	2,330
Southern Wayne	1,442	65	777	35	2,219
West Oakland	897	63	516	37	1,413
Macomb	2,621	73	961	27	3,582
Rochester	884	59	614	41	1,498
Pontiac/Bloomfield	1,596	64	899	36	2,495
Southfield	1,197	78	336	22	1,533
Ann Arbor	1,080	75	360	25	1,440
<b>Totals</b>	13,685	69	6,270	31	19,955

\*Includes public officials and community organizations

Approximately 19,955 calls were made in 1995, with approximately 3,445 (17.3%) to businesses within the City of Detroit. Approximately 31% of the bank's 1995 calls were to prospects.

East Division-

Region	Customer #	Other* %	Prospect		Total
			#	%	
Alpena	339	84.5	62	15.5	401
Flint	N/A	N/A	N/A	N/A	5,074
Lansing	1,596	55.7	1,268**	44.3	2,864
Port Huron	704	83.3	141	16.7	845
Saginaw	784	58.2	564	41.8	1,348
Sandusky	N/A	N/A	N/A	N/A	413
<b>Totals</b>	3,423	N/A	2,035	N/A	10,945

\*Includes center-of-influence calls

\*\*Includes 829 Bank Mortgage Department calls

N/A- 1995 calling breakdown not available

West Division-

Region	Customer		Prospect		Total
	#	%	#	%	
Benton Harbor	2,106	72	827	28	2,933
Cadillac	1,359	83	279	17	1,638
Grand Rapids	5,887	76	1,898	24	7,785
Kalamazoo	915	67	446	33	1,361
Lakeshore	3,580	72	1,409	28	4,989*
Petoskey	757	70	326	31	1,038
Traverse City	1,149	76	356	24	1,505
<b>Totals</b>	15,753	74	5,541	26	21,294

\*Includes 360 real estate-related calls by Bank Mortgage Department

During 1995, branch managers in the Grand Rapids region made a total of 2,398 calls. Branches located in or near minority and low-and moderate-income census tracts made 1,024 (43%) calls; 230 (22%) of the calls were to prospects and 794 (78%) were to customers.

Residential Mortgage Call Program

NBD Mortgage Company (NBDMC) loan originators call program targets various local board of realtors, developers, nonprofit and for-profit developers, and community groups for ascertainment of housing needs. A total of 138 NBDMC originators and 18 managers are assigned to geographic mortgage areas throughout each of the bank's divisions.

Review of call reports for 1995 by division revealed the following:

Region Type	North-South Oakland	Ann Arbor	Metro West	Macomb	East Oakland	Grosse Pointe	Down River	West Wayne	Detroit. East & West	Total
Realtor/ Builder	1,349	854	491	733	593	322	224	374	542	5,482
Internal	436	156	178	368	430	234	101	217	321	2,441
Community	48	250	79	45	44	50	5	58	135	714
Other Referral	9	1	0	53	71	25	5	31	30	225
Joint Call	48	51	31	16	21	18	3	10	129	327
<b>Total -by Region</b>	1,890	1,312	779	1,215	1,159	649	338	690	1,157	9,189

Realtor/builder calls comprised the majority (59.6%) of 1995 calls. Approximately 19% of realtor/builder calls (1,033 of 5,482) were within the City of Detroit.

## East Division-

Region Call type	Alpena	Flint	Lansing	Port Huron	Saginaw	Sandusky	Total
Realtor Builder	108	1,403	714	115	949	294	3,583
Internal	8	699	55	8	205	18	993
Community	0	218	22	3	44	4	291
Other Referral	10	115	34	10	133	14	316
Joint	22	11	4	8	26	4	75
<b>Region Total</b>	148	2,446	829	144	1,357	334	5,258

Approximately 68% of East Division calls were in the realtor/builder category. The largest percentage of calls efforts (47%) was within the Flint region, followed by Saginaw with 26%.

## West Division-

Region Call Type	Benton Harbor	Cadillac	Grand Haven	Grand Rapids	Kalamazoo	Petoskey	Traverse City	Total
Realtor Builder	705	277	425	313	493	254	305	2,772
Internal	68	13	27	190	74	2	101	475
Community	28	117	38	126	98	23	12	442
Other Referral	33	2	28	46	27	18	49	203
Joint	16	16	65	53	114	12	13	289
<b>Region Total</b>	850	425	583	728	806	309	480	4,181

Approximately 66% of West Division calls were in the Realtor/Builder category, with the heaviest calling activity within the Benton Harbor and Kalamazoo regions.

Response to Identified Credit Needs

The bank's ascertainment activities led to a number of new products and modification to existing products.

-Through dialogue with **The Alliance for Fair Banking Practices** the bank implemented a strategy to provide better service to the small business community. Commercial loan training was provided to all branch managers and their lending limit was increased to \$50,000. Omega small business training was provided during the first quarter of 1995; this training enabled the bank to transfer underwriting responsibilities to branch managers for more personalized customer service. Under the current system branch managers can work directly with the loan customer. Additionally, the bank modified/relaxed underwriting documentation for small businesses, and term loans and commercial real estate customers now have the payment option of using a coupon book.

-**NBD's Acquisition/rehabilitation** loan product was introduced during third quarter 1994, the product is targeted toward inner city homes in need of renovation. Loan amounts vary from \$5,000 to \$75,000 with the proceeds to be used for refinancing, purchasing and/or renovating a single-family, owner-occupied primary residence. Since the inception of the program, the bank has made 38 loans for \$1,853,500.

-**The 97 plus program** was initially introduced in 1993, but was discontinued during the fourth quarter 1993 because of high delinquency. The program was re-introduced during the third quarter 1994, with a **Post-counseling** component to work with delinquent borrowers. Since the addition of the post-counseling component, bank records indicate that the program's delinquency rate decreased from 9.32% in 1993 (41 of 440) to 2.48% (6 of 242 loans) as of February, 1996. The program targets low-and moderate residents of urban areas with maximum household income of \$35,000. The applicant may borrow up to 97% of a home's appraised value, and receive a separate ten-year fixed rate loan (up to 3,000) at a below market rate, to cover qualifying costs, taxes, insurance premiums.

-**Community Pride Home Equity** targets low- and moderate-income borrowers, with loan amounts of \$3,000 to \$50,000 for home equity and \$500 to \$5,000 for unsecured home improvement. For home equity, the bank will lend up to 100% of the appraised value of the home, and consider non-traditional credit references (utilities, rent, insurance) and higher debt-to-income ratios (up to 50% if applicant has demonstrated the ability to make payments). The program was introduced corporation-wide in 1994; as of May 30, 1996, the bank has made 819 Community Pride loans for \$2,784,185 in the Southeast Division. As of December 30, 1995, the East Division made 90 Community Pride loans for \$314,930.61, and the West Division made 257 Community Pride Home Equity loans for a total of 6,392,700.

In 1996, the Bank's West Division introduced new **Community Pride pilot programs** in



Grand Rapids, Community Pride Home Improvement, Community Pride Automobile, and Community Pride Mobile Home on Land. The Community Pride pilots will offer the same flexibility in underwriting criteria, with financing up to 110% of book value available under the Community Pride Automobile Loan Program. As of August 2, 1996, the bank made 36 Community Pride Automobile loans for \$194,873 in low- and moderate-income census tracts.

### **Conclusions**

The bank's ascertainment program is effective; this is evident from the level of officer, director and staff involvement with various community organizations which facilitated working relationships that provided significant input regarding community credit needs; the strength of the call programs; and the implementation and/or modification of credit programs to address identified credit and service needs. The bank introduced products specifically targeted to meet the needs of low- and moderate-income borrowers that include more flexible underwriting criteria which consider non-traditional credit references (rent, utilities) when determining the applicant's creditworthiness.

***Assessment Factor (c) - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.***

### **Regulatory Expectation**

The Policy Statement states that banks are encouraged to develop a CRA plan to ensure an affirmative effort on the part of the bank to comply with the Act. It further states that the duty to coordinate and monitor the CRA process should be assigned to a senior officer or a committee charged with the responsibility to report periodically to the board of directors about the bank's CRA efforts, performance, and areas for improvement, where appropriate. An employee training program should be established which addresses information about those policies of the bank designed to help meet community credit needs including the needs of low- and moderate-income areas and small businesses. Procedures should be implemented to ensure that files are maintained, as required by the regulation, for purposes of receiving public comments and for reviewing and responding to the comments.

Regardless of how the bank organizes itself to implement its CRA plan, seeing that the institution has taken the steps necessary to help meet its community's credit needs is the responsibility of the entire organization, beginning with its board of directors and continuing through its line management. To be effective, a CRA plan must include methods to incorporate findings regarding community credit needs into the development of products and services that the bank decides to offer to help meet these needs.

The Policy Statement also states that the bank's CRA statement should accurately reflect the types of lending and other services that the bank is willing to offer to the community. This statement must be reviewed at least annually to ensure its accuracy. The services that the bank chooses to offer should be clearly articulated and reasonably related to community needs.

### **Scope and Findings**

The bank's CRA plan, CRA committee structure, minutes of the board of directors meetings as well as CRA committee minutes, self-assessment results and other internal reports were reviewed. The Corporate CRA plan was originally developed June 1993, and was re-approved by the board of directors on March 18, 1996. The plan also functions as a mission statement which outlays the bank's general strategy relative to the

five performance categories, and identifies the areas where the bank's performance can be improved.

Regional Banking Center management has primary responsibility for identifying and establishing meaningful working relationships with community, civic, religious, neighborhood and minority organizations; relationships which will provide significant information regarding community credit needs. Regional Banking Centers are supported by the bank's Civic and Community Affairs Department which conduct meetings with various community organizations, and establish educational and technical assistance programs. Local demographic information and quarterly lending reports are used to monitor the effectiveness of the bank's efforts with respect to low- and moderate-income and minority areas.

The CRA plan mandates CRA committee structures at the regional, division and corporate level. There are three regional committees (Southeast, East and West), a public responsibility committee and a corporate CRA committee. The committees meet quarterly and their responsibilities are reported to the board of directors. The minutes of the November 2, 1995 Corporate CRA committee meeting reflect review of new CRA requirements and their impact on the bank's internal CRA monitoring reports and procedures. The minutes of the Public Responsibility Committee March 18, 1996 meeting reflects review of the bank's year-end lending totals in the City of Detroit and the Empowerment Zone.

The bank maintains public files for each of its regional banking centers, and has instituted procedures to solicit input from community members regarding its CRA performance.

The board of directors reviews and approves the bank's CRA statement, at least annually, to ensure its accuracy, as evidenced by the March 20, 1995 and March 18, 1996 Board of Director's Meeting minutes. Review of board minutes revealed board review of the bank's Southeast, West and East Division's 1995 self-assessments, which detailed bank lending agreements, year-end lending results, calling activity and outreach in targeted areas. CRA training is conducted using the Omega training system.

### **Conclusions**

Review of board, and CRA committee meetings indicate that the bank's board is involved in the oversight and monitoring of the CRA program. Ongoing monitoring of the program is accomplished through review of quarterly lending reports. Board meeting minutes reflect review of the CRA plan, and lending agreements established with community organizations. Additionally, the Board and Public Responsibility Committee review the bank's self-assessment of the CRA program, annually.

## II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

*Assessment Factor (b) - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.*

### **Regulatory Expectation**

The Policy Statement indicates that an effective CRA plan should include marketing and advertising programs for lending products and services that are responsive to the needs of the community and that will inform and stimulate awareness of those products and services throughout the community, including low- and moderate-income areas.

### **Scope and Findings**

The bank and mortgage company outreach, presentations and advertising were reviewed to determine the extent to which the bank markets the availability of its products and services throughout its delineated communities.

The bank and mortgage company market its products and services primarily through its officer call programs, presentations, direct mailing and advertising. Review of bank officer and mortgage originator surveys revealed bank and mortgage company staff made a number of presentations of bank/mortgage company products to various community organizations; a representative sample of organizations and/or events by region follows:

**Detroit-** Jeremiah Project (an organization of 22 churches formed to promote economic development in Southwest and downtown Detroit); Poe, Kipling and Woodrow Wilson Block Clubs; People in Faith United; Joy of Jesus Churches; Detroit, Dearborn, Downriver, Western Wayne, North and South Oakland, Monroe, Livingston, Macomb, and Ann Arbor Boards of Realtors.

Eighteen major housing-related seminars were conducted in 1995 and five in 1996. Four of the seminars were conducted at churches located in minority neighborhoods; bank records indicate that over 100 individuals attended three of the seminars.

Small Business Expo (November, 1995)- a two day small business exposition was held to inform small businesses throughout the city of the bank's products/services and provide technical assistance for businesses. Representatives from the Small Business Administration (SBA), the bank's commercial lenders and branch managers, SCORE (Service Corps of Retired Executives) and Wayne State University provided information on various topics. Bank records indicated that 167 small business people attended the exposition, which resulted in the identification of over 69 business prospects, commitments from 12 businesses to participate in a future workshop, and origination of a home equity loan.

**Traverse City**

Traverse Area Association of Realtors, Michigan State University Extension HomeBuying Seminar, Affordable Housing Task Force, Traverse Area Association of Realtors, Traverse Home Builders Expo.

**Petoskey-** Small Business Focus Groups- October 1995, a series of three focus groups convened in Petoskey, Boyne City and Harbor Springs. Approximately 40 small business operators participated. The bank presented information regarding its small business term loan, and line of credit.

**Grand Rapids-** The bank promoted its loan programs at the Hispanic Festival in July 1995. NBD held a housing conference (May 1995) - 51 attendees. Five Grand Rapids neighborhood organizations, Garfield Park Neighborhood Association, Neighbors of Belknap Lookout, West Grand Neighborhood Association, Coalition for Community Reinvestment and Minority Realtors Action Council also helped to promote the event which was used to provide homeownership education and highlight the bank's home mortgage and home improvement products and services. One mortgage application resulted from this event.

**Kalamazoo-** Participated in a workshop and The annual Housing Opportunities Made Easy (HOME) home ownership fair attended by 300 people. Participates in monthly Kalamazoo Neighborhood Housing Services homeownership seminars and teaches quarterly home buyer classes. Summary reports for Kalamazoo indicate quarterly seminars on home ownership and rehab loans were conducted at Galilee Baptist Church for congregation members.

**Battle Creek-** The bank made a presentation to Battle Creek Association of Realtors (30 new realtors) covering MSHDA and Fannie Mae products.

**Grand Haven -** Grand Haven Community Education First-time Homebuyer Seminar May, 1996 Cadillac- Paul Bunyun Board of Realtors, Rosco Multi-Listing Service, Northwest Michigan Homebuilders Association, and Tri-Lakes Homebuilders Association.

**Benton Harbor-** H.O.P (Home Ownership Program), The Housing Connection May 1996), CORD (Christian Housing Outreach Rehab & Development), City of Benton Harbor, Hometown Appraisal Company, NISE Informational Forum, Benton Harbor Housing Commission, Open Housing Commission. The bank also operated a booth in the 1995 October Housing fair sponsored by the Housing Connection, the fair provided information, including financing, for prospective homeowners and landlords. Approximately 20 attendees sought pre-qualification for financing.

**Saginaw-** Presentations of mortgage products/process sponsored through Saginaw Coalition presentations were conducted December, 1995 and March, 1996; 42 individuals attended the December presentation, 100 individuals attended the March presentation.

**Lansing-** Lansing Housing Fair, April, 1996; the bank participated in the fair and presented information regarding various mortgage products and the mortgage process.

**Flint**- Homeownership Fair- Mott Community College April, 1995  
Small Business Conference- University of Michigan-Flint May, 1995  
Homeownership Opportunities Workshop- Detroit College of Business-June, 1995  
Homeownership Opportunities Workshop- Calvary Assembly of God-August, 1995  
Homeownership Opportunities Workshop- Bethlehem Temple Church-September, 1995  
Homeownership Opportunities Workshop- King Solomon Baptist-September, 1995  
Homeownership Opportunities Workshop-Baker College of Flint-October 28, 1995  
Homeownership Opportunities Workshop-Vernon Chapel A.M.E. Church-November, 1995

Review of bank documentation indicated that the events were well attended, with 25- 35 attendees for each event.

The bank also advertises its mortgage products on a rate line. Introduced in 1995, **The NBD Mortgage Information Hotline**, provides an interactive, toll-free number that prospective applicants can call to receive information regarding mortgage products and the underwriting process. Through touch-tone phone entries, callers can request specific product and rate information, determine maximum mortgage amounts, and monthly payments based on the maximum mortgage amount for which they qualify; at any point during the phone call, callers may request to be transferred to branch personnel in order to request a application. 1995 Mortgage Company reports indicate that 25,454 inquiries were made in the Southeast Division, with approximately 5,001 (20%) coming from the City of Detroit. Approximately 2,945 callers (59%) used the system to pre-qualify, resulting in 134 pre-qualifications (with branch personnel) and 33 applications directly from the Hotline. In the bank's East and West Divisions combined, 14,980 Hotline inquiries were recorded in 1995. Approximately 8,984 (60%) of the callers used the system to pre-qualify, resulting in 478 pre-qualifications and 376 applications received directly from the Hotline.

### **Direct Mail**

During the Fall 1995, 4,800 renters living in the Detroit Empowerment Zone were sent materials promoting the NBD Mortgage Hotline, and the benefits of homeownership over renting. Recipients were also given a coupon for \$100 toward closing costs. Also, 100 land contract holders were solicited regarding refinancing.

In July, 1995, 4,453 low- to moderate-income individuals in Western Wayne County were targeted in a pre-approved mailing for a \$1,000 personal loan. Maximum income for selected individuals was set at \$25,000. Twenty-seven loans were approved for approximately \$37,700 outstanding.

In 1995, three direct consumer lending mail campaigns were conducted; one promoted home equity lines in the Southeast Division, one solicited line increases for credit line customers and the other offered a \$5,000 unsecured installment loan to noncustomers. Bank records indicated that 667 home equity loans, 2,150 unsecured installment loans for \$10,771,000 and approximately \$3,429,990 in increased credit line outstandings were generated as a result of the mail campaigns.

The bank identified 18 civic/social organizations, 43 businesses, 32 churches and 22 block clubs in Inkster to which it mails information regarding **ACommunity Pride@**home improvement **A97 Plus@**, credit workshops, and investment/deposit products each month.

The bank also markets its products through the NBD **ABank at Work@** program which targets commercial customers and medium-sized businesses. A branch manager, consumer loan representative, mortgage, and/or deposit/investment representative makes on-site presentations to a company's employees regarding the bank's services. **ABank at Work@** offers the company's employees reduced deposit fees, free checking, discounts on certain consumer loan products and employees can meet with lenders at the job site to apply for loans. Review of bank documentation indicates that over 650 **ABank at Work@** presentations were made from July 1994 through 1995.

Two of the bank's CRA coordinators from the East region host a weekly 30-minute, live radio show, airing on WFLT (a minority radio station) in Flint. Individuals from the public and private sector of the community are invited to discuss various local programs. Among the 18 guests who appeared on the program were a local state representative, city officials, and representative from local nonprofit agencies.

Review of 1995 NBD newspaper and radio advertising revealed that the bank uses a variety of media in each delineated community, including minority-owned and/or targeted media.

Approximately 66% of total newspaper and 61% of total radio advertising expenditures were credit-related. Review of advertising in each region indicates that the Lansing and Port Huron regions did not advertise automobile or home improvement loans, and the bulk of Lansing newspaper advertisements were for home equity lines and recreational vehicles. Lansing did not use radio to promote products in 1995, and boat loans and home equity lines were the only products promoted on radio in the Port Huron area.

Review of fourth quarter 1995 information summarizing minority media expenditures, revealed that; 15% of the bank's newspaper and 20% of radio advertising expenditures were to minority media.

### Conclusions

The bank's overall marketing efforts are considered strong, based upon its personal outreach and presentations throughout its delineated communities to promote available products and services. Numerous housing, credit and business presentations were made by bank officers/staff, with strong focus on outreach to low- and moderate-income and minority areas. The media used to market products also demonstrated a strong emphasis upon credit-related advertising, although advertising in the Lansing and Port Huron Regions concentrated on home equity loans. Overall, 64% of the bank's total newspaper and radio advertising was credit-related.

***Assessment Factor (i) - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.***

### Scope and Findings

A review of the bank's March 31, 1996 Consolidated Report of Condition revealed total loans of \$18,805,291,000 and total deposits of \$17,330,846,000; total assets as of the same date were \$27,930,409,000. This resulted in a loan-to-deposit ratio of 108.51% and a loan-to-asset ratio of 67.33%. The distribution by loan type was as follows:

LOAN TYPE	DOLLAR AMOUNT OUTSTANDING (000's)	PERCENT OF TOTAL LOANS
REAL ESTATE		
Construction	\$576,442	3.00
Home Equity (Revolving)	278,814	1.50
Residential (1-4)	2,073,883	11.01
Commercial	1,517,888	8.00
Agricultural	8,131	0.04
Multi-family	0.00	0.00
CONSUMER		
Open-end Credit	0.00	0.00
All Other	2,940,546	15.60
COMMERCIAL AND INDUSTRIAL	8,855,231	47.00
AGRICULTURAL	11,458	0.06
STATE/POLITICAL OBLIGATIONS	13,852	0.07
OTHER	1,472,041	7.81
Loans to U.S. Depository Institutions	113,687	0.60
Loans to Foreign Banks	17,556	0.09
Loans to Foreign Governments	3,421	0.02
Loans for Carrying Securities	225,743	1.20
Lease Financing Receivables	731,796	4.00

Call Report data revealed that commercial and industrial lending comprised 47% of the bank's loan portfolio, followed by real estate (23.55%) and consumer lending (15.6%).

According to the Uniform Bank Performance Report (UBPR), dated March 31, 1996, the bank's performance compared to peer is illustrated in the following chart.

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	2.84	1.89
1 - 4 Family Residential	11.83	21.37
Home Equity	1.40	3.05
Other Real Estate	7.27	10.70
Farmland	0.04	0.07
Multi-family	0.00	0.98
Commercial	7.23	9.25
TOTAL REAL ESTATE LOANS	21.94	36.29
LOANS TO INDIVIDUALS	14.49	14.36
CREDIT CARD LOANS	0.63	2.66
COMMERCIAL & INDUSTRIAL LOANS	43.64	26.16
AGRICULTURAL LOANS	0.06	0.17
MUNICIPAL LOANS	0.06	0.66
OTHER LOANS*	8.65	3.22
FINANCIAL INSTITUTION LOANS	0.90	0.86
FOREIGN OFFICE LOANS AND LEASES	6.87	1.14
LEASE FINANCING RECEIVABLES	3.40	2.35
*Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

BANK NET LOAN/LEASE TO DEPOSIT RATIO	PEER NET LOAN/LEASE TO DEPOSIT RATIO
105.74	92.07



Bank/peer comparison analysis revealed that the bank exceeded peer significantly in commercial and industrial lending with the bank's 43.64% significantly exceeding peer level (26.16%). The bank's percentage of real estate lending (21.94) is also significantly lower than peer (36.29). This was attributed to the fact that the bank refers mortgage applications to NBD Mortgage Corporation.

Review of 1994 and 1995 HMDA information for the bank and mortgage company revealed that the combined entities experienced a slight decrease in total applications received in 1995. Combined, the bank and mortgage company received 42,351 applications in 1994 and 40,506 applications in 1995, a 4.4% decrease. Review of applications received by product type revealed that the largest decrease was in applications for refinancings, the number of applications dropped from 15,506 in 1994 to 11,306 in 1995, a 27.5% decrease. A decrease in refinancing activity was noted as a general trend across the banking industry in response to a higher interest rate environment.

### **Conclusions**

The bank's loan-to-deposit ratio (108.51%) and the distribution of the loan portfolio demonstrate the bank's responsiveness to community credit needs. Peer analysis revealed the bank's strengths relative to commercial lending.

***Assessment Factor (j) - The institution's participation in governmentally insured, guaranteed or subsidized loan programs for housing, small business or small farms.***

### **Scope and Findings**

The bank's loan portfolio, and internal loan reports were reviewed to assess the bank's level of involvement in governmentally-insured and guaranteed loan programs.

The bank participates in federal, state and local insured or guaranteed loan programs. The following chart summarizes the bank's activity in government sponsored loan programs.

PROGRAM	OUTSTANDING		SINCE PREVIOUS EXAMINATION	
	NUMBER	DOLLAR AMOUNT	NUMBER	AMOUNT
Federal Housing Administration (FHA)- Direct	456	3,933,000	Not Available	N/A
FHA-Indirect	394	1,508,000	Not Available	N/A
Small Business Administration (SBA)- 7A Low Doc®	149	41,293,833	55	11,736,551
SBA-504	62	23,551,003	30	24,430,000
Michigan Department of Commerce (CAP)	1,255	75,412,506	510	31,475,982
Student	36,414	170,584,000	Not Available	N/A
Urban Loan Fund (Wayne County)	3	246,460	1	85,960
Business Consortium Fund (Wayne County)	5	34,746	1	6,149

In the Flint area, the bank participated in the Genesee County First-Time Homebuyers Program, originated 17 loans for \$733,250 since the programs inception in 1995. Additionally, the bank works with Metropolitan Housing Partnership in a program for first-time home buyers in the City of Flint. As of May 31, 1996, the bank has made 10 mortgages for \$246,050 under the program.

Community representatives contacted during the examination expressed general satisfaction with the variety of government-insured, guaranteed loan programs available from the bank.

### Conclusions

The level of government-insured lending; the types of products offered, and the comments of community representatives indicate that the bank's participation in government-insured loan programs is consistent with community credit needs.

## III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

### Regulatory Expectation

#### Reasonableness of Community Delineation

The regulation requires state member banks to prepare, and at least annually review, a delineation of the local community or communities that comprise its entire community, without excluding low- and moderate-income neighborhoods. Maps are required to be used to portray community delineations. The regulation requires Federal Reserve System examiners to review the reasonableness of the delineations.

The regulation states that a local community shall consist of the contiguous areas surrounding each office or groups of offices, including any low- and moderate-income neighborhoods in those areas. In preparing its delineation, a bank may use any one of the three methods, as stipulated in the regulation: (1) existing boundaries, such as those of a Metropolitan Statistical Area or counties in which the bank's office or offices are located; (2) the bank's effective lending territory, which is defined as that local area or areas where it makes a substantial portion of its loans and all other areas equidistant from its offices; or (3) any other reasonably delineated local area that meets the purposes of CRA and does not exclude low- and moderate-income areas.

### **Scope and Findings**

The bank's delineated communities were reviewed to determine their reasonableness. The bank has defined 14 different communities; they are the Southeast Michigan, Flint, Alpena, Lansing, Port Huron, Saginaw, Sandusky, Grand Rapids, Benton Harbor, Cadillac, Lakeshore, Kalamazoo, Petoskey, and Traverse City Regions. Several of the communities are located in MSAs, and include areas with large low- and moderate and minority populations. Please refer to the community profile for details about each community. The delineated communities include whole census tracts or BNAs, which is consistent with method number one described previously.

### **Conclusions**

The delineated communities are reasonable; they do not exclude any areas, including low- and moderate-income and minority census tracts, that the bank could be reasonably expected to serve. Reviews of the sample of loans selected during this examination and the bank's internal geographic distribution analysis support the reasonableness of the delineated communities.

***Assessment Factor (e) - The geographic distribution of the institution's credit extensions, credit applications and credit denials.***

### **Regulatory Expectation**

The Policy Statement states that the services that the bank chooses to offer should be distributed within the bank's community in a fair and nondiscriminatory manner, in keeping with the bank's general approach to its business.

### **Scope and Findings**

The following chart depicts the geographic distribution of the examination sample of approved and denied credits in the bank's Southeast, East, and West Divisions:

SOUTHEAST REGION

LOAN TYPE	TOTAL SAMPLED	IN DELIN-EATION	% OF TOTAL	TOTAL IN LOW-MOD INCOME TRACTS	% IN LOW-MOD INCOME TRACTS	TOTAL IN MINORITY TRACTS	% IN MINORITY TRACTS
CONSUMER INSTALLMENT							
APPROVED	102	98	96	15	15	6	6
DENIED	189	181	96	35	19	55	30
CONSUMER OPEN-END OVERDRAFT							
APPROVED	67	64	96	9	14	8	13
DENIED	92	90	98	40	44	45	50
CONSUMER OPEN-END HOME EQUITY							
APPROVED	18	18	100	0	0	0	0
DENIED	15	14	93	1	7	5	36
CONSUMER OPEN-END OTHER (PERS. LINE OF CRED.							
APPROVED	21	21	100	5	24	8	38
DENIED	0	0	0	0	0	0	0
CONSUMER REAL ESTATE							
APPROVED	56	47	84	7	15	3	6
DENIED	60	34	57	5	15	6	18
COMMERCIAL							
APPROVED	37	36	97	3	8	3	8
DENIED	14	13	93	0	0	4	31
TOTAL							
APPROVED	301	284	94	39	14	28	10
DENIED	370	332	90	81	24	115	35
COMBINED	671	616	92	120	19	143	23

EAST REGION

LOAN TYPE	TOTAL SAMPLED	IN DELIN-EATION	% OF TOTAL	TOTAL IN LOW-MOD INCOME TRACTS	% IN LOW-MOD INCOME TRACTS	TOTAL IN MINORITY TRACTS	% IN MINORITY TRACTS
CONSUMER INSTALLMENT							
APPROVED	85	77	91	9	12	1	1
DENIED	89	79	89	30	38	6	8
CONSUMER OPEN-END OVERDRAFT							
APPROVED	17	16	94	2	13	0	0
DENIED	11	11	100	2	18	1	9
CONSUMER OPEN-END HOME EQUITY							
APPROVED	12	12	100	2	17	0	0
DENIED	3	2	67	0	0	0	0
CONSUMER OPEN-END OTHER (PERS. LINE OF CRED.							
APPROVED	1	1	100	0	0	0	0
DENIED	0	0	0	0	0	0	0
CONSUMER REAL ESTATE							
APPROVED	26	23	88	1	4	0	0
DENIED	22	22	100	7	32	3	14
COMMERCIAL							
APPROVED	8	6	75	0	0	0	0
DENIED	1	1	100	0	0	0	0
TOTAL							
APPROVED	149	135	91	14	10	1	1
DENIED	126	115	92	39	34	10	9
COMBINED	275	250	91	53	21	11	4

WEST REGION

LOAN TYPE	TOTAL SAMPLED	IN DELIN-EATION	% OF TOTAL	TOTAL IN LOW-MOD INCOME TRACTS	% IN LOW-MOD INCOME TRACTS	TOTAL IN MINORITY TRACTS	% IN MINORITY TRACTS
CONSUMER INSTALLMENT APPROVED DENIED	125 42	96 37	77 88	11 6	11 16	1 0	1 0
CONSUMER OPEN-END OVERDRAFT APPROVED DENIED	16 8	16 8	100 100	3 0	19 0	2 1	13 13
CONSUMER OPEN-END HOME EQUITY APPROVED DENIED	12 4	9 4	75 100	0 0	0 0	0 0	0 0
CONSUMER OPEN-END OTHER (PERS. LINE OF CRED.) APPROVED DENIED	13 7	11 7	85 100	1 1	9 14	1 0	9 0
CONSUMER REAL ESTATE APPROVED DENIED	63 28	49 24	78 86	6 2	12 8	3 0	6 0
COMMERCIAL APPROVED DENIED	14 5	14 5	100 100	2 0	14 0	0 0	0 0
TOTAL APPROVED DENIED COMBINED	243 94 337	192 82 274	79 87 81	23 9 32	12 11 11	7 1 8	4 1 3

The charts indicate that 88.5% of the examination loan sample (1,140 of 1,287 approved and denied applications) were within the bank's delineated communities. Overall, 12% of approved loans (76 of 614 loans) and 24% of denied applications (129 of 532 applications) were made in or received from low- and moderate-income census tracts in the communities. Overall, 6% of approved applications and 24% of denied applications were within minority census tracts.

The bank and mortgage company's 1994 and 1995 HMDA data was reviewed to assess lending activity in low- and moderate-income, and minority census tracts. For the purposes of this report of examination; NBD references the bank and mortgage company combined. The mortgage company data is included because the bank refers applications to the mortgage company which makes a significant percentage of its loans in the bank's delineated community.

#### HMDA Combined Analysis - All Regions

Review of 1994 aggregate, and 1995 reporters for the Detroit MSA, revealed that the bank and mortgage company combined ranked sixth in the number of originations among all MSA reporters within the delineated communities. The bank's delineations include 1,770 census tracts in the Detroit, Ann Arbor, Port Huron, Kalamazoo, Benton Harbor, Grand Rapids, and Lakeshore regions. The bank's overall market coverage improved from 1994 to 1995. In 1994 the bank had 512 census tracts with two or fewer applications. In 1995 the number of census tracts with two or fewer applications tracts decreased by 11.91% to 451. In 1994 there were 512 census tracts with limited activity, 275 (53.71%) of which were low- and moderate-income census tracts. In 1995, low- and moderate-income census tracts with limited activity numbered (45.90%) 207 of 451. The number of minority tracts with limited activity decreased from 182 in 1994 to 111 in 1995.

In 1994, NBD originated 12,469 of the 19,070 applications it received from the MSA portions of its delineated communities, resulting in a 65.39% origination rate. In 1995, NBD originated 12,234 (67.56%) of the 18,108 applications received. Total applications decreased by approximately 5% from 19,070 received in 1994, to 18,108 in 1995. NBD experienced the greatest decrease in refinancing activity, which decreased by 32% from 1994 to 1995. Home improvement applications increased by approximately 24% and multi-family applications increased from four in 1994 to 23 in 1995.

#### Low- and Moderate-Income Census Tracts

NBD's combined regions include 578 (32.66% of total tracts) census tracts with income levels classified as low- or moderate-income. In 1994 the bank generated applications in 458 (79.24%) of the low- and moderate-income census tracts. In 1995, the number of low- to moderate- income census tracts in which activity was generated increased to 505 (87.37%). The bank's total originations in low- and moderate-income census tracts improved 22 % from 1,038 in 1994 to 1,327 in 1995.

In 1994 the bank approved 1,959 of 3,407 applications received from low- and moderate-income census tracts, resulting in a 57.50% origination rate. Applications and originations increased in 1995, as the bank approved 2,275 of 4,054 applications received from low- and moderate- income census tracts, resulting in a 56.12% origination rate.

Review of aggregate MSA data for 1994 and 1995 revealed that the bank generated applications at a slightly higher rate than the aggregate for both years. The 1994 aggregate attracted applications from low- and moderate-income census tracts at a 15.84% rate in 1994 and 18.29% in 1995. NBD originated applications from low- and moderate-income census tracts at a 17.87% rate in 1994, improving to 22.39% in 1995.

The delineation aggregate origination rates in low- and moderate-income census tracts for 1994 (59.78%) and 1995 (55.40%) were comparable to NBD origination rates in 1994 (57.50%) and in 1995 (56.12%). NBD's percentage of originations from low- and moderate-income tracts in 1994 (15.71%), remained above aggregate level (12.97%) and in 1995, (18.60%) for NBD versus 14.41% for the aggregate.

Review of originations in low- and moderate-income census tracts across product lines, revealed the following:

PRODUCT	1994		1995	
	# APPS.	# ORIGS.	# APPS.	# ORIGS.
FHA/VA	171	115 (67.2%)	120	85 (70.8%)
CONVENTIONAL	1,233	688 (55.8%)	1,330	825 (62.0%)
REFINANCINGS	639	465 (72.8%)	422	322 (76.3%)
HOME IMPROV.	1,360	691 (50.8%)	2,168	1,033 (47.7%)
MULTI-FAMILY	4	0	14	10 (71.4%)

Although the overall number of originations in low- to moderate- income census tracts increased in 1995, NBD's overall origination rate in low- and moderate-income census tracts (57.5%) is below its overall origination rates in 1994 (65.39%) and 1995 (67.56%).

Minority Census Tracts

NBD's combined regions contain 384 minority census tracts, comprising 21.69% of total census tracts. In 1995 NBD generated applications in 343 of the minority census tracts in the region (89.32%); this was an improvement over 1994 performance, when the bank generated applications in 309 (80.47%) of the minority census tracts in its delineation. In 1994, NBD approved 968 of 1,700 (56.94%) applications received from minority census tracts. In 1995, total applications received from minority tracts increased to 2,597 and resulted in 1,349 originations (51.94%). By comparison, the 1994 and 1995 aggregate origination rates, 53.14% and 50.16%, respectively were slightly below NBD's origination rate. The bank's origination rates in minority census tracts improved significantly (40%) from 535 in 1994 to 897 in 1995, while the mortgage company increased by 4%, from 433 in 1994, to 452 in 1995.



Review of originations in minority tracts across product lines revealed the following activity for NBD:

PRODUCT	1994		1995	
	# APPS.	# ORIGS.	# APPS.	# ORIGS.
FHA/VA	116	80 (68.8%)	62	41 (66.1%)
CONVENTIONAL	290	208 (71.7%)	414	316 (76.3%)
HOME IMPROV.	1,081	514 (47.6%)	1,958	870 (44.4%)
MULTI-FAMILY	0	0	11	7 (63.6%)

Home improvement was the most requested product in minority census tracts in 1994 and 1995. Although the number of applications increased by 44.8% from 1,081 in 1994 to 1,958 in 1995, the origination rate decreased slightly from 47.6% in 1994 to 44.4% in 1995. The 1994 and 1995 home improvement origination rates for NBD were above aggregate; 47.6% for NBD versus 43.8% for the aggregate in 1994 and 44.4% for NBD versus 41.0% for the aggregate in 1995. Conventional and refinancing origination rates for NBD were also above aggregate level in 1995. NBD's 1995 conventional and refinancing origination rates were 75.0% and 75.7%, respectively, while the aggregate rates for conventional and refinancings were 63.4% and 51.7%, respectively.

Examination findings revealed low activity in low- and moderate-income and/or minority census tracts in the Lansing, Kalamazoo, and Lakeshore regions; however, it is also noted that the bank has limited physical presence in these areas. The bank is aware of the situation and is considering ways of addressing the matter. In an attempt to improve loan penetration in the Lakeshore Region, in May 1996, the bank opened a Loan Production Office in Muskegon.

The bank has implemented procedures which enable it to monitor the geographic distribution of new loan and deposit activity and outstanding loans on a quarterly basis. The minutes of the March 20, 1995 and March 18, 1996 board of directors meetings, reflect review of the bank's geographic distribution of credit in the delineated communities. Review of 1995 direct consumer loans revealed that 25% of the bank's new direct loans were within low- to moderate- income census tracts in the Southeast Region (4,059 of 16,226 new loans); 30% in the East Region (686 of 2,317 new loans); and 43% in the West Region (5,710 of 13,150 loans).

Quarterly reports and HMDA data suggest reasonable penetration in low- and moderate-income and minority census tracts in Detroit, Flint and Grand Rapids MSAs. Within the City of Detroit, 71% of outstanding direct loans (4,598 of 6,472 loans), and 84% of business loans (622 of 742) were within low- and moderate-income census tracts. In the Flint area, 20% of outstanding direct loans (2,335 of 11,552) and 26% of outstanding business loans (226 of 855) were within low- and moderate-income areas. In the Grand

Rapids area, 16% of outstanding direct consumer loans, (1,255 of 7,799 loans) and 27% of business loans (674 of 2,492 loans) were within low- and moderate-income areas.

**Conclusions**

The overall geographic distribution of the bank's credit applications and originations and the geographic distribution of the examination loan sample supports the reasonableness of the bank's delineated communities. General trends noted in review of the bank and mortgage company 1994 and 1995 HMDA reports suggest improved bank penetration in minority and low- and moderate-income census tracts, although room for improvement in low- and moderate-income and minority census tracts still exists. General HMDA trends from 1994 to 1995 are considered positive.

*Assessment Factor (g) - The institution's record of opening and closing offices and providing services at offices.*

**Scope and Findings**

The scope of the examination included a review of the numbers and locations of bank branch offices throughout the delineated communities, offices opened or closed since the previous examination, the availability of banking services, any alternative methods for providing banking services and the accessibility of banking locations. Management and community representatives were interviewed in an effort to determine the availability and accessibility of bank services. General policies and procedures for opening and closing branch offices were also reviewed with management, together with a sample of specific analyses of branch locations slated for closing.

A summary of NBD Bank branch office locations as of March 31, 1996 follows:

<b>NBD Bank Branch Office Locations by Type</b>					
Number of Branch Offices by Region	Number of ATMs	Number of branches in L/M Tracts	Number of Branches in Minority Tracts	Number of Branches in Detroit	Number of Specialized Branch Offices
Southeast 178	404	66	40	36	26
East 73					
West 80					

Specialized facilities include loan production offices located in Mt. Clemens, Royal Oak, Novi, and Marine City; one is located in a moderate-income, one in a middle-income and two in upper-income tracts. None of the specialized facilities are located in minority census tracts. Leasing offices are located in Novi and Cascade Township, which are both high-income, nonminority census tracts. Mortgage offices are located in Saginaw Township, Grand Blanc, Bay City, Kalamazoo County, and Delta Township; one is located in an integrated tract, two are located in middle-income, and two in upper-income census tracts.

Grocery store facilities are located in Port Huron, Westland, Sterling Heights, Livonia, Roseville, Bloomfield Township, Detroit, Royal Oak, Port Huron, Dearborn Heights, Southfield, Warren, Cedar Springs and Southgate; eight are located in middle-income tracts, one is in a moderate-income tract, and two are located in high-minority census tracts. All other locations are in high-income, low minority tracts.

Branch office sales, closings, openings and improvements, during the scope of this examination are detailed in the following charts:

1995 AND FIRST QUARTER 1996, BRANCH CLOSINGS/CONSOLIDATIONS/OPENINGS - SOUTHEAST REGION						
Branch Name	Type	Branch #	County	CT Income	CT Race*	Action Taken/Comments
Bloomfield Township	Full-service	57	Oakland	UPPER	NM	Closed
Trenton	Full-service	135	Wayne	UPPER	NM	Closed
West Maple-Telegraph	Full-service Special purpose	115	Oakland	UPPER	NM	Closed
Gibraltar-Fort	Full-service	491	Wayne	UPPER	NM	Closed
Jefferson	Limited service	5	Wayne	L/M	MIN	Closed
Wayne Road-Palmer	Drive-up	79	Wayne	MID	NM	Closed
Merriman-West Warren	Drive-up	97	Wayne	MID	NM	Closed
Eastlake	Grocery	4	Macomb	MID	NM	Opened
Roseville Town Center	Grocery	19	Macomb	MID	NM	Opened
College Park Commons Detroit	Grocery	67	Wayne	MID	MIN	Opened
Garrison Place Dearborn	Grocery	1,123	Wayne	MID	NM	Opened
Main Street Royal Oak	Electronic	1,124	Oakland	MID	NM	Opened
Warren Supermarket	Grocery	1,126	Macomb	L/M	NM	Opened
*NM indicates nonminority tract INT indicates minority population from 20 to 50% MIN indicates minority population of over 50%						

The Southeast Michigan Region had a total of 178 branch locations as of March 31, 1996, with 34 of the branches located in low- and moderate-income areas. Branch office hours

vary, although they are typically 9:30 am to 4:00 pm weekdays, and 9:30 to 6:00 pm on Fridays. Saturday hours are generally from 9:00 am to 2:00 pm.

Drive-up hours generally run concurrent with branch hours. Supermarket hours are generally weekdays from 10:00 am to 8:00 pm, Saturdays from 10:00 am to 4:00 pm and Sundays from 10:00 am to 2:00 pm. Bank staff is also available by appointment at times other than normal hours, including weekend and evening appointments by mortgage loan representatives.

1995 AND FIRST QUARTER, 1996 BRANCH CLOSINGS/CONSOLIDATIONS/OPENINGS - EAST REGION						
Branch Name/ Location	Type	Branch Number	County	CT Income	CT Race*	Action Taken/Comments
Alpena M-32 and Bagley	Full-service	402	Alpena	MID	NM	Added drive-up ATM
Flint Beecher Heights	Full-service	562	Genesee	L/M	MIN	Added drive-up ATM
Dye-Corunna	Full-service	574	Genesee	UPPER	NM	Added drive-up ATM
Davison	Full-service	575	Genesee	MID	NM	Renovated drive-up and added a drive-up ATM
South Flint Plaza	Full-service	564	Genesee	MID	NM	Relocated to new facility
Clio-Pierson	Full-service	567	Genesee	L/M	INT	Drive-up replacement
Flushing Point	Full-service	580	Genesee	UPPER	NM	Relocation/expansion
Fenton	Full-service	586	Genesee	UPPER	NM	Walk-up ATM changed to a drive-up ATM
Burton Heights	Drive-up	563	Genesee	L/M	NM	Main branch closed - drive-up facility remains open
Lansing	Mortgage	None	Eaton	MID	INT	Mortgage office relocated
Port Huron 24th Street	Full-service	151	St. Clair	L/M	NM	Added drive-up ATM
Fort Gratiot	Full-service	152	St. Clair	MID	NM	Added drive-up ATM
Sandusky - Peck	Full-service	462	Sanilac	MID	NM	Sold to Tri City Bank
Yale	Full-service	463	St. Clair	MID	NM	Sold to Tri City Bank
*NM indicates nonminority tract INT indicates minority population from 20 to 50% MIN indicates minority population of over 50%						

The East Region has 62 full-service offices, three drive-up facilities, one loan production office, seven stand alone ATM's, one supermarket branch, and two trust/investment branches. No branch offices were closed or opened during the first quarter of 1996.

East Region offices offer no-fee check cashing services to social security and public assistance recipients. Hours of operation are consistent with the other two regions.

1995 AND FIRST QUARTER, 1996 BRANCH CLOSINGS/CONSOLIDATIONS/OPENINGS - WEST REGION						
Branch Name	Type	Branch Number	County	CT Income	CT Race*	Action Taken/Comments
Grand Rapids 20 Hall Street SE	Full-service	751	Kent	L/M	MIN	Office management combined with 1048 Chicago
Grand Rapids 1048 Chicago SW	Full-service	762	Kent	MID	NM	Office management combined with 20 Hall Street
Eastown	Full-service	754	Kent	MID	NM	Office management combined with Michigan-Fuller
Michigan-Fuller	Full-service	760	Kent	L/M	NM	Office management combined with Eastown
Greilickville	Full-service	289	Leelanau	MID	NM	Closed
State Street	Drive-up	--	Grand Traverse	MID	NM	Old facility raised, replaced with new facility
Chums Corner	Full-service	288	Grand Traverse	MID	NM	Expanded drive-up by two lanes
Great Day Cedar Springs	Grocery	1,125	Kent	L/M	NM	Opened
Romence	Full-service	240	Kalamazoo	UPPER	NM	Closed - mortgage company now utilizes the space
*NM indicates a nonminority tract INT indicates a minority population from 20 to 50% MIN indicates a minority population of over 50%						

The West Michigan region had a total of 80 branches, 64 on-site ATM's, and six off-premise ATM's, as of March 31, 1996. The bank's 1995 West Region self-assessment indicates that 32 of the branches are located in, or provide service to low- and moderate-income areas. Branch office hours vary, although they are typically from 9:30 am to 5:00 pm weekdays, and 9:30 am to 5:30 pm on Fridays. Saturday hours are 9:30 am to 1:00 pm. Drive-up hours generally run concurrent with branch office hours.

The bank has a branch opening and closing policy, which sets forth the steps which must

be followed whenever a branch or off-site ATM is closed. Prior to closing an office, the bank analyzes neighborhood needs, branch profitability and alternative services sites. A specific review was made of a sample of reviews made prior to closing specific branch locations, and the analyses were consistent with the policy.

The bank also has alternative types of services:

#### Telephone Banking Center (TBC)

The bank has two convenient telephone banking services: TBC for personal customer service, seven days a week; and TBC Plus, for automated service, 24 hours a day. Callers from outside the Detroit metropolitan area can access these services using a toll-free telephone number. TBC allows customers to open accounts, apply for loans, transfer funds, make loan payments, reorder checks, place stop payments, and determine rates. TBC Plus allows the user to check balances, make payments on loans or lines of credit, review deposit information, get cash advances from lines of credit and get current loan and deposit rates.

#### Personal Computer Banking

The bank also offers a personal computer banking service called NBD Express. This system allows the user to pay bills automatically, review statements and account balances, open new accounts, and transfer funds between accounts. NBD Express is a part of the PRODIGY services, utilizing either IBM-compatible or Macintosh computers. System users require PRODIGY software and computer hardware with certain minimum requirements. The service is free from bank charges for the first 60 days, with no hourly or transaction charges.

#### NBD Passport

The NBD Passport card is a debit card which can be used in combination with the other services such as the Telephone Banking Center, TBC Plus and NBD Express. The card looks like a credit card but can be used like a check.

#### NBD Mortgage Information Hotline

The hotline is a completely automated, interactive, 24-hour service which provides guidance to potential mortgage loan applicants. The service provides information about available mortgage loans, home purchase amounts, the mortgage process, and current mortgage interest rates.

#### **Conclusions**

Bank facilities provide an adequate level of service to the bank's entire delineated community. Banking hours and types of services offered are adequate. The bank strives

to lessen the disruptions of service, when branch office locations are sold, closed or combined with other branch locations. The bank provides several banking alternatives to members of its community which supplement its traditional branch network. Making banking services available via telephone and computer indicate the bank's commitment to providing services to its entire community, including areas where access to offices is limited. Specialized facilities and the availability of lending personnel after traditional banking hours, also evidence the bank's commitment to providing financial services throughout its community.

#### IV. **DISCRIMINATION OR OTHER ILLEGAL CREDIT PRACTICES**

*Assessment Factor (d) - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).*

##### **Scope and Findings**

The bank's CRA statement was reviewed, and the listed products were compared to the loan portfolio to assess the availability of products listed as available on the bank's CRA statement. Community representatives were interviewed to assess the bank's credit practices. The CRA statement indicates that the following types of credit are available to members of the delineated communities:

##### **Products for Individuals**

Residential Loans for 1-4 dwelling units\*

Condominium

Nonowner occupied

Cooperative units

Mortgages

-Conventional

-FHA Insured

-VA Guaranteed

-State Housing Development

-Real Estate Construction

Boat Loans

Credit cards

Home equity loans

Home improvement loans

Manufactured housing loans

Motor vehicle loans

Recreational vehicle loans

Personal lines of credit

Student loans

**Products for Business**

Commercial loans  
Commercial letters of credit  
Equipment leasing  
Foreign exchange transactions  
Industrial Revenue bonds  
Real estate constructions loans  
Standby letters of credit  
Interest rate protection products

**Products for the Public Sector**

Economic development bonds  
Equipment financing  
Tax anticipation notes

**Federal/State Funding Programs**

Small Business Administration (SBA)  
Approved as Certified Lender  
504 Certified Development Company Program  
7A Loan Guaranty Program  
Low Documentation Program (LowDoc)  
Seasonal Line of Credit  
Contract Loan Programs  
8A Minority Small Business Contract Set-Aside Program  
Michigan Strategic Fund Programs  
Small Business Innovation Research Grants  
Michigan Venture Capital Funds  
Michigan Capital Access Program  
MSF Business and Industrial Development Corporation (BIDCO)  
Certified Development Business Groups (CDBG)  
State of Michigan Tax Exempt Bonds  
State of Michigan Taxable Bonds  
Minority Venture Capital Tax Credit  
Minority Enterprise Small Business Investment Companies

**Other Programs**

Detroit Economic Growth Corporation Programs  
Industrial Revenue Bonds  
Commercial Revolving Loan Fund (CRLF)  
Commercial Area Stabilization Program (CAS)  
Economic Development Corporation of Detroit Programs  
Michigan Emergency Cash Flow Loan Fund  
Michigan Training Incentive Fund  
The Business Consortium Fund  
Wayne County Urban Loan Fund



### **Conclusions**

Review of the examination loan sample and loans originated since the previous examination, indicated that the bank originated loans in accordance with its stated policy. Products listed on the CRA statement are generally available from the bank or the mortgage company. Examination findings and community representatives revealed no practices intended to discourage applications for the credit products listed in the bank's CRA statement.

### ***Assessment Factor (f) - Evidence of prohibited discriminatory or other illegal credit practices.***

### **Scope and Findings**

Recently approved, consumer, real estate, and commercial loans, as well as rejected credit applications were reviewed for compliance with the applicable fair housing and fair lending laws and regulations. The bank's loan forms, policy and procedures were reviewed, and loan officers were interviewed.

The bank has a comprehensive fair lending training program that includes a 35-minute videotape, *Fair Lending: Responses to Diversity*, portions of modules of the widely-used OMEGA training system, dealing with Consumer Lending (Module 2) and Consumer Protection Regulations and the Small-Business Market (Module 4), and seminars/presentations. Training topics and handout materials include the following:

- \$ Types of Discrimination;
- \$ Laws and regulations affecting fair lending;
- \$ Interagency Task Force on Fair Lending;
- \$ NBD Consumer Lending Credit Underwriting Policy and Procedure Manual;
- \$ NBD Consumer Lending Services Division Direct consumer Loans;
  - " Credit Exception Decisions;
  - " Denial Exception to Credit Scoring;
  - " Approval Exception to Credit Scoring;
  - " Denying the Loan Request;
  - " Explaining the Credit Denial to the consumer, grouped into eight areas of similarity for explanation purposes; and
  - " Direct Consumer Loan Credit Scoring System, grouped into ten areas reviewed in the credit scoring.

Management indicated that the fair lending program is subject to a review every two years. The scope of fair lending training is adequate, based upon a review of materials, written comments and discussion with bank staff.

The bank has a second review process in which certain applications are reviewed by a second lender with loan authority equal to or higher than the original lender. Products subject to the second review involve requests for home improvement and purchase-money loans on 1-4 family residential real estate, and loan requests where the applicant meets credit score and debt ratio requirements, yet is denied. No documentation was available

during the examination to review the effectiveness of the second review process.

HMDA data for the bank and mortgage company were also reviewed to determine whether there were any patterns of discriminatory credit practices.

Based upon 1990 census information 6,700,490 individuals reside in the delineated community, with the following racial/ethnic composition: 5,195,487 White (77.5%), 1,231,506 Black (18.4%), 147,990 Hispanic (2.2%), 91,320 Asian (1.4%), 29,408 Native American (0.4%). Review of HMDA data revealed that total applications and originations decreased by approximately 7% from 10,404 in 1994 to 9,625 in 1995. Applications from Whites, Hispanics and Native Americans decreased 23.5%, 5.4% and 5.2%, respectively, while applications from Blacks and Asians increased 72.6% and 33.3%, respectively. By comparison, the bank originated 3,804 of 8,518 applications from Whites (44.7%) in 1994 and 3,206 of 6,520 (49.2%) in 1995. The approval rate for Black applicants was 47.4% (539 of 1,137) in 1994 and 46.9% (920 of 1,963) in 1995; 43.9% (65 of 148) for Hispanics in 1994 and 51.4% (72 of 140) applicants in 1995; 48.5% (16 of 33) for Asians in 1994 and 45.5% (20 of 44) in 1995; 53.1% (51 of 96) for Native Americans in 1994 and 37.4% (34 of 91) in 1995. The bank's origination rates across race/ethnic categories are well below 1995 aggregate levels. The bank's origination rate for White (49.2%) and Black (46.9%) were well below the 1995 aggregate origination rates for Whites (75.89%) and Blacks (58.94%).

Review of applicant income information provides some explanation for the bank's low origination rates. In 1994, the bank generated 61.3% of its applications and 55.43% of its originations from low- and moderate-income applicants; in 1995 the bank generated 61.35% of applications and 56.03% of its originations from low- and moderate-income applicants. Low- and moderate-income applicants comprise approximately 28.2% of the population within the bank's combined MSA regions. The bank's strong performance relative to attracting low- and moderate-income applicants is due to its involvement in the direct and indirect manufactured housing market. As previously stated, the bank refers most of its 1-4 family housing activity to NBDMC.

Conventional purchase-money was the bank's dominant product across income categories in 1994, comprising 49% of the applications received and 42.5% of the total number of applications received in 1995. Conventional purchase-money loans were originated at a 35.0% rate to low- and moderate-income applicants in 1994 and 33.9% in 1995; by comparison, high income applicants were originated at a 49.8% rate in 1994 and 51.5% in 1995. Home improvement was the most requested product among low- to moderate-income applicants in 1995, comprising 36% of total applications. Home improvement loans were originated to low- and moderate-income applicants at a 51.0% rate in 1995, while the overall home improvement origination rate was 55.2%.

Home improvement was the most sought-after product for minority applicants in 1994 and

1995; it was requested by 82.8% of minority applicants (1,171 of 1,414 applicants) in 1994 and increased by approximately 41.8% to 89.9% (2,012 of 2,238) of minority applicants in 1995. Minority home improvement applicants were approved at a 50.3% rate in 1994 and a 48.4% rate in 1995. Overall the bank originated 47.5% of total minority applications (671 of 1,414) in 1994 and 46.7% of minority applications (1,046 of 2,238) in 1995.

Review of 1994 and 1995 denial activity revealed that the bank denied White applicants at a 30.2% rate in 1994 and 31.9% rate in 1995. Black applicants were denied at a 39% rate in 1994 and a 41.5% rate in 1995. By comparison, the aggregate denied White applicants at a 10.6% rate in 1994 and 12.9% in 1995. Black applicants were denied by the aggregate at a 24.0% rate in 1994 and 25.1% in 1995.

The bank denied Hispanic applicants at a 31.8% rate in 1994 and 34.3% in 1995. Asian applicants were denied at a 27.3% rate in 1994 and 34.1% rate in 1995, Native American applicants were denied at a 31.3% in 1994 and 42.9% in 1995. The delineation aggregate: denied Hispanic applicants at a 21.6% rate in 1994 and 22.9% rate in 1995; Asians were denied at a 9.7% rate in 1994 and 10.1% in 1995; Native American applicants were denied at a 23.0% rate in 1994 and 21.8% in 1995.

Review of reasons for denial revealed that debt-to-income and credit history were the most frequently-listed reasons for denial across various income and racial/ethnic categories. Combined, debt-to-income and credit history comprised 90.2% of the denials (2,806 of 3,111 denials) in 1994, with employment history accounting for 7.8% of the remaining denials. In 1995, the reasons for denial were similar, credit history and debt-to-income again comprised 92.3% of denials with employment history accounting for 6.2% of the remaining denied applications.

Review of the mortgage company's (NBDMC) data revealed that the total number of applications and originations decreased by approximately 2% from 8,666 in 1994 to 8,483 in 1995. Applications from Whites and Asians decreased 2.6% and 18.4%, respectively; while applications from Blacks, Hispanics and Native Americans increased 5.6%, 2.6% and 128.6% (7 in 1994 to 16 in 1995), respectively. By comparison, NBDMC originated 6,853 of 7,422 applications from Whites (92.3%) in 1994 and 6,625 of 7,222 (91.73%) in 1995; 576 of 772 applications from Blacks (74.6%) in 1994 and 660 of 815 (81.0%) in 1995; 95 of 113 applications from Hispanics (84.1%) in 1994 and 101 of 116 (87.1%) in 1995; 124 of 136 (91.2%); applications from Asians in 1994 and 106 of 111 (95.5%) in 1995; 6 of 7 applications from Native Americans (85.7%) in 1994 and 14 of 16 Native American applicants in 1995. NBDMC's origination rates across race/ethnic categories are significantly above 1995 aggregate levels. NBDMC's origination rate for Whites (91.7%) and Black (81.0%) exceed the 1995 aggregate origination rates for Whites (74.6%) and Blacks (57.8%).

In 1994 NBDMC generated 28.5% of its applications and 27.4% of its originations from low- and moderate-income applicants; in 1995 it generated 26.51% of applications and 25.59% of its originations from low- and moderate-income applicants. Low- and moderate-income applicants comprise approximately 28.21% of the population within the combined MSA regions.

Conventional mortgages were NBDMC's dominant product across income categories in 1994, comprising 47.8% of the applications received and 57.9% of the applications received in 1995. Conventional loans were originated at a 88.4% rate to low- and moderate-income applicants in 1994 and 89.5% in 1995; by comparison, loans to high-income applicants were originated at a 92.0% rate in 1994 and 92.5% rate in 1995. FHA/VA loans were requested by 58.8% of low- and moderate-income applicants in 1994 (307 of 522), and 53.2% of total applicants in 1995 (208 of 391). Refinancings were originated among low- and moderate-income applicants at a 89.8% rate in 1994 and 87.0% rate in 1995, while the refinancing rates in both years were 91.8% and 90.2%, respectively.

Conventional loans was the most sought-after product for minority applicants in 1994 and 1995; it was requested by 51.4% of minority applicants (528 of 1,028) in 1994 and increased to approximately 68.0% (719 of 1,058) in 1995. Minority applications were originated at a 80.1% rate in 1994 and a 85.7% rate in 1995. Overall NBDMC originated 77.9% of total minority applications (801 of 1,028) in 1994 and 83.3% of minority applications (881 of 1,058) received in 1995. FHA/VA loans were requested by 19.2% of minority applicants in 1994 and 10.3% in 1995. Approximately 66.5% of 1994 FHA/VA applications (131 of 197) and 71.6% of 1995 applications (78 of 109) were originated. The decrease in FHA/VA demand was attributed to the bank and NBDMC's development of additional low-down payment loan programs such as 97 Plus and Community Pride.

Review of 1994 and 1995 denial activity revealed that NBDMC denial rates were significantly below peer levels in 1994 and 1995. NBDMC denied White applicants at a 2.4% rate in 1994 and 2.3% rate in 1995. Black applicants were denied at a 14.0% rate in 1994 and a 11.2% rate in 1995. By comparison, the delineation aggregate denied White applicants at a 11.6% rate in 1994 and 13.8% in 1995. Black applicants were denied by the aggregate at a 24.8% rate in 1994 and 26.4% in 1995.

NBDMC denied Hispanic applicants at a 8.0% rate in 1994 and 6.9% rate in 1995. Asian applicants were denied at a 2.2% rate in 1994 and 0% rate in 1995, No Native American applicants were denied in 1994 and 1995. The delineation aggregate denied Hispanic applicants at a 22.6% rate in 1994 and 23.9% rate in 1995; Asians were denied at a 10.2% rate in 1994 and 10.8% rate in 1995; Native American applicants were denied at a 24.0% rate in 1994 and 23.8% rate in 1995.

Review of reasons for denial revealed that debt-to-income and credit history were the

most frequently listed reasons for denial across various income and racial/ethnic categories. Combined, debt-to-income and credit history comprised 65.5% of the reasons for denial (207 of 316) in 1994, with collateral accounting for 14.6% of the remaining denials. In 1995, the denial reasons were similar, with credit history and debt-to-income comprising 61.8% of denials.

### **Conclusions**

Overall HMDA analysis for the bank and mortgage company reflect fairly high levels of activity among low- and moderate-income and minority applicants by the bank and mortgage company. The bank's origination rates are lower relative to the 1994 and 1995 aggregate; however, this is directly related to the fact that because the majority of the HMDA-related products that the bank offers target low- and moderate and minority applicants. NBDMC origination rates are much higher across all ethnic/racial categories; however, it attracted a significantly lower percentage of low- and moderate-income applicants.

## **V. COMMUNITY DEVELOPMENT**

***Assessment Factor (h) - The institution's participation, including investments, in local community development or redevelopment projects or programs.***

### **Scope and Findings**

The bank's loan and investment portfolios, as well as management's participation in and knowledge of development activities within the community were reviewed to determine the effectiveness of the bank's efforts to meet the community development needs of the markets it serves.

The bank's Consolidated Report of Condition as of December 31, 1995 revealed that its investment portfolio totaled \$5,018,302,000 or 17.0% of total assets. Municipal obligations totaled 788,638 or 0.02% of the portfolio. Overall, \$400,877,000, or 50.8% of the municipal bond portfolio are issues from within the State of Michigan. In 1994, the bank purchased bonds totaling \$21,535,000 in Southeast Michigan.

In Flint, the bank provided \$401,886 in funding for 4 of 16 bids for municipal bond issues in 1995. The bank also provided two stand-by letters of credit totaling \$204,000 to support local development projects. In the West Michigan Division, the bank provided loans to government or municipal entities totaling \$575,000.

The bank is involved in a number of community development projects throughout the delineated communities. They include:

**Alliance for Fair Banking Practices** - In February 1995, NBD developed a three-year strategic plan in which it committed to originate \$678 million in loans and investments to help revitalize the City of Detroit. The strategic plan was developed in cooperation with the Alliance for Fair Banking Practices, a coalition of community organizations. The plan sets lending targets for business loans, 1-4 family mortgages, consumer loans and lines of credit, and commercial real estate loans. The plan also addresses the bank's use of minority appraisers, vendors/suppliers, and ongoing development of programs to address small business needs.

Lending under the plan is listed in the following charts:

Business Loans Annual Sales Size	1995 Target (In Millions)	1995 Actual Lending		Percentage to Plan
		#Loans	\$Amount*	
Over Five Million	\$67.2	158	73.0	109
Between One & Five Million	\$20.9	270	32.2	154
Less than One Million	\$6.9	311	35.9	520
<b>Totals</b>	\$95.0	739	141.1	149

1-4 Family Mortgages	1995 Target (In Millions)	1995 Actual Lending		Actual to Plan
		#Loans	\$Amount	
Low/Moderate Census Tracts	\$8.8	146	6.8	77%
Low/Moderate Income Applicants	\$2.2	160	5.2	236%
<b>Totals</b>	\$14.6*	248	12.7	87%

\*Non-Low/moderate income lending included in target.

NBD CDC	1995 Target-\$2.0 (In Millions)	1995 Actual Lending		Actual to Plan
		#Loans	\$Amount	
Tax Credits	\$1.5	2	0.5	33%
Investment-single family	\$0.4	1	0.5	125%
Construction- single family	\$0.1	7	1.2	1200%
Other Investment- Detroit Reinvestment Fund	N/A	N/A	4.0	N/A

The bank originated a total of \$232 million in consumer and business loans in the City of Detroit. This is 13% over its goal of \$204 million. The NBD Community Development Corporation (CDC) also exceeded its target of \$2 million by 15% through purchasing tax credits and making equity investments and construction loans in the city. Relative to overall business lending within the City of Detroit, the bank exceeded the targets of the 1995 strategic plan, and came reasonably close to targets established for 1-4 family real estate. The bank exceeded the 1995 target of \$6.4 million in home improvement/home equity loans by 147% (9.4 million). Overall, the bank made more than 739 commercial loans in Detroit totaling \$141.1 million. This is 49% over the plan's goal of \$95 million. For commercial loans, the bank originated \$35.9 million to businesses with sales of less than one million. This is more than 520% above the goal of \$6.9 million.

The NBD CDC also exceeded its target of \$2 million by 15% through purchasing tax credits and making equity investments and construction loans within the empowerment zone.

The bank's achievements in small business lending was accomplished by proactively seeking out and providing outreach services to many Detroit-based community and civic organizations. An example is a \$700,000 loan to a community-based organization on Detroit's west side.

The bank provides loans and technical assistance to one of several programs designed to promote economic independence through self-employment and entrepreneurship for individuals on public assistance who have limited resources. The participants who successfully complete eleven weeks of business related instruction may apply for a business loan for up to \$2,000. A second loan of \$10,000 is available to those participants who successfully pay the first loan.

Other major loans to private development companies included a \$7 million commercial project to develop a shopping plaza in Northwest Detroit. In May of 1995, a \$1.7 million construction loan was made to finance the renovation of housing units in the Detroit Empowerment Zone.

**Flint Coalition for Fair Banking** - The bank's second three-year agreement with the Flint Coalition for Fair Banking Practices was signed November 1, 1994. The agreement targets 28 minority and low- to moderate income census tracts in Flint and Genesee County. It is a comprehensive plan that covers products and services, economic development, community support, marketing, outreach initiatives and loan targets in the identified areas. The following chart depicts the bank's total 1995 lending in these tracts:

Direct Consumer # \$	Indirect Consumer # \$	Revolving Credit # \$	Business Loans # \$	Mortgage Loans # \$	Home Equity # \$	Home Improve # \$
764/4,001	617/6,322	416/ 912	80/ 622	47/2,316	48/ 898	189/ 717

**Saginaw Reinvestment Coalition** - Effective January 1, 1996, the bank entered into a second three-year agreement with the **Saginaw Reinvestment Coalition (SRC)**. The agreement identifies specific minority and low- and moderate-income census tracts for increased lending efforts, and community organizations that will participate in community development projects.

This plan is designed to promote the availability and delivery of products and services in distressed neighborhoods, as well as, economic development, community support, marketing and outreach efforts, to include minorities. The following chart depicts the bank's lending in the 11 low- and moderate-income and minority census tracts targeted by the agreement:

Direct Consumer # \$	Indirect Consumer # \$	Revolving Credit # \$	Business Loans # \$	Mortgage Loans # \$	Home Equity # \$	Home Improve # \$
274/1,156	118/1,068	83/128	12/ 73	24/751	9/96	19/83

The bank made 539 loans for a total of \$3,355,000 in targeted Saginaw tracts.



In Saginaw, the bank is also involved in the Neighborhood Renewal Services Saginaw Loan Program Loan Pool - a loan consortium with five other financial institutions in the Home Ownership Promotion Initiative (HOP). The HOP seeks to create affordable home ownership opportunities in targeted areas of the City of Saginaw through the purchase and rehabilitation of existing housing. The bank made 78 loans for a total of \$307,000 under this initiative.

The bank committed \$28 million in loans and investments to the City of Inkster's renewal project over 5 years. As part of the commitment, the bank financed a \$4 million 45,000-square-foot shopping plaza, the first development in the City of Inkster in over 30 years. Also, the bank made a \$3.6 million loan to a local organization to renovate housing for low-income families in Inkster. The following chart depicts 1995 lending in Inkster relative to the five-year plan:

Product Type	Five-Year Target	Annualized Target	1995 Results
Real Estate Development	\$12.0 million	\$2.4 million	\$3.1 million
Business Loans	\$6.0 million	\$1.2 million	\$7.13 million
Consumer Loans	\$6.0 million	\$1.2 million	\$4.9 million
Residential Mortgages	\$3.0 million	\$0.6 million	\$1.22 million
Acquisition/Rehab	\$1.0 million	\$0.2 million	\$0.48 million
Total	\$28.0 million	\$5.6 million	\$16.850 million

As the chart indicates, the bank exceeded its annualized lending targets in all categories relative to consumer and business lending.

**NBD Community Development Corporation** was developed to help meet the need for alternative forms of community development financing. The function is designed to help members of the organization work with the NBD branch manager and/or CRA coordinator as partners to develop a viable course of action on a housing project. The program outlines specific tasks and action steps in order to guide the community organization staff, the housing committee and board of the nonprofit developer toward a successful project prior to the application process. The bank's CDC has demonstrated its support for community growth and development by providing the following loans and low-income housing tax credit (LITHC) investments within the Southeast Michigan, East Michigan and West Michigan regional banking communities.

SOUTHEAST REGION

<b>NBD COMMUNITY DEVELOPMENT CORPORATION                      LOAN/COMMITMENT ACTIVITY                      SOUTHEAST REGION</b>				
<b>YEAR</b>	<b>*LIHTC/ INVESTMENT S \$000'S/Number</b>	<b>HOUSING LOANS \$000'S/#</b>	<b>TOTAL COMMITMEN T \$000's/Number</b>	<b>TOTAL OUTSTANDIN G \$000's/Number</b>
<b>1993</b>	\$2,017,631	\$2,923,129	\$4,940,760	\$2,047,662
<b>1994</b>	\$1,670,380	\$4,292,018	\$5,962,398	\$2,299,475
<b>1995</b>	\$11,324,192	\$818,061	\$12,142,253	\$7,199,308
<b>March 1996</b>	\$11,324,192	\$1,025,364	\$12,439,556	\$7,373,726

**\*Low Income Housing Tax Credit**

As the preceding chart illustrates, the CDC activity increased significantly from 1994 to 1995. The projects initiated or continued by the CDC in 1995 aggregated more than \$113,142,253 in investments and loans in Southeast Michigan. The CDC has been an active partner in housing partnerships for low-income residents in Southeast Michigan during 1995 and year-to-date 1996; investments totaled \$6,574,505.

The bank, in cooperation with the City of Detroit and a nonprofit corporation, provided \$450,000 in a revolving line of credit for the construction of 25 new single family homes for moderate-income families. Other CDC projects in the Southeast Region include \$500,000 to assist with conversion of an office building into an apartment complex; and a \$150,000 loan for acquisition and rehabilitation of residential real estate.

The CDC helped several community groups to become eligible for participation in the Federal National Mortgage Association (FNMA) community lending initiative program, which enables low income families to purchase a home under a lease/purchase agreement. The CDC also provided construction loans for housing renovation to church related organizations in the City of Detroit totaling \$1,275,000.

<b>NBD COMMUNITY DEVELOPMENT CORPORATION LOAN/COMMITMENT                      ACTIVITY                      EAST REGION</b>				
<b>YEAR</b>	<b>*LIHTC</b>	<b>HOUSING</b>	<b>TOTAL</b>	<b>TOTAL</b>

	INVESTMENTS \$000'S/Number	LOANS \$000'S/Number	COMMITMENT \$000's/Number	OUTSTANDINGS \$000's/Number
1993	\$50,000	\$275,000	\$325,000	**
1994	\$400,000	\$275,000	\$675,000	\$372,752
1995	\$1,284,673	\$100,000	\$1,384,673	\$379,505

\*Low Income Housing Tax Credit

\*\*Information not available

NBD COMMUNITY DEVELOPMENT CORPORATION LOAN/COMMITMENT ACTIVITY WEST REGION				
YEAR	*LIHTC INVESTMENTS \$000'S/Number	HOUSING LOANS \$000'S/Number	TOTAL COMMITMENT \$000's/Number	TOTAL OUTSTANDINGS \$000's/Number
1993	\$1,204,775	\$75,000	\$1,279,775	**
1994	\$1,491,215	\$0	1,491,215	\$941,082
1995	\$1,407,521	\$0	\$1,407,521	\$1,241,277

\*Low Income Housing Tax Credit

\*\*Information not available

The CDC had \$1,491,215 in low income housing tax credit investments in the West Division in 1994 and \$1,407,521 in 1995.

**Conclusions**

With the assistance and support of non- and for-profit developers, and community organizations, the bank's community development activities are considered strong. The bank has responded to the needs in the delineated communities. The bank's performance under this assessment factor is also greatly supported by the CDC which has engaged in a number of projects throughout the Southeast Region, and is expanding efforts in the East and West Divisions.

***Assessment Factor (k) - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.***

**Scope and Findings**

Local economic conditions and the bank's financial condition and size were reviewed to determine the bank's ability to meet the community's credit needs. Further, the bank's role in developing and implementing economic development in the community through the investment of time and technical assistance was reviewed.

There are no apparent factors relating to the bank's financial condition and size, or local economic conditions that would prevent the bank from meeting community credit needs.

**Conclusions**

The bank's financial condition and size allow it to take an active leadership role in meeting community development needs. This is demonstrated through the financing provided by the NBD Community Development Corporation for affordable housing initiatives which are discussed under Assessment Factor (h), and through its role in providing technical assistance to nonprofit community organizations; the later is discussed under Assessment Factor (l).

***Assessment Factor (l) - Any other factors that, in the regulatory authority's judgement, reasonably bear upon the credit needs of its entire community.***

**Scope and Findings**

The bank's efforts to provide technical assistance and support for nonprofit community development organizations, and the contributions it provides to community and economic development organizations within the delineated communities were reviewed. The Civic and Community Affairs Department, a division of the Government Relations and Economic Development Group, is responsible for providing technical assistance and support to nonprofit organizations who have 501(C) (3) tax exempt status from the IRS. The Communications and Public Relations Group is responsible for financial contributions managed through the NBD Charitable Trust. Organizations that receive assistance/support through the NBD charitable Trust include:

Housing and community development organizations that renovate or build housing for low- and moderate-income residents.

Health and human service agencies that deal with urban problems.

The bank also sponsors special programs related to banking that are operated by private and tax-supported four year colleges and universities, and selected educational programs that benefit public school students; and supports and matches employee gifts to organizations of the arts that have a community-wide following in the bank's primary market area.

The following chart shows the bank's contributions within the Southeast, East and West Regions.

REGION	1995 CONTRIBUTIONS SUMMARY					
	Civic & Community	Housing & Community Development	Culture	Education	Health & Human Services	TOTAL 1995
Southeast	\$591,326	\$734,835	\$940,830	\$852,182	\$2,075,525	\$5,194,698
East	\$79,981	\$280,594	\$41,960	\$41,968	\$199,077	\$643,580
West	\$258,272	\$145,271	\$163,060	\$105,647	\$237,215	\$909,465

The bank also matches employees' gifts to colleges, universities and cultural organizations. It contributed over \$550,000 in these matching gifts in 1995. To encourage and support the growth of small businesses in Detroit, the bank made a \$100,000 grant to a local organization to conduct extensive research into area small business conditions and prospects for small business development.

The bank provides technical and financial support for several housing initiatives to benefit low- and moderate-income families, and senior citizens. The bank also co-sponsors housing conferences; these conferences provide a forum for community groups and individuals to increase their awareness of housing resources, and for community groups to learn how to form nonprofit housing corporations, build relationships with funding organizations and support individuals in the home buying process.

**APPENDIX I****NBD BANK COMMUNITY AFFILIATIONS**Southeast Division

Warren Avenue Business Association, Greater Rosedale Grandmont Business Association, Hispanic Business Alliance, Van Dyke-Seven Mile Business Association Inc., Northwest Area Business Association, Rivertown Business Association, Eastland Merchants Association, and NILAC (Northwest Institutional Leadership Action Council), Booker T. Washington Business Association, The Women's Council of Realtors, Sterling Heights Business Women's Association, Lighthouse North, Greater Pontiac Coalition, Oakland Family Services, Baldwin Human Service Center Quality Community Housing Corporation, Habitat for Humanity, Pontiac Local Chamber, Pontiac Area Urban League, Oxford Chamber of Commerce, Michigan Municipal Treasurers Association, Township of Waterford, County of Oakland, Ypsilanti Chamber of Commerce, Saline Area Chamber of Commerce, Washtenaw Contractors Association, Ann Arbor CDC, Auburn Hills Chamber of Commerce, Greater Rochester Chamber of Commerce, Ferndale Chamber of Commerce, Rochester Chamber of Commerce, Troy Chamber of Commerce, Farmington Hills Chamber of Commerce, Redford Chamber of Commerce, Livonia Chamber of Commerce, Northville Chamber of Commerce, Southfield Chamber of Commerce, Birmingham/Bloomfield Chamber of Commerce, West Bloomfield Chamber of Commerce, Greater Detroit Chamber of Commerce Birmingham Schools, City of Troy, City of Madison Heights, City of Rochester, Alliance for Fair Lending, Washtenaw Affordable Housing, Minority Technology Council, Ann Arbor Community Action Network, Belleville Downtown Development Authority, Arab Community Center, Dearborn Park Neighborhood Association, East Dearborn Business Association, Highland Neighborhood Association, Southeast Dearborn Community Council, Rouge River Homeowners Association, Bethune Community Council, Cadillac Community Organization, Chandler Park Neighborhood Association, City River of Rouge, Detroit Neighborhood Housing, Detroit Nonprofit Housing Corporation, Detroit Urban League, Grand River Business community Association, Grandmont Community Association, Metro Detroit Habitat for Humanity, Latino Outreach and Community Service, Michigan Haitian Organization, Michigan Minority Business, Monroe Community Council, Northwest Business Council, Northwest Leadership Action Council, Northwest Rosedale Park Civic Association, Southwest Detroit Business Association, Southwest Detroit Improvement Association, United Community Housing Coalition, Virginia Park Economic Development, Warren Conner Development Coalition, Warrendale Community Organization, West Warren Avenue Merchants Association, Woodbridge Community Association, Livernois Business Association, Wayne Community Services, Hamtramck Economic Development, Highland Park Community Development Department.

East Division

Alpena Downtown Development Authority, City of Alpena and Alpena County, Habitat for Humanity, Northeast Michigan Community Service, Target 2000: Alpena, City of Flint and Genesee County, Burton Neighborhood Housing Services, Committee Concerned with Housing, Community Coalition, Flint Downtown Development Authority, Flint Area Chamber of Commerce, Metro Housing Partnership, Salem Housing Task Force, Urban League of Flint, Greater Lansing Housing Forum, Lansing Housing Forum, Lansing 2000, Lansing Area Chamber of Commerce, Howell Chamber of Commerce, Southwest Business Association, Ingham County Economic Development Corporation, Delta Township Economic Development Corporation, Fowlerville Planning Commission, Lansing Neighborhood Housing Corporation, Greater Port Huron-Marysville Chamber of Commerce, Port Huron Industrial Development Corporation, Mainstreet Port Huron, Port Huron Neighborhood Housing Corporation, South Park Coalition, South Park Ministerial Association, Bridgeport Chamber of Commerce, Saginaw Community Affairs Committee, East Central Michigan Development Corporation, Eastside Development Corporation, Hemlock Business Association, Mid-Michigan Hispanic Business Alliance, NAACP, Pride Incorporated, Saginaw African American and Minority Business Association, Saginaw Chamber of Commerce, Saginaw Economic Forum, Saginaw Future Incorporated, Saginaw Neighborhood Renewal Service, Saginaw Reinvestment Coalition, Tittabawassee Township Downtown Development Authority, Sandusky Focus 2000, Sandusky Industrial Development Commission, Home Builders Association of the Thumb, Marlette Chamber of Commerce, Mid Thumb Habitat for Humanity, Sandusky Chamber of Commerce, Sandusky City Council, Peck Village Council, Upper Thumb Board of Realtors, Yale Chamber of Commerce.

West Division

City of Benton Harbor Community Development Department, Berrien County Chamber of Commerce, Berrien County Mortgage Loan Review Board, Communities First of Benton Harbor, Benton Harbor NOW, Berrien Community Foundation, Grand Rapids Community Home Builders, Dwelling Place, Grand Rapids Economic Development Foundation, Grand Rapids Area Chamber of Commerce, Grand Rapids Board of Realtors, Grand Rapids Opportunities for Women, Greater Grand Rapids Home Builders Association, Hispanic Center of West Michigan, Local Initiatives Support Corporation (LISC), Minority Realtors Action Council, South East Economic Development Corporation, Women's Resource Center, Family Outreach Center, Kalamazoo Neighborhood Housing Service, Northside Business Association, Battle Creek Chamber of Chamber, Kalamazoo County LISC Advisory Board, Battle Creek Board of Relators, Kalamazoo, Chamber of Commerce, Greater Kalamazoo Board of Realtors, Kalamazoo Builders Association, Northside Business Association, Holland Board of Realtors, Muskegon County Board of Realtors, North Ottawa County Board of Realtors, Muskegon Economic Growth Alliance, Muskegon Heights Partnership for Progress in Housing, Shoreline Builders Association, Tri-Cities Ministries, Antrim-Charlevoix County Board of Realtors, Emmet County Board of Realtors, Boyne City Economic Development Corporation, Petoskey Chamber of Commerce, Harbor Springs Chamber of Commerce, Charlevoix-Emmet Housing Coalition,

Downtown Gaslight association, Little Traverse Home Builders Association, Northern Lakes Economic Alliance, Northwest Michigan Habitat for Humanity, Petosky-Harbor Springs community Foundation, Women's Resource Center, Kalkaska Downtown Development Association, Kalkaska Chamber of Commerce, Roscommon Builders Association