

**PUBLIC DISCLOSURE**

October 4, 1999

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Summit Bank  
RSSD No. 80703**

**210 Main Street  
Hackensack, New Jersey 07602**

**Federal Reserve Bank of New York**

**33 Liberty Street**

New York, New York 10045

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

General Information .....	BB1
Institution .....	BB2
Institution’s CRA Rating .....	BB2
Lending, Investment and Service Tests Table .....	BB4
Description of Institution .....	BB5
Description of Assessment Areas.....	BB5
Map of Assessment Areas .....	BB7
Performance Context .....	BB8
Scope of Examination .....	BB9
Conclusions With Respect to Performance Tests.....	BB11
Lending Test .....	BB11
Investment Test.....	BB17
Service Test.....	BB18
Compliance With Fair Lending Laws.....	BB23
Assessment Area Analyses.....	BB24
Multistate CMSA 5602 (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA).....	BB25
Multistate CMSA 6162 (Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD).....	BB51
Exhibits .....	BB65
Exhibit 1 – Summary of Key Assessment Area Data .....	BB66
Exhibit 2 – Summary of Assessment Area Lending Activity .....	BB67
Exhibit 3 – Summary of Innovative or Flexible Lending Activity .....	BB68
Exhibit 4 – Analysis of Home Purchase Loans Across Census Tract Income Levels .....	BB69
Exhibit 5 – Analysis of Refinancings Across Census Tract Income Levels .....	BB70
Exhibit 6 – Analysis of Home Improvement Loans Across Census Tract Income Levels .....	BB71
Exhibit 7 – Analysis of Small Business Loans Across Census Tract Income Levels .....	BB72
Exhibit 8 – Analysis of Consumer Loans Across Census Tract Income Levels .....	BB73
Exhibit 9 – Distribution of Home Purchase Loans Across Borrower Income Levels .....	BB74
Exhibit 10 – Distribution of Refinancings Across Borrower Income Levels.....	BB75
Exhibit 11 – Distribution of Home Improvement Loans Across Borrower Income Levels .....	BB76

Exhibit 12 – Distribution of Small Business Loan Activity by Loan and Revenue Size ..... BB77

Exhibit 13 – Distribution of Consumer Loan Activity Across Borrower Income Levels ..... BB78

Exhibit 14 – Summary of Community Development Lending..... BB79

Exhibit 15 – Summary of Qualified Investments..... BB80

Exhibit 16 – Summary of Branches by County/PMSA..... BB81

CRA Appendices ..... BB82

    CRA Appendix A: Scope of Examination..... BB83

    CRA Appendix B: Glossary..... BB84

## GENERAL INFORMATION

*The Community Reinvestment Act (“CRA”) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **Summit Bank** prepared by the **Federal Reserve Bank of New York** on behalf of the Board of Governors of the Federal Reserve System, the institution's supervisory agency, as of **October 4, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

## INSTITUTION

**INSTITUTION'S CRA RATING:** Summit Bank is rated **“OUTSTANDING.”**

The level of compliance of Summit Bank (“Summit”) with the CRA is based on an evaluation of the performance criteria for large retail institutions specified under the CRA with respect to the lending, investment and service tests.

**Performance under the lending test is rated “outstanding” based on the following findings:**

- The number and dollar amount of home purchase, refinance, small business, unsecured consumer and multifamily loans originated during the examination period exhibited excellent responsiveness to retail credit needs in Summit’s assessment area in Consolidated Metropolitan Statistical Area (“CMSA”) 5602, and adequate responsiveness to credit needs in the bank’s assessment area in CMSA 6162. Compared with peers for loans originated per billion dollars in assets and loans originated per billion dollars in assets in low- and moderate-income (“LMI”) tracts, the bank’s performance was excellent in PMSA 5640 (Newark, NJ), PMSA 5190 (Monmouth-Ocean, NJ), and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), and very strong in PMSA 0875 (Bergen-Passaic, NJ).
- The overall geographic distribution of loans across census tracts of different income levels, including LMI areas, reflected good penetration throughout the assessment areas. The bank’s participation in the multifamily housing market and the concentration of affordable housing units showed excellent responsiveness to LMI housing needs.
- The overall distribution of loans among individuals of different income levels and businesses of different sizes was good.
- Summit made extensive use of innovative and flexible lending practices to serve the credit needs of its assessment areas. The bank’s record of serving the credit needs of low-income individuals was excellent.
- Summit had an excellent level of community development lending, totaling \$197.4 million.

**Performance under the investment test is rated “outstanding” based on the following findings:**

- Summit had an excellent level of qualified community development investments and grants, totaling \$66 million.

- Qualified investment activity reflected excellent responsiveness to credit and community development needs.

**Performance under the service test is rated “high satisfactory” based on the following findings:**

- Summit’s service delivery systems are reasonably accessible to essentially all portions of its assessment area in CMSA 5602. Its service delivery systems are accessible to essentially all portions of its assessment area in CMSA 6162.
- The record of opening and closing branches has not adversely affected the accessibility of the bank’s delivery systems, particularly in LMI geographies and to LMI individuals.
- Hours and services do not vary in ways that inconvenience certain portions of the bank’s assessment area, particularly LMI geographies and LMI individuals.
- Summit is a leader in providing community development services in its assessment areas.

## Lending, Investment and Service Tests Table

*The following table summarizes the performance level of Summit Bank with respect to the lending, investment and service tests.*

<b>PERFORMANCE LEVELS</b>	<b>SUMMIT BANK</b>		
	<b>PERFORMANCE TESTS</b>		
	<b>Lending Test*</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* Note: The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

## **DESCRIPTION OF INSTITUTION**

Headquartered in Hackensack, New Jersey, Summit is the principal subsidiary of Summit Bancorp, a New Jersey-based bank holding company. Its primary lines of business are commercial banking and retail banking. Summit's retail loan products include residential mortgage loans, home equity loans and lines of credit, direct and indirect consumer loans, and small business commercial loans. Other lines of business include investments, investment management (trust), private banking and mortgage banking.

As of December 31, 1998, Summit had total assets of \$30 billion. Ranked by total assets, Summit is the sixth largest state member bank in the Second Federal Reserve District. Summit Bancorp is the 31<sup>st</sup> largest banking holding company in the U.S. The bank's gross loans and leases represent \$19 billion or 63 percent of total assets. Its primary loan portfolio includes commercial and industrial loans of \$5.4 billion (28 percent) and real estate loans of \$11.4 billion (60 percent). Branch deposits, the bank's primary funding source, totaled \$20.1 billion as of June 30, 1998. Ranked by total domestic deposits in the state of New Jersey, Summit held the leading market share with 15.03 percent as of June 30, 1998.

Summit has a significant branch network (372 branch offices) across 20 counties in New Jersey. In northern New Jersey, or CMSA 5602, the bank has 296 branches. In southern New Jersey, or CMSA 6162, the bank operates 76 branches.

There are no financial or legal factors that would keep Summit from fulfilling its responsibilities under the CRA.

## **DESCRIPTION OF ASSESSMENT AREAS**

Summit has two assessment areas incorporating the state of New Jersey. The first assessment area is located in a large portion of CMSA 5602 (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA). This assessment area encompasses a large portion of northern New Jersey. The second assessment area is located in a portion of CMSA 6162 (Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD) and encompasses three PMSAs across southern New Jersey.

### **CMSA 5602**

#### **(NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-CT-PA)**

- PMSA 5640 (Newark, NJ), consisting of Essex, Union, Morris and Warren Counties, and portions of Sussex County.
- PMSA 0875 (Bergen-Passaic, NJ), consisting of Bergen and Passaic Counties.
- PMSA 5190 (Monmouth-Ocean, NJ), consisting of Monmouth and Ocean Counties.
- PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), consisting of Middlesex, Somerset and Hunterdon Counties.



- PMSA 8480 (Trenton, NJ), consisting of Mercer County.
- PMSA 3640 (Jersey City, NJ), consisting of Hudson County.

**CMSA 6162**

**(PHILADELPHIA-WILMINGTON-ATLANTIC CITY, PA-NJ-DE-MD)**

- PMSA 6160 (Philadelphia, PA-NJ), consisting of Camden, Burlington and Gloucester Counties.
- PMSA 0560 (Atlantic-Cape May, NJ), consisting of Atlantic and Cape May Counties.
- PMSA 8760 (Vineland-Millville-Bridgeton, NJ), consisting of Cumberland County.

Since the previous examination, Summit expanded its assessment areas to include Passaic County in PMSA 0875 (Bergen-Passaic, NJ), Gloucester County in PMSA 6160 (Philadelphia, PA-NJ), and Cape May and Atlantic Counties, both in PMSA 0560 (Atlantic-Cape May, NJ).

The following map illustrates Summit's assessment areas:

**INSERT MAP OF ASSESSMENT AREA HERE**

## PERFORMANCE CONTEXT

The demographic and economic information used to describe Summit's assessment areas, and to evaluate the performance context in which the bank operates, was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, 1990, the U.S. Department of Labor, and the U.S. Department of Housing and Urban Development ("HUD").

Summit's assessment areas, representing most of New Jersey's 20 counties, have a significant population totaling 7,609,432, which includes 2,004,767 families. Of the total number of families, 37 percent are LMI. The assessment areas have 1,895 census tracts of which 28 percent are LMI. Owner-occupied housing units total 1,780,838, of which 244,297 or 14 percent are located in LMI census tracts. Business establishments total 259,369, with 44,339 or 17 percent located in LMI census tracts. For details, see Exhibit 1.

The economy of the assessment areas was strong during the examination period. Home purchase lending and refinancings set record levels in the mortgage industry in 1998. From October 3, 1997, through June 28, 1999, the average 30-year fixed mortgage rate ranged from a high of 7.35 percent to a low of 6.99 percent. The strong economy has increased already high costs of homeownership as home prices rise in response to strong demand. Housing costs in most of the assessment areas continue to be unaffordable to most low-income individuals without subsidies from state, local or federal governments, or without assistance from private industry and community development organizations.

Another performance context factor having major impact during the examination review period is the state's full implementation of federal welfare-to-work requirements in July 1997 in conjunction with New Jersey's own welfare initiative. The new initiatives require immediate work with mandatory job training, reduced benefits for failure to comply, and a five-year time limit on welfare benefits. As a result of the change in welfare laws, the state's welfare caseload declined almost 40 percent between July 1997 and August 1999. The credit needs of the affected low-income individuals, profiled below, pose significant barriers to self-sufficiency.

- 44 percent of welfare recipients have no high school diploma.
- 45 percent of recipients had no labor market experience in the two years before the welfare-to-work initiatives.
- 78 percent of welfare recipients are single-parent households with no other adult.
- More than one in ten recipients speak a language other than English at home.
- Most welfare recipients have transportation problems (lack of a car mainly), hindering regular employment.

Furthermore, a 1998 study by the National Governors' Association said welfare-to-work initiatives will not give welfare recipients a path out of poverty without education and skills training to advance beyond entry level jobs.

Lending, investment and service opportunities are widely available throughout Summit's assessment areas. According to community contacts made as part of the examinations of Summit and other institutions, affordable owner-occupied and rental housing are significant credit needs. Business lending to small businesses in low dollar amounts was cited as another important credit need. The community contacts also said technical assistance is needed to provide LMI borrowers with credit counseling and education in the home purchase and refinancing process. And small business owners need advice on the loan approval process and credit requirements.

For details, see the performance context discussions for CMSA 5602, starting on page BB26, and for CMSA 6162 starting on page BB51.

## SCOPE OF EXAMINATION

This evaluation covers Summit's CRA performance from October 1, 1997, through June 30, 1999. All of the bank's assessment areas were reviewed using the Federal Financial Institutions Examination Council's *Interagency Procedures and Guidelines for Large Retail Institutions*. All calculations have been rounded to the nearest whole number.

Summit's performance was evaluated in two assessment areas encompassing the state of New Jersey: CMSA 5602 (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) and CMSA 6162 (Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD). The two CMSAs include nine PMSAs.

The analysis concentrated on five primary PMSAs: PMSA 5640 (Newark, NJ), PMSA 0875 (Bergen-Passaic, NJ), PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), and PMSA 5190 (Monmouth-Ocean, NJ), all within CMSA 5602; and PMSA 6160 (Philadelphia, PA-NJ) in CMSA 6162. Summit's assessment areas include portions of PMSA 5640 (Newark, NJ) and PMSA 6160 (Philadelphia, PA-NJ). Performance in these five PMSAs heavily influenced Summit's overall ratings because they account for a significant portion of the assessment area's demographics and Summit's business activities.

The four PMSAs in CMSA 5602 represent the following of the total CMSA 5602:

- 85 percent of the total population.
- 86 percent of the total number of LMI families.
- 91 percent of the total number of owner-occupied units.
- 84 percent of the total number of census tracts.
- 87 percent of the total number of LMI tracts.
- 87 percent of the total number of branches.
- 88 percent of the total number of business establishments.

- 91 percent of the total number of home purchase loan originations.
- 93 percent of the total number of refinance originations.
- 84 percent of home improvement loan originations.
- 84 percent of the total number of unsecured consumer loan originations.
- 91 percent of the total number of small business loan originations.
- 89 percent of branch deposits.

PMSA 6160 represents the following of the total CMSA 6162:

- 71 percent of the population.
- 69 percent of LMI families.
- 72 percent of owner-occupied units.
- 70 percent of census tracts.
- 60 percent of LMI tracts.
- 55 percent of branches.
- 68 percent of the business establishments.
- 30 percent of home purchase loan originations.
- 55 percent of refinancings originations.
- 70 percent of home improvement loan originations.
- 67 percent of unsecured consumer loan originations.
- 73 percent of small business loan originations.
- 57 percent of branch deposits.

No individual PMSA had a separate analysis or overall conclusion, but strong and weak performance levels in certain PMSAs were noted in the overall CMSAS' discussions and conclusions.

As most of the assessment area demographics and Summit's business activities are located in this CMSA 5602, greater weight was given to this CMSA in the overall rating. For details, see the description of the institution's operations on page BB25.

Performance in the lending test categories of lending activity, borrower characteristics and geographic distribution of lending was compared with market (aggregate) and similarly situated banks.

Performance in community development lending and qualified investments was compared with similarly situated banks.

Lending products included in the evaluation were home purchase loans, refinancings, home improvement loans, small business loans, other unsecured consumer loans, multifamily loans, and community development loans. All loan products related to the Home Mortgage Disclosure Act ("HMDA"), except for home improvement loans, were reviewed for the period October 1, 1997, through June 30, 1999.

Home improvement loans were reviewed for the period October 1, 1997, to June 30, 1998, while other unsecured consumer loans were reviewed for the period July 1, 1998, to June 30, 1999. These review periods are shortened because in mid-1998 management expanded the bank's LMI home improvement product to include loans aimed at helping borrowers move from welfare to work, and the product was subsequently reclassified as unsecured consumer loans. Also in mid-1998, the bank changed its HMDA reporting to exclude home equity lines extended for home improvement purposes.

Small business loans originated between October 1, 1997, and June 30, 1999, were included in the evaluation, as were community development loans and qualified investments made between October 1, 1997, and October 4, 1999.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

Overall lending levels reflected excellent responsiveness to credit needs in Summit's assessment area in CMSA 5602, and adequate responsiveness to credit needs in the bank's assessment area in CMSA 6162.

The overall geographic distribution of retail loans across census tracts of different income levels reflected good penetration throughout the assessment areas. The overall distribution of loans among individuals of different income levels and businesses of different sizes was good. Summit made extensive use of innovative or flexible lending practices to serve the credit needs of its assessment areas. The bank exhibited an excellent record of serving the credit needs of low-income individuals, and it had an excellent level of community development lending totaling \$197.4 million.

### **Lending Activity**

Summit's lending activity reflected an excellent response to credit needs, considering the number and dollar amount of home mortgage, small business and consumer loans in its assessment areas. Offering a range of retail lending products, the bank originated a significant volume of loans, including home purchase loans, refinancings, home improvement loans, small business loans and unsecured consumer loans.

During the examination period, 46,563 HMDA-related loans, small business loans and unsecured consumer loans were originated in the bank's assessment areas for a total of \$4.7 billion. These originations consisted of 28,520 home purchase, refinance, home improvement and multifamily loans reported under HMDA; 9,156 small business loans; and 8,887 unsecured consumer loans. For details, see Exhibit 2.

Lending was well-distributed throughout the two assessment areas in light of population size and the number of Summit branches. Ninety-three percent of the bank's loans were originated in its assessment areas. Lending activity was heaviest in CMSA 5602 where 79 percent of the

population and 80 percent of the bank's branches are located. In this northern New Jersey assessment area, Summit originated 83 percent of the retail loan products evaluated during the examination.

During the examination period, the bank's volume of HMDA-related lending increased mainly as a result of the active refinance market. Home purchase lending also climbed following Summit's acquisition of Collective Federal Savings Bank in late 1997. In contrast, volume of home improvement lending dropped sharply, and, on an annualized basis, small business lending decreased slightly.

According to management, home improvement lending fell because Summit elected not to report its home equity line of credit product (offered for home improvement purposes). Under HMDA, such loans are reported at the bank's option. Also, in mid-1998, Summit expanded the purposes of its home improvement loans for LMI borrowers, and this loan product was subsequently shifted to the unsecured consumer loan category.

In 1998, Summit originated approximately 5.8 percent of all HMDA-reportable loans in the bank's combined assessment areas and 7.7 percent of all small business loans. The bank's volume of HMDA-related and small business loans compares very favorably with the lending performance of similarly situated financial institutions. In CMSA 5602 the bank is a leader in total lending activity, loan volume in LMI census tracts, number of loans per billion dollars of assets, and loans in LMI census tracts per billion dollars of assets.

In southern New Jersey (CMSA 6162), lending activity was adequate but somewhat weaker. Summit's performance was generally in line with or slightly below that of similarly situated financial institutions in total lending, loan volume in LMI census tracts, number of loans per billion dollars of assets, and in loans made in LMI census tracts per billion dollars of assets.

### **Geographic Distribution of Lending**

The geographic distribution of lending in the LMI census tracts of Summit's combined assessment areas was good.

Summit's overall performance was evaluated based on loan penetration in the home purchase, refinance, home improvement, consumer, and small business categories in CMSA 5602 (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) and CMSA 6162 (Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD).

In determining the rating, home improvement lending was not given significant weight because of the reduced volume of such lending during the examination period. Home improvement lending represents only 7 percent of the total loan mix.

Refinance lending volume was unusually high during the examination period, and represented the highest percentage of the products reviewed (41 percent). The impact on the overall examination rating, however, was not significant because of performance context issues discussed in the Refinancings section starting on page BB37.

In CMSA 5602, the geographic distribution of lending was determined primarily by applying full-scope examination procedures to PMSA 5640 (Newark, NJ), PMSA 0875 (Bergen-Passaic, NJ), PMSA 5190 (Monmouth-Ocean, NJ), and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ). In CMSA 6162, the geographic distribution was determined by applying full-scope examination procedures to PMSA 6160 (Philadelphia, PA-NJ).

The loan distribution in CMSA 5602 reflected good penetration when reviewed against performance context information and multifamily lending activity. The loan distribution in CMSA 6162 showed good penetration throughout the assessment area.

Summit's performance with regard to geographic distribution of lending in each county outside the five PMSAs also was reviewed. The bank's performance in these areas is consistent with the overall performance.

Loan penetration in the CMSA 5602 assessment area was low for refinancings in Essex and Warren Counties of PMSA 5640 (Newark, NJ), Passaic County in PMSA 0875 (Bergen-Passaic, NJ), and Mercer County in PMSA 8480 (Trenton, NJ). Loan penetration in the CMSA 5602 assessment area was also low for home improvement lending in Middlesex County in PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ).

In the CMSA 6162 assessment area, loan penetration was low for consumer lending in Gloucester County in PMSA 6160 (Philadelphia, PA-NJ), and home purchase lending and refinancings in Atlantic County in PMSA 0560 (Atlantic-Cape May, NJ).

The bank's excellent performance in loan originations per billion dollars in assets in LMI census tracts is discussed in the Lending Activity section starting on page BB34.

### *Multifamily Loans*

Summit's participation in the multifamily loan market was highly responsive to housing needs in the assessment areas. The bank originated 86 multifamily loans during the examination period. Most of these loans, 79, were originated in CMSA 5602, and the remaining 7 were made in CMSA 6162. Summit originated 25 loans in PMSA 5640 (Newark, NJ), the largest number of multifamily loans the bank made in a single PMSA.

Twenty-three of the 86 loans, representing 1,207 housing units, were made in LMI census tracts. Because of the high cost of housing in many areas of New Jersey, it is important to note that in addition to being located in LMI census tracts, 66 percent, or 802 of the 1,207 units, qualify as affordable housing.

Lending for multifamily housing was evenly distributed when considering population. During the examination period, the bank made eight loans in LMI tracts in PMSA 0875 (Bergen-Passaic, NJ), which culminated in 139 affordable housing units. In PMSA 5640 (Newark, NJ), seven loans were originated in LMI tracts, providing 182 units of affordable housing.



In 1998 Summit's multifamily lending in LMI tracts compared favorably with similarly situated peer institutions in PMSA 0875 (Bergen-Passaic, NJ) and PMSA 5640 (Newark, NJ). The bank ranked first out of eight banks in PMSA 0875 (Bergen-Passaic, NJ). In PMSA 5640 (Newark, NJ), Summit and two other peers had the highest number of originations in LMI tracts.

### **Borrower Characteristics**

The overall distribution of loans among individuals of different income levels and businesses of different sizes was good throughout the assessment areas.

HMDA-related lending to moderate-income borrowers reflected good distribution overall. Distribution of HMDA-related lending to low-income borrowers was adequate when reviewed against performance context and performance of peer and aggregates. Distribution of home purchase lending to low-income borrowers was poor in Sussex County (PMSA 5640, Newark, NJ), Gloucester County (PMSA 6160, Philadelphia, PA-NJ), and PMSA 8760 (Vineland-Millville-Bridgeton, NJ). Distribution of home purchase lending to low-income borrowers was very poor in Morris County (PMSA 5640, Newark, NJ), Monmouth County (PMSA 5190, Monmouth-Ocean, NJ), Atlantic County (PMSA 0560, Atlantic-Cape May, NJ), PMSA 5190 (Monmouth-Ocean, NJ), PMSA 3640 (Jersey City, NJ), and PMSA 0560 (Atlantic-Cape May, NJ).

Small business lending to businesses with gross annual revenues ("GAR") of \$1 million or less reflected adequate distribution when considering peer and aggregate bank performance.

Consumer lending to both moderate-income and low-income borrowers reflected excellent distribution.

### **Innovative or Flexible Lending Practices**

Summit makes extensive use of several innovative or flexible lending practices to address the credit needs of its assessment areas. During the examination period, the bank's record of serving the credit needs of low-income individuals using the various programs was excellent. For details, see Exhibit 3.

Low-income individuals may have a pressing need for credit because of the urgency of government programs to move low-income families from welfare dependency to employment. None of the innovative or flexible lending practices at similarly situated banks address this credit need.

Using programs considered innovative or flexible, Summit originated 3,572 mortgage, home improvement, consumer installment and small business loans totaling \$160.7 million. These programs include:

Partners in Pride Signature Loan Program

A proprietary bank program created before the previous examination of the bank, Summit expanded this loan product in response to challenges faced by LMI families in the new welfare-to-work environment. Under this program:

- A loan may be used for any purpose including education, automobile purchase and home improvement, without a homeownership requirement.
- An unsecured loan is available to both homeowners and renters with limited credit histories.
- An applicant's income cannot exceed 80 percent of the HUD median family income for the metropolitan statistical area ("MSA").
- A monthly debt-to-income ratio of up to 45 percent is offered.
- The maximum loan amount is \$5,000 for a term of up to five years.

Summit originated 2,357 loans for \$8.7 million under this program.

Partners in Pride Mortgage Program

This proprietary bank program, also in existence before the previous Summit examination, targets applicants with incomes up to 80 percent of the MSA's HUD median family income. Elements of the program include a 30-year fixed-rate, below-market interest rates, and closing cost assistance and financing up to 95 percent of the value of the purchased property. Other features of this mortgage program:

- The monthly debt-to-income ratio ranges up to 38 percent, or higher with compensating factors.
- The borrower is required to attend a pre-closing home buyer education seminar.
- The purchased properties must be in the bank's targeted towns and cities containing significant numbers of LMI individuals and LMI census tracts located in each MSA.
- Mortgages are available to first-time home buyers or for a trade-up purchase (limited to one residence only).

Since the previous examination, Summit originated 949 loans totaling \$108 million under this program.

Other mortgage products include the Freddie Mac Affordable Gold Program, New Jersey Home Mortgage Finance Agency ("NJHMFA") Homebuyers Program, and the Fannie Mae Community Home Buyer Program featuring flexible underwriting criteria such as low down payments, high

loan-to-value ratios, and 25- to 30-year terms. These products accounted for an additional 151 loan originations for \$19.7 million.

#### *The Lead Paint Abatement Loan Program*

This loan product for lead paint removal by homeowners and landlords may be taken as a Federal Housing Administration (“FHA”) Title 1 Loan, a home equity loan or an unsecured personal line of credit. The maximum loan amounts under the FHA Title 1 loan are \$25 thousand for a homeowner and \$60 thousand for a landlord of a multifamily dwelling. For the home equity loan, the maximum amount is \$100 thousand, and for the unsecured personal line of credit the maximum is \$5 thousand. The program also features:

- Reduced rates for homeowners with little or no equity.
- No closing costs.
- A maximum debt-to-income ratio of up to 45 percent.
- A 1 percent rate reduction for LMI individuals.
- Loans generally targeted to older buildings in inner cities.

For 1999, the bank originated seven loans under this program for a total of \$71 thousand.

#### *The New Jersey Economic Development Authority (“NJEDA”) Loan Program*

Aimed at businesses that might not otherwise qualify for traditional bank financing, this product provides loan guarantees to businesses that create or maintain jobs or are located in communities in need of economic revitalization. The bank originated 17 NJEDA loans for \$7.6 million.

#### *The Small Business Administration (“SBA”) Guaranteed Loan Program*

This program provides loan funds to small businesses for various purposes including working capital, fixed assets and leasehold improvements. Summit originated 87 SBA loans totaling \$16.3 million.

#### *Small Business Micro Loan Pools*

Summit participates in a number of small business micro loan pools throughout the assessment area. The bank has approved four loans totaling \$160 thousand.

The bank also originated 23 small business loans totaling \$6.7 million to organizations whose primary purpose is community development.

#### **Community Development Lending**

Summit’s level of community development lending was outstanding. Community development loan commitments totaled \$197.4 million, of which \$193.9 million or 98 percent were extended during the examination period. Commitments at this examination increased 139 percent since the

previous examination when community development lending totaled \$82.5 million. For details, see Exhibit 14.

Community development lending in support of affordable housing initiatives totaled \$88.2 million or 45 percent of total activity, and it provided for the construction, and rehabilitation of 1,479 affordable housing units in the bank's assessment area. Community contacts emphasized the need for affordable housing, and various performance context information indicate a strong need for community service initiatives. The initiatives account for a large portion of the bank's community development lending activity, totaling \$85.7 million dollars or 43 percent of total activity.

Lending in support of economic development, another credit need cited by community contacts, totaled \$11.3 million or 6 percent of total activity. Lending in support of revitalization and stabilization activities totaled \$12.2 million or 6 percent of total activity. Revitalization activities supported the construction or rehabilitation of 11 housing units.

The Community activity was directed primarily toward direct lending initiatives. Of the 89 community development loan commitments, 86 were direct loans totaling \$194.8 million or 99 percent of total activity. Many direct loans were complex and required coordination among the bank, government agencies and the borrowers. Indirect loans to financial intermediaries totaled \$2.7 million or 1 percent of total activity.

Twenty-five percent of community development lending activity took place in PMSA 8480 (Trenton, NJ) where commitments totaled \$52.9 million.

## **INVESTMENT TEST**

Summit's performance on the investment test was outstanding. The bank had an excellent level of qualified investments, exhibited an excellent level of responsiveness to credit and community development needs, and made extensive use of innovative or complex investments to address those needs. For details, see Exhibit 15.

### **Dollar Amount of Qualified Investments**

The bank's level of qualified investments was excellent, totaling \$65.9 million at this examination. Total investments consisted of \$65.1 million in investments in various entities engaged in community development and \$859 thousand in charitable grants and contributions to organizations supporting community development projects and programs. Investments at this examination increased 217 percent since the previous examination when investment activity totaled \$20.8 million. Sixty-eight percent or \$44.8 million of total investments represent new money.

Summit made 53 percent of its qualified investments in PMSA 6160 (Philadelphia, PA-NJ).

Statewide qualified investments totaled \$7.2 million or 11 percent of Summit's total investment activity for this examination. Of this amount, economic development activity totaled \$5.1 million while affordable housing investment activity totaled \$2.1 million.

Summit also made a qualified investment in a small bank investment company ("SBIC") in Baltimore, Maryland, of \$1 million, or 2 percent of the bank's total investment activity for this examination. The SBIC invests in economic development in southern New Jersey.

### **Responsiveness of Qualified Investments to Credit and Community Development Needs**

The bank showed excellent responsiveness to the most pressing community development needs in its assessment areas. Agencies engaged in affordable housing development (a primary need in the bank's assessment areas) received 89 percent of Summit's investment, or \$58.5 million. Eleven percent of the investment, or \$7.3 million, was directed to economic development activity, and 0.3 percent or \$166 thousand went to community services.

In response to affordable housing needs in its assessment area, Summit's investments in low-income housing tax credits ("LIHTCs") have created 368 units of affordable housing. All these units are located in CMSA 5602.

During the examination period, Summit invested \$35 million in a single LIHTC project in PMSA 6160 (Philadelphia, PA-NJ).

### **Innovative and Complex Investments**

Summit made excellent use of complex investments to support community development initiatives. Qualified investments include LIHTCs and equity investments in SBICs. LIHTCs are complex as significant time and expertise are required for accounting and monitoring the investments. Affordable housing tax credits usually require a bank commitment of 10 to 15 years.

Summit invested \$56 million or 85 percent of its qualified investments in LIHTCs. Of new qualified investments, \$35 million or 78 percent were LIHTCs.

### **SERVICE TEST**

Summit's performance on the service test is rated high satisfactory. Service delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas, particularly in northern New Jersey. The bank's record of opening and closing branches has not adversely affected the accessibility of the delivery systems, particularly in LMI geographies and to LMI individuals. Branch hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly LMI geographies and individuals. Summit is a leader in providing community development services in its assessment areas.

## **Retail Banking Services**

### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas. The main system of delivering retail services is through Summit's branch network. In addition, the bank offers automated teller machines ("ATMs"), direct mail banking, and banking by telephone and personal computer ("PC").

### **Branch Network**

Summit's delivery systems providing credit and non-credit retail services are adequately accessible to most portions of the bank's assessment area. For details, see Exhibit 16.

As of June 30, 1999, Summit operated 372 full-service branches. Of the total number of branches, 12 are limited service branches, such as drive-through and mini-branches. Fifty-five branches are located in supermarkets (40 Pathmarks, 9 Shop Rites, 3 A&Ps, and 3 other stores).

Overall, 14 percent of all branches (53 of 372) are located in LMI census tracts while 22 percent of the total population (1,697,749 of 7,609,432) and 20 percent of all assessment area families (410,643 of 2,004,767) reside in LMI tracts. Of total census tracts, 28 percent (537 of 1,895) are designated as LMI. At the previous examination, 14 percent of all branches were located in LMI census tracts.

Summit has no branches in Sussex County (PMSA 5640, Newark, NJ) or in the moderate-income census tracts of Somerset County (PMSA 5015, Middlesex-Somerset-Hunterdon, NJ). There are no branches in the towns of Glassboro in Gloucester County (PMSA 6160, Philadelphia, PA-NJ) and Buena in Atlantic County (PMSA 0560, Atlantic-Cape May, NJ).

### **Availability and Effectiveness of Alternate Systems for Delivering Retail Banking Services**

Summit's alternative service delivery systems enhance the availability and effectiveness of retail credit and non-credit services in LMI geographies and to LMI individuals.

### **ATMs**

ATMs provide holders of the Global Access Check Card ("Global Card") and the Summit ATM Card ("Summit Card") with services including deposit, withdrawal, balance inquiry, transfer of funds, account statements, and point-of-sale purchase. In addition, Summit has added check-cashing abilities to a number of its ATM machines, primarily supermarket locations. All ATMs, except for the equipment known as Cash on the Spot Machines, accept electronic benefit transfer cards and provide various withdrawal, deposit and transfer services. Cash on the Spot Machines dispense cash only.

The bank operates 388 ATMs in its assessment areas; 326 are located at branch offices and 62 are offsite. ATMs are located in all 55 supermarket branches. Most of the bank's ATMs are accessible 24 hours a day.

Of 53 LMI branches, 39 or 74 percent are equipped with ATM service. Of the 62 offsite ATMs, 8 or 13 percent are in LMI census tracts.

Summit is a member of the nationwide VISA, MAC, PLUS, NYCE, and HONOR ATM networks.

Summit has equipped 31 ATM machines, primarily in supermarket branch locations, with check-cashing features. Checks can be cashed up to a customer's account balance or up to the ATM withdrawal limit, whichever is lower. There are 177 ATMs that print out "quick view statements" providing the customer with transaction account information for 15- or 30-day periods. In addition, 64 ATMs offer transactions in Spanish.

#### *Telephone Banking*

Summit Direct, the bank's telephone banking system, is free to all customers and available 24 hours a day, 365 days a year. Customers are able to review balances and paid checks, make electronic transfers between Summit accounts, access investment products, and obtain information on consumer loans, residential mortgage loans and interest rates.

Telephone Banking Plus, an option for bill payment and transfers, is available for \$5 a month and allows customers to pay bills by Touch-Tone telephone. In addition, all supermarket branches are linked with Summit's Customer Call Center to give customers access to a bank representative 24 hours a day, seven days a week. Through the call center, customers can access the same services as Summit Direct.

#### *PC Banking*

Summit's PC Banking provides a direct link to a customer's banking account 24 hours a day, 365 days a year. Although free to customers, PC Banking access requires users to have a Windows-based personal computer and modem. PC Banking enables customers to transfer funds, open new accounts, track account activity and balances, and balance their checkbook. Customers can also pay bills for a nominal monthly fee.

#### *Online Banking*

Summit offers this service free to PC owners who have a web browser that supports online access. It permits customers to access accounts, transfer funds and pay bills. In addition, consumers can apply online for fixed and unsecured personal loans, personal lines of credit, credit cards, home equity loans and lines of credit, and automobile loans.

Record of Opening and Closing Branches

Summit's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Since the previous examination, 86 branches were opened and 54 were closed.

Of the branch openings, 59 branches were acquired in the bank's merger with Collective Savings Bank, which was finalized in the spring of 1998.

Eight of the 86 branches opened were located in moderate-income tracts. Of those eight, four were located in PMSA 0560 (Atlantic-Cape May, NJ), and the others included supermarket branch openings in Newark, Paterson and Clifton. No Summit branches were opened in a low-income tract.

Six of 54 branches closed were in moderate-income tracts, and none were in low-income tracts.

Of the 54 branch closings, 34 were considered consolidations under the *Joint Interagency Policy Statement Regarding Branch Closings*. One of the consolidations was in a low-income tract of PMSA 6160 (Philadelphia, PA-NJ), and two were in moderate-income tracts of PMSA 5190 (Monmouth-Ocean, NJ).

The branch closings were completed in accordance with Summit's formal written policy, which also conforms to the interagency statement. The bank provided timely advance notification to affected customers and regulatory authorities.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly LMI geographies and individuals. Limited service branches are open fewer hours or days than full-service branches. All branches, except limited service branches, offer the same products and services.

Each in-store branch is equipped with third party check-cashing capabilities. Summit prioritized its expansion of in-store branches in an attempt to deliver services to its customers at more convenient times and locations.

Summit is responsive to customers' needs and requests for extended branch hours. Ninety percent of the branches have extended hours once a week on Thursday, Friday or Saturday. In-store branches have extended hours and are open seven days a week. All in-store branches are open 10 a.m. to 8 p.m. Monday through Friday, 10 a.m. to 6 p.m. on Saturdays, and 10 a.m. to 4 p.m. on Sundays.



Deposit Products

The following products and services are offered at all branches: checking and savings accounts, certificates of deposit (“CDs”), personal loans and credit lines, automobile loans, residential mortgage loans, commercial loans, non-insured investment products, and small business loans.

In addition, the “Easy Add CD” program affords customers the high interest rates of a CD while maintaining the flexibility of a savings account. The initial deposit can be as low as \$500, and customers may make additional deposits to the Easy Add CD without extending its term.

Summit offers additional benefits to customers with a New Jersey Consumer Checking account. While state law requires that this checking account be offered, the bank also offers a discount on standard check orders and a free savings account (“Savings Plus”).

Summit also provides a free regular checking account for senior citizens aged 62 and older, a free statement savings account for customers under 18, and free Savings Plus accounts for customers under 22. Customers under 22 are required to maintain only \$200 in their Savings Plus accounts. One dollar is required to open the account, and monthly maintenance fees are waived for those under 22 and in school.

Community Development Services

Summit is a leader in providing community development services in its assessment areas, as detailed in the following table:

Activity Type	# of Services	%
<b>Affordable Housing</b> for LMI individuals	57	35%
Activities that promote <b>Economic Development</b>	65	40%
<b>Community Services</b> targeted to LMI individuals	41	25%
<b>TOTAL</b>	<b>163</b>	<b>100%</b>

Overall, 29 percent (48) of Summit’s community development services were provided in PMSA 5640 (Newark, NJ).

Community development service activities include educational seminars on first-time homeownership and small business financing. Bank employees also provide technical assistance as board members and officers for various

community development organizations. The employees’ involvement helped create employment for individuals moving from welfare to work.

Of the total number of community development service activities, four were statewide activities such as the Affordable Housing Program (“AHP”) sponsored by the Federal Home Loan Bank of New York (“FHLBNY”).

The AHP provides subsidies for two types of projects. One finances homeownership for households earning 80 percent or below the area median income, and the other finances rental housing where those with incomes at 50 percent or below the area median income will occupy at

least 20 percent of the units. Only member institutions of the FHLBNY, such as Summit, can submit AHP applications. Thus, nonprofit agencies, local governments and community development organizations must first obtain member institution support before applying for AHP funds.

In addition to sponsoring AHP applications, Summit is responsible for disbursing the funds, monitoring the approved project, recapturing funds if necessary, and ensuring that the affordable housing project is consistent with its approved objectives.

At the time of this examination, Summit was monitoring 28 affordable housing projects it sponsored and has overseen the distribution of grant funds totaling \$4 million since the previous examination. In 1998 alone, the FHLBNY distributed over \$3 million in grant funds providing 454 units of affordable housing in New Jersey.

### Seminars

Summit participated in or sponsored 57 affordable housing seminars and 41 community service seminars, which is a significant improvement since the previous examination.

The housing seminars covered basic budgeting, credit reports, financial management for homeownership, mortgage prequalification, loan application and approval, and guidelines for working with real estate agents. Seminars also included information on special loan products for LMI individuals. The seminars were scheduled near public transportation whenever possible.

The bank sponsored or participated in 65 economic development seminars dealing with alternative business financing, minority lending and small business basics. Three Summit-sponsored money and budgeting seminars featured workshops on credit counseling, basic banking services and homeownership counseling.

### Technical Assistance

Summit employees serve on the boards of 12 organizations serving the community, housing and economic development needs of the bank's assessment area.

The bank's employees also provide technical assistance to 46 community development organizations. The bankers hold leadership positions at the organizations, such as membership on loan and investment committees. They also provide fundraising assistance and financial services training.

## **COMPLIANCE WITH FAIR LENDING LAWS**

No credit practices were identified that violated the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act, the Home Mortgage Disclosure Act (Regulation C), and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

## **ASSESSMENT AREA ANALYSES**

## **CMSA 5602**

### **(NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-CT-PA)**

Summit's performance in CMSA 5602 is based on the following conclusions:

- The number and dollar amount of home purchase, refinance, small business, and multifamily loans originated during the examination period showed excellent responsiveness to retail credit needs in Summit's assessment area in CMSA 5602. Compared with peers for loans originated per billion dollars in assets and loans originated per billion dollars in assets in LMI census tracts, the bank exhibited excellent performance in PMSA 5640 (Newark, NJ), PMSA 5190 (Monmouth-Ocean, NJ), and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), and very strong performance in PMSA 0875 (Bergen-Passaic, NJ).
- The overall geographic distribution of loans across census tracts of different income levels, including LMI areas, reflected good penetration throughout the assessment areas. The bank's participation in the multifamily housing market and the concentration of affordable housing units showed excellent responsiveness to LMI housing needs.
- The overall distribution of loans among individuals of different income levels and businesses of different sizes was good.
- Summit's service delivery systems are reasonably accessible to essentially all portions of its assessment area in CMSA 5602.
- The record of opening and closing branches has not adversely affected the accessibility of the bank's delivery systems, particularly in LMI geographies or to LMI individuals.

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CMSA**

This assessment area contains most of Summit's deposits, lending and branches as follows: 86 percent of branch deposits, 86 percent of home purchase loans, 83 percent of refinancings, 80 percent of home improvement loans, 86 percent of small business loans, and 79 percent of unsecured consumer loans and 88 percent of the branches.

This assessment area also contains most of the demographics: 79 percent of the population, 79 percent of all families, 77 percent of owner-occupied units, and 82 percent of all business establishments. Thus, performance in the four PMSA selected for review in this CMSA weighted heavily in determining Summit's overall CRA rating. For details, see Exhibit 1.

## PERFORMANCE CONTEXT

Summit's assessment area within CMSA 5602 includes five PMSAs and portions of PMSA 5640 (Newark, NJ), all located in New Jersey. This is a highly competitive financial services market. Demographic and economic factors impacting the bank's performance context are discussed below.

The demographic and economic information used to describe Summit's assessment areas, and to evaluate the performance context in which the bank operates, was obtained from publicly available sources including HUD, the U.S. Department of Commerce's Bureau of the Census, 1990, the U.S. Department of Labor, and the New Jersey Department of Labor.

### Demographic Characteristics

The assessment area portion of CMSA 5602 has a population of just over 6 million entirely in New Jersey. The greatest percentage of the population is located in PMSA 5640 (Newark, NJ) with almost 1.9 million or 31 percent of the population. PMSA 0875 (Bergen-Passaic, NJ) contains 1.3 million or 21 percent of the assessment area population in this CMSA. The remaining population is located in PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ) with 17 percent, PMSA 5190 (Monmouth-Ocean, NJ) with 16 percent, PMSA 3640 (Jersey City, NJ) with 9 percent, and PMSA 8480 (Trenton, NJ) with 6 percent.

### Income Characteristics

The 1990 median family income for the CMSA is \$49,506, which is lower than all the individual PMSAs except PMSA 3640 (Jersey City, NJ), which has a median income of \$35,250. Of the 1.6 million families in the assessment area in this CMSA, 594 thousand or 37 percent are LMI. This demographic for LMI families is similar across all the PMSAs. Fifty-three percent of the LMI families in the assessment area reside in PMSA 5640 (Newark, NJ) and PMSA 0875 (Bergen-Passaic, NJ). In this assessment area, 37.3 percent of all families are LMI, 24.1 percent are middle-income and 38.6 percent are upper-income. Thirty-one percent or 456 of 1,482 census tracts in the assessment area of CMSA 5602 are LMI tracts.

### Housing Characteristics

Of the CMSA's 2.4 million housing units, 1.4 million are owner-occupied. Rental units account for 34.3 percent of all housing units and 7.6 percent are vacant. LMI owner-occupied units located in the assessment area total 204 thousand or 15 percent of all owner-occupied units in the assessment area.

Seventy-two percent of the owner-occupied units are located in PMSA 5640 (Newark, NJ), PMSA 0875 (Bergen-Passaic, NJ), and PMSA 5190 (Monmouth-Ocean, NJ). The same PMSAs account for 77 percent of all LMI owner-occupied units located in this CMSA and 65 percent of all LMI owner-occupied units in Summit's total assessment area. The median age of the housing stock in this CMSA is 45 years, and the median housing value for owner-occupied units is

\$179,294. The median gross rent is \$607 a month. The median housing value for New Jersey is \$161 thousand, while the median gross rent is \$592.

For the CMSA overall, the median housing value is almost four times greater than the median family income. This disparity indicates an acute need for affordable housing.

### Labor, Employment and Economic Characteristics

The New Jersey economy continues to be strong. The average annual unemployment rate for 1998 is 4.6 percent. The current private sector expansion is broad-based with every sector except manufacturing adding jobs. The largest growth has been in the service industries. Despite the stronger economy and job growth, unemployment remains high in Passaic County where the unemployment rate in 1998 averaged 6 percent.

## **PMSA 5640 (NEWARK, NJ)**

### **PERFORMANCE CONTEXT**

Summit's assessment area in PMSA 5640 (Newark, NJ) includes Essex, Union, Morris and Warren Counties, and portions of Sussex County. The bank has 91 branches in this PMSA (31 percent of the total within the CMSA) of which 17 are in LMI census tracts. The 91 branches account for 30 percent of the bank's deposits in the CMSA.

### Demographic Characteristics

The 1990 population of this PMSA is 1.9 million, representing 31 percent of the total population of Summit's assessment area in CMSA 5602 and approximately 24 percent of the total population of Summit's assessment areas. PMSA 5640 (Newark, NJ) has 24.8 percent of the population of New Jersey. The PMSA's mix of urban and suburban areas includes Newark, the state's largest city, located in Essex County. Historically the industrial and financial center of the state, Essex County currently ranks among the nation's top ten counties in terms of population as well as volume and diversity of industries and businesses. Newark, however, is one of the five poorest cities nationwide.

### Income Characteristics

The 1990 median family income for the assessment area of PMSA 5640 (Newark, NJ) is \$50,019 while the state median family income is \$47,589. The HUD estimated 1999 median family income for the PMSA is \$67,900. Essex County's median family income of \$42,151 is the lowest in the PMSA, and the figure for the city of Newark is \$25,816.

Based on 1990 Census data, 38.7 percent of the assessment area families in PMSA 5640 are upper-income, 23.4 percent middle-income, and 37.9 percent LMI. Of the nine PMSAs within both assessment areas, PMSA 5640 has the largest concentration of both LMI census tracts (184) and LMI families (184 thousand). The LMI tracts and families are located primarily in Essex

County and Newark. Of the 466 census tracts located in the assessment area, 184 or 39 percent are LMI. Newark contains 29 percent of the PMSA's LMI tracts.

### Housing Characteristics

The assessment area of this PMSA has the largest concentration of owner-occupied housing units of all the bank's PMSA assessment areas. The Newark PMSA's 393,553 owner-occupied housing units represent 29 percent of all owner-occupied housing units in the CMSA assessment area and 22 percent of the assessment area. This PMSA contains 55,768 LMI owner-occupied housing units, or 14 percent of all owner-occupied units in this PMSA and 27 percent of all LMI owner-occupied units in the CMSA. Owner-occupied housing units account for 56 percent of all housing stock in this PMSA. Five percent of the units are vacant. The median housing value for this PMSA is \$189,102, and the median gross rent is \$581. The median housing value in Essex County is \$194,434.

The 1990 median housing value is almost four times higher than the median family income, indicating a critical need for affordable housing. The need is even greater in Essex County where the median housing value is almost five times higher than the median family income.

### Labor, Employment and Economic Characteristics

The 1998 average unemployment rate for the PMSA is 4.5 percent, slightly better than the state rate of 4.6 percent. With 5.6 percent, Essex County had the highest unemployment average, followed by Union County's 4.8 percent, Warren County's 4 percent, Sussex County's 3.6 percent, and Morris County's 2.8 percent.

From April 1996-March 1999, PMSA 5640 (Newark, NJ) had its fastest rate of job growth since the 1980s. The area gained 51,400 jobs, a 5.6 percent increase, although this increase was less than the average increases for northern New Jersey (6.5 percent) and the state as a whole (6.3 percent). More than half the employment gain was in the service sector, where 26,400 jobs were added, and a quarter of the gain (11,000 jobs) was posted in the wholesale/retail trade.

PMSA 5640 (Newark, NJ) has 65,631 business establishments representing 31 percent of the business establishments in the CMSA. Of this PMSA's business establishments, 12,713 or 19 percent are located in LMI census tracts.

## **PMSA 0875 (BERGEN-PASSAIC, NJ)**

### **PERFORMANCE CONTEXT**

The bank's assessment area in this PMSA includes Bergen and Passaic Counties. Summit's 57 branches in this PMSA account for 19 percent of the total number of branches in the CMSA and 29 percent of the CMSA deposits. Seven of the branches are located in LMI census tracts. The PMSA is a mix of both urban and suburban areas. Bergen County is very developed with an evenly distributed population but lacks major cities. The population of Passaic County is

concentrated in the cities of Paterson and Passaic, which have most of the county's LMI tracts and LMI population.

### Demographic Characteristics

The 1990 population of PMSA 0875 is slightly less than 1.3 million and represents 21 percent of the total population of Summit's assessment area in CMSA 5602 and approximately 17 percent of the total population of Summit's assessment area. The population of this PMSA represents 16.5 percent of New Jersey's total population.

### Income Characteristics

The 1990 median family income for the PMSA is \$52,659 while the state median family income is \$47,589. The HUD estimated 1999 median family income for the PMSA is \$69,500. The median family incomes for Paterson and Passaic are \$30,145 and \$30,710, respectively.

Based on 1990 Census data, 38.9 percent of the families residing in the assessment area in PMSA 0875 are upper-income, 23.6 percent middle-income, and 37.5 percent LMI. The percentage of families in the PMSA living below the poverty line is 4.4 percent. Of the 302 census tracts in this PMSA, 106 or 35 percent are LMI census tracts. This PMSA has 22 percent of all the LMI families in the CMSA.

### Housing Characteristics

This PMSA has the second largest concentration of owner-occupied housing units of all other PMSAs in the assessment areas. The 296,445 owner-occupied housing units represent 22 percent of all owner-occupied units in the CMSA and 17 percent of all owner-occupied units in the total assessment area. Of this number, 251,207 or 85 percent are single-family units. There are 34,985 or 17 percent LMI owner-occupied units in the PMSA. Owner-occupied housing units account for 61 percent of all the housing stock in this PMSA. Rental units account for 34 percent of total housing units and 5 percent are vacant. The median housing value of owner-occupied units is \$212,905, while the median gross rent is \$646. The state median housing value is \$161,219, and the median rent for the state is \$592. Paterson's median housing value is \$136,322.

The 1990 median housing value is four times greater than the median family income. This disparity indicates a sharp lack of affordable housing.

### Labor, Employment and Economic Characteristics

The 1998 average unemployment rate for the PMSA is 4.4 percent, slightly lower than the state rate of 4.6 percent. Passaic County has the highest unemployment average with 5.8 percent while Bergen County has a lower yearly average of 3.6 percent. Information from community contacts suggests that 40 percent of employed Passaic County residents work outside the county line, and significant areas of low income include the city of Paterson. High unemployment and economic development needs in Passaic and Paterson prompted the New Jersey Department of Commerce to designate the cities as Urban Enterprise Zones.



Between 1990 and 1994, manufacturing jobs declined 17 percent, but employment in the service and agriculture sectors increased. These figures coincide with the New York metropolitan area's economic expansion, marked by employment shifts from manufacturing to service. This employment change negatively impacts older urban areas, and service job growth tends to be concentrated in suburban areas.

The 53,721 business establishments in this PMSA represent 25 percent of the total number of businesses in the CMSA, and 10,068 or 19 percent of them are located in LMI census tracts.

### **PMSA 5190 (MONMOUTH-OCEAN, NJ)**

#### **PERFORMANCE CONTEXT**

Summit's assessment area in PMSA 5190 (Monmouth-Ocean, NJ) includes Monmouth and Ocean Counties. The bank has 54 branches in this PMSA (18 percent of the total number of branches in the CMSA) accounting for 14 percent of deposits in the CMSA. Eleven branches are located in LMI census tracts.

#### *Demographic Characteristics*

The 1990 population of this PMSA is 986,327, representing 16 percent of the total population of Summit's assessment area in CMSA 5602 and approximately 13 percent of the total population of the bank's assessment area. Of the 233 census tracts in the PMSA, 60 or 26 percent are LMI tracts representing 13 percent of all LMI tracts in the CMSA. Many retirement communities are located in Ocean County, where senior citizens represent 23.2 percent of the county's population.

#### *Income Characteristics*

The 1990 median family income for the PMSA is \$46,616 while the median family income for the state is \$47,589. The HUD estimated 1999 median family income for the PMSA is \$59,800. The median family income of \$39,797 for Ocean County is the lowest in the PMSA, and the median family income for Monmouth County is \$53,698. Based on 1990 Census data, 38.4 percent of the families in the assessment area of PMSA 5190 qualify as upper-income, 24.5 percent middle-income, and 37.1 percent LMI. Thirty-seven percent of all families in this PMSA are LMI, and 17 percent of LMI families in the CMSA are located in this PMSA.

#### *Housing Characteristics*

According to the 1990 Census, single-family housing units dominate the housing market in PMSA 5190 (Monmouth-Ocean, NJ). Owner-occupied housing units total 64.6 percent of the housing stock while rental units represent 18.9 percent. Seasonal living patterns in the New Jersey shore communities account for the PMSA's high vacancy rate of 16.6 percent.

Of the 282,989 owner-occupied units in this PMSA, 68,098 or 33 percent are LMI owner-occupied units, more than any other PMSA in the assessment area. Based on the 1990 Census, the median value of an owner-occupied housing unit in this PMSA is \$149,690. The median value of an owner-occupied unit is \$180,211 in Monmouth County and \$124,737 in Ocean County. The median gross rent in the PMSA is \$648.

Indicating the need for affordable housing, the 1990 median housing value is more than three times higher than the median family income.

Opportunities for residential mortgage lending are limited in Ocean County because of a disproportionately large retired population (24 percent of the total county population vs. 13.6 percent of New Jersey's total population). Fifty-three percent of all owner-occupied units in LMI tracts are located in tracts where more than 60 percent of the population is over 65. The senior population, characterized as asset-rich and income-poor, is financially capable of buying their own homes, but still they have a general aversion toward credit due to their Depression-era background.

#### Labor, Employment and Economic Characteristics

The 1998 average unemployment rate for the PMSA is 4.3 percent, which is slightly lower than the 4.6 percent state rate. Ocean County's unemployment average is 4.8 percent, exceeding Monmouth County's 4 percent. The largest employment gain was in the services sector. The greatest job growth has been in the health, business and amusement services because of the large concentration of senior citizens. Summer tourism remains an important part of the economy.

Monmouth County's wholesale/retail sector gained 5,000 jobs between 1992 and 1996. The county's enormous population growth led to a 6.5 percent increase in the civilian labor force. Total non-farm employment is expected to increase from 219,500 to 256,500 between 1995 and 2005.

The rate of population growth since 1990 has been higher in Ocean County than in any other county in the state. The services sector added 5,700 jobs between 1992 and 1996, with the largest increase in the health field. Wholesale/retail trade employment made similar gains in the same period.

PMSA 5190 (Monmouth-Ocean, NJ) has 34,520 business establishments, which represents 16 percent of the business establishments in the CMSA. Of the 34,520 business establishments in this PMSA, 6,232 or 18 percent are located in LMI census tracts.

Continued low inflation, technological advances, and competitive pressures have led to significant productivity gains, in turn creating employment and income growth. These factors indicate that the economy will continue to grow at a moderate pace.

**PMSA 5015 (MIDDLESEX-SOMERSET-HUNTERDON, NJ)**

**PERFORMANCE CONTEXT**

Summit's assessment area in this PMSA includes Middlesex, Somerset and Hunterdon Counties. The bank operates 56 branches in this PMSA (19 percent of the CMSA branch total), accounting for 16 percent of deposits in the CMSA. Three branches are located in LMI census tracts. Middlesex County is a large urban and suburban county in north central New Jersey, halfway between New York and Philadelphia. Somerset County is somewhat suburban, while predominantly rural Hunterdon County historically has been one of the state's least populated counties.

*Demographic Characteristics*

The PMSA's 1990 population of 1,019,835 represents 17 percent of the total population of Summit's assessment area in CMSA 5602 and approximately 13 percent of the total population of the bank's assessment areas. Middlesex County's population is 672 thousand or 66 percent of the PMSA population. Somerset and Hunterdon Counties contain 23 and 11 percent of the PMSA population, respectively. This PMSA accounts for 13.2 percent of the state population.

The PMSA is a mix of urban, suburban and rural areas containing 258 census tracts, of which 49 or 19 percent are LMI. Most of the LMI tracts are located in Middlesex County, while Somerset County has seven LMI tracts and Hunterdon County only two LMI tracts.

*Income Characteristics*

The 1990 median family income for the PMSA is \$55,147 while the median family income for the state is \$47,589. The HUD estimated 1999 median family income for the PMSA is \$76,700, which makes this PMSA one of the nation's most affluent areas. The median family income of \$62,899 for Somerset County is the highest in the PMSA, followed by Hunterdon County's \$61,480 and Middlesex County's \$51,977.

Based on the 1990 Census, 37.4 percent of the assessment area families in the PMSA are upper-income, 27.2 percent middle-income, and 35.4 percent LMI. Thirty-five percent of all families in this PMSA are LMI, and Middlesex County has the largest concentration of LMI families in the PMSA.

*Housing Characteristics*

Of the 382,814 housing units in the PMSA, 258,237 or 67.5 percent are owner-occupied, which represents 19 percent of all owner-occupied units in the CMSA. In the other housing categories, 27.9 percent are rental units and 4.6 percent are vacant. The 25,278 LMI owner-occupied housing units in PMSA 5015 represent 12 percent of all LMI owner-occupied units in the CMSA.

The median housing value of owner-occupied units in this PMSA is \$172,981, which is higher than the state median value of \$161,219. The median housing values by county are \$210,667 for Hunterdon, followed by \$194,825 for Somerset, and \$164,124 for Middlesex. The median gross rent for the PMSA is \$680.

Indicating a need for affordable housing, the 1990 median housing value is over three times higher than the median family income.

*Labor, Employment and Economic Characteristics*

The 1998 average unemployment rate for PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ) is 3.3 percent, which is lower than the state rate of 4.6 percent. Middlesex County had the highest unemployment with 3.7 percent, followed by Somerset County at 2.6 percent and Hunterdon County at 2.2 percent.

Overall, this PMSA has been a reliable source of new jobs in recent years. From November 1996-January 1998, the labor market expanded 3.9 percent compared with the statewide growth of 2.9 percent in the same period. More than half of the new jobs in this PMSA were created in the services sector. Although job growth in the region slowed to 2.1 percent from January 1998-March 1999, it remained ahead of the statewide average of 1.9 percent.

This PMSA's 34,408 business establishments represent 16 percent of the business establishments in the CMSA. In addition, 4,616 of these business establishments are located in LMI census tracts and account for 12 percent of all LMI businesses in the CMSA.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CMSA 5602  
(NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-CT-PA)**

**LENDING TEST**

In this CMSA retail lending volume showed excellent responsiveness to the retail credit needs of the assessment area. Compared with peer institutions on the basis of per billion dollars in assets, the bank’s overall level of HMDA-related and small business lending in LMI tracts was excellent. The overall geographic distribution of retail loans across census tracts of different income levels reflected good penetration throughout the assessment areas.

The bank’s participation in the multifamily housing market and the concentration of affordable housing units exhibited excellent responsiveness to LMI housing needs. The overall distribution of loans among individuals of different income levels and businesses of different sizes was good.

**Summit’s rankings within the four primary PMSAs in HMDA-related and small business lending are shown in the tables on this and the following page.**

<b>PMSA 5640 (Newark, NJ)</b>	
<b>Total Lending Activity Per Billion Dollars of Assets</b>	
Loan Product	Summit Rank in 8-bank Peer Group
Home purchase	2 <sup>nd</sup>
Refinancings	2 <sup>nd</sup>
Small business	2 <sup>nd</sup>
Home improvement	2 <sup>nd</sup>
<b>Lending Activity in LMI Tracts Per Billion Dollars of Assets</b>	
Home purchase	1 <sup>st</sup>
Refinancings	1 <sup>st</sup>
Small business	1 <sup>st</sup>
Home improvement	2 <sup>nd</sup>

**Lending Activity**

Summit exhibited excellent responsiveness to credit needs in CMSA 5602, taking into account the number and dollar amount of home purchase, home improvement, refinance, small business, multifamily, and consumer loans originated in the assessment area. Loan volume increased since the previous CRA examination period primarily as a result of the active refinance market in 1998. Overall lending activity was strong in relation to the bank’s size, market presence, financial capacity, and performance of similarly situated institutions.

<b>PMSA 0875 (Bergen-Passaic, NJ)</b>	
<b>Total Lending Activity Per Billion Dollars of Assets</b>	
Loan Product	Summit’s Rank in 8-bank Peer Group
Home purchase	3 <sup>rd</sup>
Refinancings	3 <sup>rd</sup>
Small business	3 <sup>rd</sup>
Home improvement	2 <sup>nd</sup>
<b>Lending Activity in LMI Tracts Per Billion Dollars of Assets</b>	
Home purchase	2 <sup>nd</sup>
Refinancings	4 <sup>th</sup>
Small business	2 <sup>nd</sup>
Home improvement	2 <sup>nd</sup>

Lending was well distributed throughout the assessment area when considering population and number of branches. Summit’s assessment area in CMSA 5602 contains 79 percent of the population, 80 percent of the branches, and 86 percent of the institution’s deposits. Of the total number of loans

<b>PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ)</b>	
<b>Total Lending Activity Per Billion Dollars of Assets</b>	
Loan Product	Summit's Rank in 8-bank Peer Group
Home purchase	1 <sup>st</sup>
Refinancings	1 <sup>st</sup>
Small business	1 <sup>st</sup>
Home improvement	1 <sup>st</sup>
<b>Lending Activity in LMI Tracts Per Billion Dollars of Assets</b>	
Home purchase	1 <sup>st</sup>
Refinancings	1 <sup>st</sup>
Small business	1 <sup>st</sup>
Home improvement	2 <sup>nd</sup>

evaluated for the assessment areas, the bank originated 83 percent of the number and 89 percent of the loan dollars in CMSA 5602. These figures include 38,695 loans (home purchase, home improvement, refinance, multifamily, small business, and unsecured consumer) to retail customers totaling \$4.2 billion.

When measured against similarly situated institutions in CMSA 5602, the bank ranked first in total loan volume, total number of loans made in LMI census tracts, number of loans per billion dollars of assets, and number of loans made in LMI census tracts per billion dollars of assets.

In terms of total volume of HMDA-related loans originated, Summit ranked first in refinancings, second in home purchase lending, and third in home

improvement lending. In terms of the total number of HMDA-related loans made in LMI census tracts, the bank ranked second in home purchase, home improvement, and refinancing activity.

Summit's small business loan presence also was very strong in CMSA 5602 relative to its size and financial capacity. The bank was first in both total small business lending activity and small business volume in LMI census tracts.

### **Geographic Distribution of Lending**

The bank's overall distribution of HMDA-related, small business, and consumer loans indicates good penetration throughout the assessment area when considering the limited opportunities for extending refinance credit in LMI geographies as well as the bank's strong LMI multifamily loan activity. For details, see Exhibits 4-8.

Summit originated 10 percent of its HMDA-related loans, 16 percent of its small business loans and 22 percent of its consumer loans in LMI geographies. LMI census tracts, however, represent 31 percent of all PMSAs in CMSA 5602.

Geographic distribution of lending was good in PMSA 0875 (Bergen-Passaic, NJ) and PMSA 5190 (Monmouth-Ocean, NJ). Geographic distribution was adequate in PMSA 5640 (Newark, NJ) and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ). Also in PMSA 5015, the bank underperformed similarly situated peer institutions for all loan products evaluated in LMI geographies.

<b>PMSA 5190 (Monmouth-Ocean, NJ)</b>	
<b>Total Lending Activity Per Billion Dollars of Assets</b>	
Loan Product	Summit's Rank in 8-bank Peer Group
Home purchase	1 <sup>st</sup>
Refinancings	1 <sup>st</sup>
Small business	1 <sup>st</sup>
Home improvement	1 <sup>st</sup>
<b>Lending Activity in LMI Tracts Per Billion Dollars of Assets</b>	
Home purchase	2 <sup>nd</sup>
Refinancings	1 <sup>st</sup>
Small business	1 <sup>st</sup>
Home improvement	1 <sup>st</sup>

Loan penetration was low in the following lending categories and counties within the assessment areas: refinance lending in Essex and Warren Counties, both in PMSA 5640 (Newark, NJ), Passaic County in PMSA 0875 (Bergen-Passaic, NJ), and Mercer County in PMSA 8480 (Trenton, NJ), and home improvement lending in Middlesex County in PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ).

Overall, in the four primary PMSAs evaluated, Summit's geographic distribution of lending was on par with similarly situated institutions for home purchase and home improvement loans for 1998. In refinancings and small business loans, however, the bank did not perform as well as its peers.

### Home Purchase Lending

The overall geographic distribution of home purchase lending in LMI geographies was good.

In PMSA 5640 (Newark, NJ) and PMSA 0875 (Bergen-Passaic, NJ), distribution of home purchase loans in LMI geographies was excellent. In PMSA 5640 (Newark, NJ), Summit originated 19 percent of home purchase loans in LMI census tracts, while 14 percent of the owner-occupied units in the PMSA are located in LMI census tracts. In PMSA 0875 (Bergen-Passaic, NJ), the bank originated 14 percent of home purchase loans in LMI census tracts, while 12 percent of the owner-occupied units in the PMSA are located in LMI census tracts.

In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), distribution of home purchase loans in LMI geographies was good. Summit originated 8 percent of home purchase loans in LMI census tracts, while 10 percent of the owner-occupied units in the PMSA are located in LMI census tracts.

Home purchase loan penetration in LMI geographies was good in PMSA 5190 (Monmouth-Ocean, NJ) when reviewed against performance context issues affecting Ocean County. The bank originated 17 percent of home purchase loans in this PMSA's LMI census tracts, while 24 percent of the owner-occupied units in PMSA are located in LMI census tracts. Mortgage opportunities are limited in Ocean County as a result of the following performance context issues:

- 53 percent of all owner-occupied units in LMI tracts are located in tracts where more than 60 percent of the population is over 65.
- The retirement population is disproportionately large (24 percent of the total county population vs. 13.6 percent of the state population).
- Senior population is considered (by community contacts) asset-rich, income-poor, and financially capable of buying their own homes.
- Senior citizens have an aversion to credit in general due to their Depression-era background.

Also, a strong local competitor, Ocean Federal Savings Bank, dominates the Ocean County mortgage market, making it difficult for other banks to penetrate the market.

For 1998, Summit's geographic distribution of lending was commensurate with the performance of similarly situated banks.

### Refinancings

For CMSA 5602, refinance lending in LMI census tracts was adequate when reviewed against the following performance context issues affecting the bank's ability to significantly increase lending to LMI borrowers:

- The high affordability ratios in many of the LMI geographies included in this evaluation indicate limited opportunities for home purchase and, consequently, refinance activity.
- In many LMI geographies, housing values do not appreciate at the rate of appreciation in non-LMI geographies.
- Many LMI borrowers obtain loans with high loan-to-value ratios (80 percent and higher) under affordable housing programs.
- Many LMI borrowers lack the liquidity (closing costs) needed to complete refinance transactions.
- Many LMI borrowers lack the financial expertise that is helpful in evaluating the prudence of refinancings.

Of the four PMSAs, penetration was weak in PMSA 5640 (Newark, NJ) only. In the counties of this PMSA, poor LMI penetration was noted only in Essex and Warren Counties, both for Summit and the bank's peers. In PMSA 5640 (Newark, NJ), Summit originated 5 percent of refinancings in LMI census tracts, while 14 percent of the owner-occupied units in the PMSA are located in LMI census tracts.

Distribution of refinancings was adequate in LMI geographies in PMSAs 0875 (Bergen-Passaic, NJ), 5190 (Monmouth-Ocean, NJ), and 5015 (Middlesex-Somerset-Hunterdon, NJ).

In PMSA 0875 (Bergen-Passaic, NJ), the bank originated 6 percent of refinancings in LMI census tracts, while 12 percent of the owner-occupied units in the PMSA are located in LMI census tracts. Of the counties included in PMSA 0875 (Passaic-Bergen, NJ), refinance loan penetration was weak in Passaic County where most of the bank's peers had an adequate or higher LMI loan penetration.

In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), Summit originated 5 percent of refinancings in LMI census tracts, while 10 percent of the owner-occupied units in the PMSA are located in LMI census tracts. In PMSA 5190 (Monmouth-Ocean, NJ), the bank originated



13 percent of refinancings in LMI census tracts, while 24 percent of the owner-occupied units in the PMSA are located in LMI census tracts. Distribution of refinancings was good in Ocean County's LMI geographies given the performance context issues discussed above.

In 1998, the bank underperformed both similarly situated peers and the aggregate in the combined four PMSAs of CMSA 5602.

After considering performance context, lending was found to be poor and needs improvement in Mercer County.

### Home Improvement Lending

The overall lending performance in LMI geographies was excellent. Home improvement lending in LMI tracts in CMSA 5602 also was excellent.

Home improvement lending in LMI geographies was excellent in PMSA 5640 (Newark, NJ) and PMSA 0875 (Bergen-Passaic, NJ). In the Newark PMSA, Summit originated 20 percent of home improvement loans in LMI census tracts, while 14 percent of the owner-occupied units in the PMSA are located in LMI census tracts. In PMSA 0875 (Bergen-Passaic, NJ), the bank originated 28 percent of home improvement loans in LMI census tracts, while 12 percent of the owner-occupied units in the PMSA are located in LMI census tracts.

LMI loan activity was good in PMSA 5190 (Monmouth-Ocean, NJ) given the performance context issues discussed above. In this PMSA the bank originated 15 percent of home improvement loans in LMI census tracts, while 24 percent of the owner-occupied units in the PMSA are located in LMI census tracts.

LMI loan activity was adequate in PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ). Summit originated 7 percent of home improvement loans in the LMI census tracts of this PMSA, while 10 percent of the owner-occupied units in the PMSA are located in LMI census tracts. LMI loan penetration was poor in Middlesex County. In 1998 Summit underperformed similarly situated peers in Middlesex County, where most of the peers had greater LMI penetration.

Overall for 1998, the bank's performance was on a par with peers for LMI home improvement loan penetration in the four primary PMSAs of CMSA 5602.

### Small Business Lending

Small business loan penetration in the LMI geographies of CMSA 5602 was good.

Lending in LMI areas was excellent in PMSA 5190 (Monmouth-Ocean, NJ) and PMSA 0875 (Bergen-Passaic, NJ). In PMSA 5190 (Monmouth-Ocean, NJ), the bank originated 22 percent of small business loans in LMI census tracts, while 18 percent of business establishments in the PMSA are located in LMI census tracts. In PMSA 0875 (Bergen-Passaic, NJ), the bank originated 20 percent of small business loans in LMI census tracts, while 19 percent of business establishments in the PMSA are located in LMI census tracts.

Loan penetration in LMI areas was adequate in both PMSA 5640 (Newark, NJ) and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ). In PMSA 5640 (Newark, NJ), Summit originated 14 percent of small business loans in LMI census tracts, while 19 percent of business establishments in the PMSA are located in LMI census tracts. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), the bank originated 9 percent of small business loans in LMI census tracts, while 13 percent of business establishments in the PMSA are located in LMI census tracts.

For 1998, Summit underperformed peer institutions in LMI loan penetration in the four primary PMSAs of CMSA 5602.

### Consumer Lending

The overall geographic distribution of consumer lending activity in LMI income areas was good. Consumer lending in CMSA 5602 was good, although Summit's performance varied within the PMSAs making up the CMSA.

Loan penetration in the LMI areas of PMSA 0875 (Bergen-Passaic, NJ) was excellent. The bank originated 30 percent of consumer loans in the PMSA's LMI census tracts, while 22 percent of the households in the PMSA are located in LMI census tracts.

LMI lending in PMSA 5640 (Newark, NJ) was good. Summit originated 27 percent of consumer loans in LMI census tracts, while 30 percent of households in the PMSA are located in LMI census tracts.

Loan penetration in LMI communities was adequate in both PMSA 5190 (Monmouth-Ocean, NJ) and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ). In PMSA 5190 (Monmouth-Ocean, NJ), the bank originated 17 percent of consumer loans in LMI census tracts, while 27 percent of the households in the PMSA are located in LMI census tracts. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), Summit originated 11 percent of consumer loans in LMI census tracts, while 16 percent of the households in PMSA are located in LMI census tracts.

### Multifamily Lending

Summit originated 79 multifamily loans in this assessment area. Twenty-one of the loans were made in LMI census tracts and represent 983 units of housing, which include 578 affordable housing units.

Eight loans were originated in LMI census tracts in PMSA 0875 (Bergen-Passaic, NJ), representing the largest number of multifamily loans in LMI tracts made by the bank in a single PMSA. Summit made seven of the loans in Bergen County, resulting in 78 units of affordable housing. One loan was made in Passaic County, resulting in 61 units of affordable housing. In PMSA 5640 (Newark, NJ), the bank made seven multifamily loans in LMI tracts, which provided 182 units of affordable housing. For 1998, when compared with similarly situated institutions, Summit was a leader in multifamily lending in LMI census tracts, ranking first in

PMSA 0875 (Bergen-Passaic, NJ). In PMSA 5640 (Newark, NJ), Summit and two peer institutions had the largest number of originations in LMI tracts.

The bank's remaining multifamily loans were distributed throughout other counties in CMSA 5602: Two loans were made in Hudson County (PMSA 3640, Jersey City, NJ); two in Ocean County and one in Monmouth County (both PMSA 5190, Monmouth-Ocean, NJ); and two in Middlesex County (PMSA 5015, Middlesex-Somerset-Hunterdon, NJ). Of the 283 units provided, 257 qualify as affordable housing.

### **Borrower Characteristics**

The overall distribution of loans among individuals of different income levels and businesses of different sizes was good. HMDA-related lending to moderate-income borrowers reflected good distribution overall. HMDA-related lending to low-income borrowers reflected adequate distribution when reviewed against performance context information and peer group performance, but weaknesses were noted in certain CMSA census tracts. Small business lending to businesses with GAR of \$1 million or less reflected adequate distribution. Consumer lending to LMI borrowers reflected excellent penetration. For details, see Exhibits 9-13.

### **HMDA-related Loans**

#### **HMDA-related Lending to Moderate-income Borrowers**

Summit's HMDA-related lending to moderate-income borrowers in the CMSA reflected good distribution. The bank originated 16 percent of its HMDA-related loans to moderate-income borrowers while 18 percent of families are moderate-income. The distribution of HMDA-related lending to moderate-income borrowers was good in PMSA 5640 (Newark, NJ), PMSA 0875 (Bergen-Passaic, NJ) and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ). In PMSA 5190 (Monmouth-Ocean, NJ), the distribution of HMDA-related lending to moderate-income borrowers was adequate.

#### **HMDA-related Lending to Low-income Borrowers**

HMDA-related lending to low-income individuals reflected adequate distribution in CMSA 5602. Summit originated 8 percent of its HMDA-related loans to low-income borrowers while 19 percent of families are low-income. The overall distribution of HMDA-related loans to low-income borrowers in the four selected PMSAs in the CMSA was adequate in light of the performance context factors and peer and aggregate group performance discussed below.

#### **Home Purchase Lending to Moderate-income Borrowers**

The bank's home purchase lending to moderate-income borrowers reflected good distribution. Excellent distribution of home purchase loans to moderate-income borrowers was noted in PMSA 5640 (Newark, NJ) where 20 percent of such loans were originated to 18 percent of such borrowers.

The distribution of home purchase lending was good in PMSA 0875 (Bergen-Passaic), PMSA 5190 (Monmouth-Ocean, NJ) and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ). In PMSA 0875 (Bergen-Passaic, NJ), the bank originated 17 percent of home purchase loans to moderate-income borrowers while 19 percent of families are moderate-income. In PMSA 5190 (Monmouth-Ocean, NJ), the bank originated 14 percent of home purchase loans to moderate-income borrowers while 19 percent of families are moderate-income. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), Summit originated 19 percent of home purchase loans to moderate-income borrowers while 20 percent of families are moderate-income.

#### Home Purchase Lending to Low-income Borrowers

Home purchase lending to low-income borrowers reflected adequate distribution in light of performance context issues and the performance of peer and aggregate banks. In PMSA 5640 (Newark, NJ), Summit originated 8 percent of home purchase loans to low-income borrowers while 20 percent of families are low-income. In PMSA 0875 (Bergen-Passaic, NJ), the bank originated 11 percent of home purchase loans to low-income borrowers while 19 percent of families are low-income. In PMSA 5190 (Monmouth-Ocean, NJ), the bank originated 4 percent of home purchase loans to low-income borrowers while 18 percent of families are low-income. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), Summit originated 10 percent of home purchase loans to low-income borrowers while 16 percent of families are low-income.

The distribution was consistently low but reflected adequate penetration given the high cost of housing for low-income borrowers in Summit's assessment area of CMSA 5602. The CMSA's median housing value is 3.6 times higher than the median family income. Within the CMSA, the median housing values in PMSAs 5640, 0875, 5190 and 5015 range from 3.1 to 4 times greater than the median family incomes in these PMSAs.

Approximately 301 thousand families, or 18.9 percent of all families in the bank's assessment area of CMSA 5602, are low-income families. In addition, 5.4 percent of families in the CMSA live below the poverty line, further limiting participation in the low-income borrower market.

An evaluation of peer and aggregate bank performance also revealed difficulties in penetrating the low-income borrower market in the CMSA. Most peer banks also had poor distribution in counties where Summit's level of home purchase lending was less than adequate. Similarly, the bank's level of lending was in line with aggregate bank performance.

Considering performance context and peer group performance, home purchase lending to low-income borrowers was found to be weak in Morris, Sussex and Monmouth Counties, and in PMSA 5190 (Monmouth-Ocean, NJ). In addition, home purchase lending to low-income borrowers was poor and needs improvement in PMSA 3640 (Jersey City, NJ). The bank originated only nine home purchase loans to low-income borrowers in this PMSA where over 31 thousand low-income families reside.

## Refinancings

### Refinancings to Moderate-income Borrowers

Refinancings reflected good distribution to moderate-income borrowers. There were no areas where refinance lending was found to be weak. Distribution was good in both PMSA 0875 (Bergen-Passaic, NJ) and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ). In PMSA 0875 (Bergen-Passaic, NJ), 14 percent of refinancings were made to moderate-income borrowers while 19 percent of families are moderate-income. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), 19 percent of refinancings were made to moderate-income borrowers while 20 percent of families are moderate-income.

In PMSA 5640 (Newark, NJ) and PMSA 5190 (Monmouth-Ocean, NJ), the distribution of refinancings to moderate-income borrowers was adequate. In PMSA 5640 (Newark, NJ), 13 percent of loans were originated to moderate-income borrowers while 18 percent of families are moderate-income. Summit originated 14 percent of refinancings to moderate-income borrowers in PMSA 5190 (Monmouth-Ocean, NJ) while 19 percent of families are moderate-income.

### Refinancings to Low-income Borrowers

Refinance lending to low-income borrowers reflected adequate distribution when performance context issues and peer and aggregate group performance are included in the analysis. Summit originated 4 percent of refinancings to low-income borrowers in PMSA 5640 (Newark, NJ) while 20 percent of families are low-income. In PMSA 0875 (Bergen-Passaic, NJ), the bank originated 5 percent of refinancings to low-income borrowers while 19 percent of families are low-income. In PMSA 5190 (Monmouth-Ocean, NJ), 5 percent of refinancings were originated to low-income borrowers while 18 percent of families are low-income. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), Summit originated 7 percent of refinancings to low-income borrowers while 16 percent of families are low-income.

The bank's distribution was consistently low, but as previously mentioned, it represents adequate penetration when considering performance context information and peer bank performance. Refinancings are difficult to make to low-income borrowers because the borrowers often lack both liquidity (closing costs) to complete the transaction and financial expertise to take advantage of refinance transactions during periods of declining interest rates. Furthermore, many low-income borrowers may have obtained home mortgages with high loan-to-value ratios under affordable housing programs. This makes refinancings impossible or financially imprudent.

Peer and aggregate bank performance revealed the difficulty in penetrating the low-income borrower market in the CMSA. Practically all peer banks had similarly poor distribution of refinancings to low-income borrowers in the counties within Summit's assessment area of CMSA 5602. In addition, Summit outperformed aggregate banks in three of the four selected PMSAs.

## **Home Improvement Loans**

### **Home Improvement Lending to Moderate-income Borrowers**

The distribution of home improvement loans reflected excellent penetration among moderate-income borrowers. There were no weaknesses in home improvement lending to this borrower group. Distribution was excellent in PMSA 5640 (Newark, NJ) with 18 percent of home improvement loan originations made to moderate-income borrowers while 18 percent of the families are moderate-income.

Distribution of home improvement loans to moderate-income borrowers was good in PMSA 0875 (Bergen-Passaic, NJ). Summit originated 17 percent of home improvement loans to moderate-income borrowers while 19 percent of families are moderate-income. In PMSA 5190 (Monmouth-Ocean, NJ), the distribution of home improvement lending to moderate-income borrowers also was good. The bank originated 15 percent of home improvement loans to moderate-income borrowers while 19 percent of families are moderate-income. Good distribution also was noted in PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ) where 19 percent of home improvement loans were originated to moderate-income borrowers while 20 percent of families are moderate-income.

### **Home Improvement Lending to Low-income Borrowers**

Home improvement lending to low-income borrowers in CMSA 5602 reflected excellent distribution. Performance varied in the PMSAs comprising the CMSA. In PMSA 0875 (Bergen-Passaic, NJ), performance was excellent with the bank originating 30 percent of its home improvement loans to low-income borrowers while 19 percent of families are low-income.

In PMSA 5640 (Newark, NJ) and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), distribution of home improvement lending to low-income borrowers was good. In PMSA 5640 (Newark, NJ), the bank originated 17 percent of home improvement loans to low-income borrowers while 20 percent of families are low-income. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), the bank made 13 percent of home improvement loans to low-income borrowers while 16 percent of families are low-income.

The distribution of home improvement loans to low-income borrowers was adequate in PMSA 5190 (Monmouth-Ocean, NJ). The bank originated 9 percent of home improvement loans to low-income borrowers while 18 percent of families are low-income.

## **Small Business Loans**

Summit's record of lending to businesses of different sizes in CMSA 5602 was adequate. Approximately 57 percent of the bank's small business loans originated during the examination period were to businesses with GAR of \$1 million or less. The distribution was adequate when compared with 86 percent of all businesses in the CMSA that have GAR of \$1 million or less. Less than one half of 1 percent of the small business loans were made to businesses where GAR was not a factor in the bank's credit decision.

Lending to businesses with GAR of \$1 million or less was generally consistent among the four selected PMSAs in the CMSA. In PMSA 5640 (Newark, NJ), Summit originated 56 percent of small business loans to businesses with GAR of \$1 million or less while 86 percent of all businesses have GAR of \$1 million or less. In PMSA 0875 (Bergen-Passaic, NJ), the bank originated 53 percent of small business loans to businesses with GAR of \$1 million or less while 85 percent of all businesses have GAR at that level. In PMSA 5190 (Monmouth-Ocean, NJ), 61 percent of small business loans were originated to businesses with GAR of \$1 million or less while 90 percent of all businesses have GAR of \$1 million or less. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), the bank originated 55 percent of small business loans to businesses with GAR of \$1 million or less while 85 percent of all businesses have GAR at that level.

Approximately 67 percent of the bank's small business loans were for amounts of \$100 thousand or less. The average size of such loans was \$32 thousand.

An evaluation of peer and aggregate bank performance suggested the difficulties in penetrating the small business market in the CMSA. Most of the peer banks had slightly weaker distribution in counties where Summit's level of lending to small businesses was adequate. Similarly, Summit outperformed the aggregate in most of the counties in the northern CMSA.

Summit's level of lending to small businesses in Passaic County relative to the number of businesses with GAR of \$1 million or less in the county was less than adequate. Most of the peer banks had even weaker distributions for 1998, illustrating the difficulty in penetrating the small business market in this county.

### Consumer Loans

#### Consumer Lending to Moderate-income Borrowers

The bank's consumer lending to moderate-income borrowers in the CMSA reflected excellent distribution in each of the four selected PMSAs. In PMSA 5640 (Newark, NJ), Summit originated 28 percent of consumer loans to moderate-income borrowers while 18 percent of families are moderate-income. In PMSA 0875 (Bergen-Passaic, NJ), the bank originated 26 percent of consumer loans to moderate-income borrowers while 19 percent of families are moderate-income.

In PMSA 5190 (Monmouth-Ocean, NJ), the bank originated 28 percent of consumer loans to moderate-income borrowers while 19 percent of families are moderate-income. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), the bank originated 30 percent of consumer loans to moderate-income borrowers while 20 percent of families are moderate-income.

#### Consumer Lending to Low-income Borrowers

The bank's excellent distribution of consumer loans to low-income borrowers was reflected in each of the four key PMSAs in CMSA 5602. In PMSA 5640 (Newark, NJ), 35 percent of consumer loans were made to low-income borrowers while 20 percent of families are low-

income. In PMSA 0875 (Bergen-Passaic, NJ), Summit originated 42 percent of consumer loans to low-income borrowers while 19 percent of families are low-income.

In PMSA 5190 (Monmouth-Ocean, NJ), the bank originated 21 percent of consumer loans to low-income borrowers while 18 percent of families are low-income. In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), 32 percent of consumer loans were originated by the bank to low-income borrowers while 16 percent of families are low-income.

### **Community Development Lending**

Summit's community development lending was outstanding. In CMSA 5602, community development loan commitments totaled \$182 million, of which \$178.5 million or 98 percent were commitments originated since the previous examination. Of total commitments, \$179.5 million or 99 percent were direct lending initiatives. In CMSA 5602, commitments at this examination represent an increase of 155 percent since the previous examination when community development lending totaled \$71.3 million. For details, see Exhibit 14.

The bank focused its community development lending on activities supporting affordable housing and community services for LMI individuals. Of total commitments, \$78.2 million or 43 percent supported affordable housing initiatives, while \$80.3 million or 44 percent supported community services for LMI individuals. The balance of community development lending focused on economic development and revitalization and stabilization activities. Of total commitments, \$11.2 million or 6 percent supported economic development while \$12.2 million or 7 percent supported revitalization and stabilization activities.

Community development lending in support of affordable housing and revitalization and stabilization activities supported the development of 1,143 housing units.

PMSA 8480 (Trenton, NJ) had the highest level of community development lending with \$52.9 million, or 27 percent of the total dollar activity.

Summit made two notable community development loans totaling \$745 thousand to Renaissance 2000, a neighborhood revitalization project in Somerset County focusing on job training, counseling, drug and alcohol treatment, and health care.

### **INVESTMENT TEST**

Qualified investments totaled \$22.5 million or 34 percent of Summit's total investment activity for this examination. Affordable housing activity totaled \$21.4 million while economic development investment activity totaled \$1.1 million. Community services investment activity totaled \$147 thousand.

Qualified investments in affordable housing initiatives supported the development of 368 housing units. For details, see Exhibit 15.



## **SERVICE TEST**

Summit's service delivery systems in CMSA 5602 are reasonably accessible to essentially all portions of the assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Hours and services do not vary in a way that inconveniences certain portions of its assessment area, particularly LMI geographies and LMI individuals. Summit is a leader in providing community development services in its assessment area.

### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of CMSA 5602. The main system of delivering retail credit and non-credit services is the branch network. In addition, Summit offers ATMs, mini-branches, auxiliary offices, drive-up windows, PC banking and telephone banking.

#### **Branch Network**

As of June 30, 1999, Summit operated 296 full-service branches representing 80 percent of the bank's total branches. This compares favorably with the CMSA 5602 assessment area population, which contains 79 percent of the bank's entire assessment area population.

In CMSA 5602, 14.2 percent of Summit's branches (42 of 296) are located in LMI tracts while 24 percent of the population (1,449,251 of 6,023,991) and 22 percent of families (353,143 of 1,590,112) reside in LMI tracts, and 30.8 percent (456 of 1,482) of total census tracts are LMI census tracts. For details, see Exhibit 16.

According to management, northern New Jersey is very densely branched by Summit and its competitors. Summit, however, has no branches in Sussex County (PMSA 5640, Newark, NJ) or in the moderate-income tracts of Somerset County (PMSA 5015, Middlesex-Somerset-Hunterdon, NJ).

Of the PMSAs in CMSA 5602, PMSA 5640 (Newark, NJ), PMSA 0875 (Bergen-Passaic, NJ), PMSA 5190 (Monmouth-Ocean, NJ) and PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ) are of primary concern as they contain a combined 87 percent of all Summit branches in the CMSA (258 of 296 branches).

### **PMSA 5640 (NEWARK, NJ)**

Given the concentration of branches, this is a key PMSA. Of Summit's total branches, 25 percent (91 of 372) are located in PMSA 5640 (Newark, NJ). Of Summit's total branches in LMI tracts, 32 percent (17 of 53) are located here. Of the primary PMSAs in CMSA 5602, PMSA 5640 (Newark, NJ) has the largest percentage of branches, 31 percent (91 of 296). Of Summit's 42 branches in LMI tracts in CMSA 5602, 40 percent (17 of 42) are in this PMSA.

In PMSA 5640 (Newark, NJ), 19 percent of Summit's branches (17 of 91) are in LMI tracts while 31 percent of the population (576,848 of 1,860,466) and 28.2 percent of families (136,684 of 484,912) reside in LMI tracts. Of total census tracts in the PMSA, 39 percent (184 of 466) are LMI census tracts.

Essex County, an area of importance in PMSA 5640 (Newark, NJ), has 29 percent of Summit's branches in the PMSA (26 of 91), and 35 percent of the bank's branches in the PMSA's LMI census tracts (6 of 17).

Of the total number of branches in Essex County, 23 percent (6 of 26) are located in LMI census tracts while 52 percent of the population (406,488 of 778,206) and 49 percent of families (94,385 of 193,081) reside in LMI tracts. Of total census tracts in the county, 62 percent (138 of 224) are LMI census tracts.

Union County, also an area of importance in PMSA 5640 (Newark, NJ), contains 32 percent of all branches (29 of 91), and 41 percent of all branches (7 of 17) in LMI census tracts in the PMSA.

Of the total number of branches in Union County, 24 percent (7 of 29) are located in LMI census tracts while 29 percent of the population (143,012 of 493,819) and 27 percent of families (35,113 of 132,406) reside in LMI tracts. Of total number of census tracts in the county, 34 percent (35 of 104) are LMI census tracts.

#### **PMSA 0875 (BERGEN-PASSAIC, NJ)**

In PMSA 0875 (Bergen-Passaic, NJ), 12 percent of Summit's branches (7 of 57) are located in LMI census tracts while 23 percent of the population (293,421 of 1,278,440) and 21 percent of families (71,094 of 343,174) reside in LMI census tracts. Of the total number of census tracts in the PMSA, 35 percent (106 of 302) are LMI tracts.

#### **PMSA 5190 (MONMOUTH-OCEAN, NJ)**

In PMSA 5190 (Monmouth-Ocean, NJ), 20 percent of Summit's branches (11 of 54) are in LMI census tracts while 24 percent of the population (231,684 of 986,327) and 23 percent of families (62,732, of 268,329) reside in LMI tracts. Of total census tracts in the PMSA, 26 percent (60 of 233) are LMI tracts.

#### **PMSA 5015 (MIDDLESEX-SOMERSET-HUNTERDON, NJ)**

In PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), 5 percent of Summit's branches (3 of 56) are located in LMI tracts while 16 percent of the population (163,187 of 1,019,835) and

14 percent of families (39,216, of 272,942) reside in LMI tracts. Of total census tracts in the PMSA, 19 percent (49 of 258) are LMI census tracts.

Availability and Effectiveness of Alternative Systems for Delivering Retail Services

Summit's alternate service delivery systems enhance the availability and effectiveness of retail credit and non-credit services in LMI geographies and to LMI individuals.

In the CMSA 5602 assessment area, Summit operates 315 ATMs, with 263 ATMs in branches and 52 offsite. ATMs are located in 43 supermarket branches in CMSA 5602. Most of the bank's ATMs are accessible 24 hours a day.

Of the 42 LMI branches in CMSA 5602, 33 or 71 percent have ATM service. Of the 52 offsite ATMs, 4 or 8 percent are located in LMI census tracts.

For details on Summit's telephone, PC and online banking, see page BB19.

Record of Opening and Closing Branches

Summit's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Since the previous examination, 43 branches were opened and 32 were closed in CMSA 5602.

Three of the 43 branches opened were located in a moderate-income tract. No Summit branches were opened in a low-income tract. Four of 32 branches closed were in a moderate-income tract, and none were in a low-income tract.

Other branch openings in moderate-income tracts include supermarket branch openings in Newark, Paterson and Clifton, all in New Jersey. No Summit branches were opened in a low-income tract.

The bank's branch closing policy complies with regulatory guidelines.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Summit's business hours and services do not vary in a way that inconveniences certain portions of its assessment area, particularly LMI geographies or LMI individuals. Limited-service branches are open fewer hours or days than full-service branches. All branches, except limited-service branches, offer the same products and services. For details, see page BB21.

**Community Development Services**

Summit’s leadership in providing community development services in its assessment area is detailed in the following table:

<b>Activity Type</b>	<b># of Services</b>	<b>%</b>
<b>Affordable Housing</b> for LMI individuals	45	35%
Activities that promote <b>Economic Development</b>	50	39%
<b>Community Services</b> targeted to LMI individuals	33	26%
<b>TOTAL</b>	<b>128</b>	<b>100%</b>

Within CMSA 5602, 38 percent (48) of the bank’s community development services were provided in PMSA 5640 (Newark, NJ).

A notable community development service activity in Newark is the bank’s work with New Community Corporation (“NCC”). According to bank

management, NCC is a large nonprofit organization with a major role in the welfare-to-work initiative. A Summit banker sits on NCC’s board. NCC and Summit have developed a comprehensive job training and placement program for individuals moving from welfare to employment. Ten graduates of this 15-week program have been hired at Summit and other financial institutions. Employees of other companies such as Marriott International and United Parcel Service will also receive training.

Summit and NCC also are addressing the transportation problems of LMI individuals working in the Newark area. The bank and NCC have worked with the transportation arm of North New Jersey-Middle Link to apply for a \$250 thousand transportation grant from the state. The money will be used to set up van pools that will run at off-peak rush hours. The vans will serve NCC trainees hired by various corporations.

The bank also provides technical expertise to NCC’s loan pool program.

NCC also produces modular housing and pre-fabrication housing components at a former Borden Milk site in Newark to increase the availability of affordable housing for sale in northern New Jersey. Most modular units are shipped from Pennsylvania, and the cost of the equipment includes transportation charges. By producing the housing units and its components on the five-acre lot in Newark, NCC cuts transportation costs while also creating 200 construction jobs.

Summit and the city of Elizabeth have developed an innovative \$1 million First Time Home Buyer Mortgage Program, which includes Summit’s Partners in Pride CRA mortgages. As an extension of this program, the partnership planned a series of educational seminars for Elizabeth residents with the input of over 15 community leaders. These bilingual seminars explain program qualifications and increase homeownership opportunities. To date, over 500 residents have attended the seminars targeted to eligible first-time LMI home buyers. Fifty families have been certified. In addition, the partnership has offered office space to the Housing Coalition of Central New Jersey for ongoing individual counseling for seminar participants.

Another notable community service is Summit's "permanent banking day" with Continental Airlines at Newark Airport. Summit employees who speak Spanish and other languages help open accounts for Continental employees and discuss mortgage products with them.

Other bank partners in community development services include the New Jersey Citizen's Action Group, Community Access Unlimited, the Teaneck Chamber of Commerce, Renaissance 2000, the New Jersey Housing and Mortgage Finance Agency, and Manna House.

## **CMSA 6162**

### **(PHILADELPHIA-WILMINGTON-ATLANTIC CITY, PA-NJ-DE-MD)**

Summit's CRA performance in CMSA 6162 was based on the following conclusions:

- Overall lending levels reflected adequate responsiveness to credit needs in Summit's assessment area of CMSA 6162.
- The loan distribution in CMSA 6162 showed good penetration throughout the assessment area, including LMI areas.
- The overall distribution of loans among individuals of different income levels and businesses of different sizes was good.
- The bank's service delivery systems are accessible to essentially all portions of its assessment area in CMSA 6162.
- The record of opening and closing branches has not adversely affected the accessibility of the bank's delivery systems, particularly in LMI geographies and to LMI individuals.

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS**

This assessment area contains less than a quarter of Summit's deposits, lending and branches as follows: 14 percent of branch deposits, 14 percent of home purchase loans, 17 percent of refinancings, 20 percent of home improvement loans, 14 percent of small business loans, 21 percent of unsecured consumer loans, and 20 percent of the branches.

The assessment area also contains less than a quarter of the demographics of the overall assessment areas. CMSA 6162 has 21 percent of the population, 21 percent of the families, 23 percent of the owner-occupied units, and 18 percent of the business establishments. Thus, performance in this assessment area is not given as much weight as CMSA 5602 in Summit's overall CRA rating. For details, see Exhibit 1.

#### **PERFORMANCE CONTEXT**

Summit's assessment area in CMSA 6162 includes two PMSAs and a portion of the New Jersey area of PMSA 6160 (Philadelphia, PA-NJ). All of this assessment area is located in New Jersey. Details of the bank's performance context, including demographic and economic data, is discussed below.

The demographic and economic information used to describe Summit's assessment areas, and to evaluate the performance context in which the bank operates, was obtained from publicly

available sources including HUD, the U.S. Department of Commerce's Bureau of the Census, 1990, the U.S. Department of Labor and the New Jersey Department of Labor.

### Demographic Characteristics

The assessment area portion of CMSA 6162 has a population of almost 1.6 million located entirely in New Jersey. The largest percentage of the population, 71 percent or 1.1 million, is located in PMSA 6160 (Philadelphia, PA-NJ), which includes Camden, Burlington and Gloucester Counties. PMSA 0560 (Atlantic-Cape May, NJ) contains 20 percent or 320 thousand of the assessment area population within this CMSA. The total population of this assessment area portion of CMSA 6162 represents 20.5 percent of the state population.

### Income Characteristics

The 1990 median family income for the assessment area portion of CMSA 6162 is \$42,350, which is less than the state median family income of \$47,589. Of the 415 thousand families in the assessment area in this CMSA, 142 thousand or 34 percent are LMI. Sixty-nine percent of the LMI families of the assessment area reside in PMSA 6160 (Philadelphia, PA-NJ). Within this assessment area, 34.5 percent of all families are LMI, 24.8 percent are middle-income and 40.8 are upper-income. Twenty percent or 81 of the 413 census tracts within the assessment area of CMSA 6162 are LMI.

### Housing Characteristics

The assessment area of the CMSA contains 659 thousand housing units of which 404 thousand are owner-occupied. Rental units account for 24.3 percent of all housing units, and 14.3 percent are vacant. The total number of LMI owner-occupied units in the assessment area is 40 thousand, or 10 percent of all owner-occupied units in the assessment area.

Seventy-two percent of the owner-occupied units are located in PMSA 6160 (Philadelphia, PA-NJ). The same PMSA accounts for 62 percent of all the LMI owner-occupied units in this CMSA. The median age of the housing stock in this assessment area is 31 years, and the median housing value for owner-occupied units is \$103,480. The monthly median gross rent is \$536. The median housing value for New Jersey is \$161 thousand, while the median gross rent is \$592. For the assessment area of this CMSA, the median housing value is less than 2½ times higher than the median family income, indicating that housing is generally affordable.

Labor, Employment and Economic Characteristics

While New Jersey continues to exhibit a strong economy, Atlantic and Cape May Counties have not kept pace. The 1998 average annual unemployment rate for the state is 4.6 percent, but in PMSA 0560 (Atlantic-Cape May, NJ) the average is 8.5 percent. The higher jobless rate may partially be the result of the seasonal nature of jobs in these seaside counties, but other types of employment in Atlantic County have also remained level. The current private sector expansion in other PMSAs is broad-based with every sector except manufacturing adding jobs. The largest growth has been in the service industries.

**PMSA 6160 (PHILADELPHIA, PA-NJ)**

**PERFORMANCE CONTEXT**

Summit's assessment area in PMSA 6160 (Philadelphia, PA-NJ) includes Camden, Burlington and Gloucester Counties in New Jersey. The bank has 44 branches in this PMSA, which represent 58 percent of the total number of branches in the CMSA and 57 percent of the deposits in the CMSA branches. Six of the 44 branches are located in LMI census tracts.

The PMSA has both urban and suburban areas, and it includes Camden, the poorest city in New Jersey and one of the poorest cities in the U.S. The city has been named a Federal Empowerment Zone as part of the federal program to create long-term economic development in areas of pervasive poverty, unemployment and general distress.

Demographic Characteristics

The 1990 population of the assessment area portion of PMSA 6160 (Philadelphia, PA-NJ) is over 1.1 million, representing 71 percent of the total population of Summit's assessment area in CMSA 6162 and approximately 15 percent of the total population of the bank's assessment areas. This also represents approximately 15 percent of the state population. The population of Camden County is 45 percent of the total population of the assessment area portion of PMSA 6160, followed by Burlington County at 35 percent and Gloucester County at 20 percent. Camden, the largest city in Camden County, contains 20 census tracts; all are LMI except one.

Income Characteristics

The 1990 median family income for the assessment area portion of PMSA is \$44,531, and the state median family income is \$47,589. Specifically, median family income for the city of Camden is \$18,875, and 34 percent of the city's families live below the poverty level.

Based on 1990 Census data, 42 percent of the assessment area families in PMSA 6160 qualify as upper-income, 25 percent as middle-income, and 33 percent LMI. The assessment area portion of the PMSA has 290 census tracts, 70 percent of all tracts in the assessment area portion of CMSA. The LMI census tracts in this assessment area of PMSA 6160 total 49, which represent



60 percent of all LMI census tracts in the assessment area of CMSA 6162 and 17 percent of all census tracts in the assessment area of the PMSA.

### Housing Characteristics

The assessment area portion of this PMSA has the largest concentration of owner-occupied housing units in the assessment area portion of the CMSA, with 289,386 or 72 percent. Owner-occupied units in LMI census tracts total 25,001 or 62 percent of all LMI owner-occupied units in this assessment area portion of the PMSA. Owner-occupied units account for 70 percent of all housing in the assessment area portion of the PMSA, while 25 percent are rental units and 5 percent are vacant. The median housing value for owner-occupied units in the assessment area of PMSA 6160 (Philadelphia, PA-NJ) is \$106,714, and in Camden County and the city of Camden, the median housing value is \$41,961 and \$18,875, respectively. The median gross rent in the assessment area is \$535.

The 1990 median housing value is less than 2½ times higher than the median family income, indicating that homeownership is within reach of the LMI community. The aging housing stock in urban areas and the residents' limited financial ability, however, point to the need to preserve and rehabilitate owner-occupied housing. Low-income, first-time home buyers need down payment assistance, credit counseling and home maintenance training.

Rehabilitation programs for owner- and renter-occupied housing and preserving and expanding the supply of affordable housing are priorities in Camden County. Affordable housing is also lacking in Camden city, where in 1995 the median market rent was 13 to 28 percent higher than the median affordable rent.

### Labor, Employment and Economic Characteristics

The 1998 average unemployment rate for the assessment area portion of the PMSA is 4 percent, an improvement over the state's 5 percent jobless rate. Gloucester County and Camden County have the highest unemployment averages, both at 5 percent, followed by Burlington County's 3 percent. This area continues to be a leader in job creation in the state. According to the New Jersey Department of Labor, the 1996-97 employment gain was in the services sector with the largest gains in health, business, amusement and educational services. The unemployment problem is acute in the city of Camden where, according to the 1990 Census, the unemployment rate was 16 percent, increasing to 19 percent in 1997.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CMSA 6162 (PHILADELPHIA-WILMINGTON-ATLANTIC CITY, PA-NJ-DE-MD)**

### **LENDING TEST**

In CMSA 6162 retail lending volume showed adequate responsiveness to the retail credit needs of the assessment area. The overall geographic distribution of retail loans across census tracts of different income levels was good throughout the assessment areas. The bank's participation in the multifamily housing market and the concentration of affordable housing units showed excellent responsiveness to LMI housing needs. The overall distribution of loans among individuals of different income levels and businesses of different sizes was good.

#### **Lending Activity**

Summit exhibited adequate responsiveness to credit needs in CMSA 6162, considering the number and dollar amount of home purchase, home improvement, refinance, small business, multifamily and consumer loans originated in the assessment area. Loan volume increased since the previous CRA examination mainly as a result of the acquisition of Collective Federal Savings Bank in 1997 and the active refinance market in 1998. Overall lending activity was satisfactory in relation to the bank's size, market presence, financial capacity, and the performance of similarly situated peer institutions.

Lending activity was evenly distributed throughout the assessment area in light of population and number of branches. Summit's assessment area in CMSA 6162 contains 21 percent of the population, 20 percent of the branches, and 14 percent of the institution's deposits. Of the total loans evaluated for the assessment areas, the bank originated 17 percent of the number and 11 percent of the dollar amount in CMSA 6162. These figures include 7,868 loans (home purchase, home improvement, refinance, multifamily, small business, and unsecured consumer) to retail customers totaling \$504 million.

Summit's total volume of lending was generally comparable to the activity of similarly situated financial institutions in CMSA 6162. In PMSA 6160 (Philadelphia, PA-NJ), the bank ranked fourth in total loan volume, number of loans made in LMI census tracts, and number of loans per billion dollars of assets. The bank ranked sixth in loans made in LMI census tracts per billion dollars of assets.

In total number of HMDA-related loans, Summit ranked fifth in home purchase, third in refinancings, and fourth in home improvement activity. In total number of HMDA-related loans made in LMI census tracts, the bank ranked sixth in home purchase, fifth in refinance, and fourth in home improvement activity.

Within CMSA 6162, Summit’s small business loan presence was somewhat stronger, particularly in LMI census tracts. The bank ranked fourth in total volume of small business lending, but in LMI census tracts the bank was first in small business lending.

Summit’s rankings in terms of HMDA-related product and small business lending in PMSA 6160 (Philadelphia, PA-NJ) are shown in the table at right, first for loans originated per billion dollars in assets and then LMI loans originated per billion dollars in assets.

In the LMI tracts of the PMSA, the bank performed at a level with peers in lending per assets on small business and home improvement products, but underperformed peers in home purchase loans and refinancings.

<b>PMSA 6160 (Philadelphia, PA-NJ)</b>	
<b>Total Lending Activity Per Billion Dollars of Assets</b>	
Loan Product	Summit’s Rank in 8-bank Peer Group
Home purchase	5 <sup>th</sup>
Refinancings	3 <sup>rd</sup>
Small business	4 <sup>th</sup>
Home improvement	4 <sup>th</sup>
<b>Lending Activity in LMI Tracts Per Billion Dollars of Assets</b>	
Home purchase	7 <sup>th</sup>
Refinancings	7 <sup>th</sup>
Small business	2 <sup>nd</sup>
Home improvement	5 <sup>th</sup>

**Geographic Distribution of Lending**

The bank’s overall distribution of HMDA-related, small business, and consumer loans indicated good penetration throughout the assessment area. For details, see Exhibits 4-8.

Summit originated 10 percent of its HMDA-related loans, 14 percent of its small business loans, and 20 percent of consumer loans in LMI geographies. LMI census tracts represent 20 percent of all PMSA tracts in CMSA 6162.

Geographic distribution was good in PMSA 6160 (Philadelphia, PA-NJ).

For PMSA 6160 overall, Summit compared favorably with similarly situated peer institutions in home improvement and small business lending for 1998. Although the bank’s home purchase lending performance was excellent, the bank performed less favorably when comparing its LMI loan performance with similarly situated peers. Still, the bank’s performance was generally commensurate with its peers. Summit also compared less favorably with its peers in refinancings.

Loan penetration was low in the following geographies within the assessment areas: consumer lending in Gloucester County, home purchase lending and refinancings in Atlantic County, and home purchase lending in PMSA 0560 (Atlantic-Cape May, NJ).

**Home Purchase Lending**

LMI lending in CMSA 6162 was good. In addition, loan distribution was excellent in PMSA 6160 (Philadelphia, PA-NJ).

In PMSA 6160 (Philadelphia, PA-NJ), Summit originated 11 percent of home purchase loans in LMI census tracts, while 9 percent of the owner-occupied units in the PMSA are located in LMI census tracts.

When comparing the bank's loan performance with similarly situated peers, Summit performed less favorably but was generally commensurate with its peers for 1998.

After a review of performance context, poor loan penetration was found in Atlantic County and PMSA 0560 (Atlantic-Cape May).

#### Refinancings

Refinance loan distribution in LMI areas was adequate in CMSA 6162 and PMSA 6160 (Philadelphia, PA-NJ).

In PMSA 6160 (Philadelphia, PA-NJ), Summit originated 5 percent of refinancings in LMI census tracts, while 9 percent of the owner-occupied units in the PMSA are located in LMI census tracts.

When the bank's lending performance was compared with similarly situated peer institutions for 1998, Summit performed less favorably on LMI loan penetration in PMSA 6160. For the same year, the bank's lending performance was identical to the aggregate in CMSA 6162. In addition, Summit outperformed the aggregate in PMSA 6160 (Philadelphia, PA-NJ).

Geographic distribution of refinancings was poor in Atlantic County.

#### Home Improvement Lending

LMI lending in CMSA 6162 was excellent. Home improvement loan distribution in PMSA 6160 (Philadelphia, PA-NJ) also was excellent.

In PMSA 6160 (Philadelphia, PA-NJ), Summit originated 37 percent of home improvement loans in LMI census tracts, while 9 percent of the owner-occupied units in the PMSA are located in LMI census tracts.

For 1998, Summit outperformed similarly situated peer institutions on LMI geographic distribution in PMSA 6160.

#### Small Business Lending

LMI lending in CMSA 6162 was excellent. Loan distribution in LMI areas was also excellent in PMSA 6160 (Philadelphia, PA-NJ).

In PMSA 6160 (Philadelphia, PA-NJ), Summit originated 14 percent of small business loans in LMI census tracts, while 10 percent of business establishments in the PMSA are located in LMI census tracts.

For 1998, Summit outperformed similarly situated peer institutions in geographic distribution of small business loans.

### Consumer Lending

Both LMI lending in CMSA 6162 and loan distribution in PMSA 6160 (Philadelphia, PA-NJ) were excellent.

In PMSA 6160 (Philadelphia, PA-NJ), Summit originated 22 percent of consumer loans in LMI census tracts, while 13 percent of the households in the PMSA are located in LMI census tracts.

Poor distribution was found in Gloucester County.

### Multifamily Lending

Summit originated seven multifamily loans in assessment area CMSA 6162. Two of the loans were made in LMI census tracts in Camden County, located in PMSA 6160, and represent 224 units of affordable housing.

### **Borrower Characteristics**

The overall distribution of loans among individuals of different income levels and businesses of different sizes was good. HMDA-related lending to moderate-income borrowers reflected excellent distribution. HMDA-related lending to low-income borrowers reflected adequate distribution when reviewed against performance context information and peer and aggregate group performance, but weaknesses were noted in certain geographies in the CMSA. Small business lending to businesses with GAR of \$1 million or less reflected adequate distribution. Consumer lending to both moderate-income and low-income borrowers reflected excellent penetration. For details, see Exhibits 9-13.

### **HMDA-related Loans**

#### HMDA-related Lending to Moderate-income Borrowers

The distribution of HMDA-related loans to moderate-income borrowers was excellent. Summit originated 17 percent of its HMDA-related loans to moderate-income borrowers while 17 percent of families are moderate-income. The distribution of HMDA-related lending to moderate-income borrowers was excellent in PMSA 6160 (Philadelphia, PA-NJ).

#### HMDA-related Lending to Low-income Borrowers

HMDA-related lending to low-income borrowers reflected adequate distribution in CMSA 6162. The bank originated 9 percent of its HMDA-related loans to low-income borrowers while 17 percent of families are low-income. The overall distribution of HMDA-related loans to low-

income borrowers in PMSA 6160 (Philadelphia, PA-NJ) was adequate in light of the performance context factors and peer group performance discussed below.

### **Home Purchase Loans**

#### **Home Purchase Lending to Moderate-income Borrowers**

The distribution of home purchase loans to moderate-income borrowers was excellent. Distribution in PMSA 6160 (Philadelphia, PA-NJ) was excellent with 29 percent of home purchase loan originations made to moderate-income borrowers while 17 percent of families are moderate-income.

#### **Home Purchase Lending to Low-income Borrowers**

Distribution of home purchase lending to low-income borrowers was good. In PMSA 6160 (Philadelphia, PA-NJ), the bank originated 15 percent of home purchase loans to low-income borrowers while 16 percent of families are low-income.

After considering performance context information, home purchase lending to low-income borrowers was found to be weak in Gloucester and Atlantic Counties, as well as in PMSA 0560 (Atlantic-Cape May, NJ) and PMSA 8760 (Vineland-Millville-Bridgeton, NJ). Median housing values ranged from 2.1 to 2.7 times greater than median family incomes in the counties of the southern CMSA, except for Cape May County, which was 3.1 times greater.

### **Refinancings**

#### **Refinancings to Moderate-income Borrowers**

The distribution of refinancings in the CMSA was excellent. In PMSA 6160 (Philadelphia, PA-NJ), Summit originated 19 percent of refinancings to moderate-income borrowers while 17 percent of families are moderate-income.

#### **Refinancings to Low-income Borrowers**

Distribution of refinancings to low-income borrowers was adequate when performance context and peer and aggregate bank performance are considered in the analysis. In PMSA 6160 (Philadelphia, PA-NJ), the bank originated 6 percent of refinancings to low-income borrowers while 16 percent of families are low-income.

The low distribution represents adequate penetration when performance context and peer and aggregate bank performance are considered. As previously mentioned, refinancings are difficult to make to low-income borrowers because many of them lack the liquidity (closing costs) to complete a refinance transaction. The borrowers also may lack the financial expertise to take advantage of refinance transactions during periods of declining interest rates.

A review of peer and aggregate performance revealed that practically all similarly situated banks had poor distribution of refinancings to low-income borrowers in PMSA 6160 (Philadelphia, PA-NJ). In addition, Summit outperformed the aggregate in refinance lending to low-income borrowers in this PMSA.

### **Home Improvement Loans**

#### **Home Improvement Lending to Moderate-income Borrowers**

The distribution of home improvement loans reflected good penetration among moderate-income borrowers. In PMSA 6160 (Philadelphia, PA-NJ), distribution of home improvement loans to moderate-income borrowers was good. Summit originated 16 percent of home improvement loans to moderate-income borrowers while 17 percent of families are moderate-income.

#### **Home Improvement Lending to Low-income Borrowers**

Distribution of home improvement loans to low-income borrowers in CMSA 6162 was excellent. In PMSA 6160 (Philadelphia, PA-NJ), performance was excellent as the bank originated 35 percent of its home improvement loans to low-income borrowers while 16 percent of families are low-income.

### **Small Business Loans**

In CMSA 6162, Summit's record of lending to businesses of different sizes was adequate. Approximately 55 percent of the bank's small business loans originated during the examination period were to businesses with GAR of \$1 million or less. The distribution was adequate when compared with 88 percent of all businesses in the CMSA that have GAR of \$1 million or less. Less than one half of 1 percent of the small business loans were made to businesses where GAR was not a factor in the bank's credit decision.

Approximately 72 percent of the bank's small business loans were for amounts of \$100 thousand or less. The average size of such loans was \$37 thousand.

In PMSA 6160 (Philadelphia, PA-NJ), Summit originated 49 percent of small business loans to businesses with GAR of \$1 million or less while 87 percent of all businesses have GAR in that range.

Summit's performance in the PMSA was generally comparable to both similarly situated banks and aggregate lenders in this geography.

### **Consumer Loans**

#### **Consumer Lending to Moderate-income Borrowers**

The bank's consumer lending to moderate-income borrowers in the CMSA reflected excellent distribution. In PMSA 6160 (Philadelphia, PA-NJ), Summit originated 25 percent of consumer

loans to moderate-income borrowers while 17 percent of families are moderate-income.

### Consumer Lending to Low-income Borrowers

The distribution of consumer loans to low-income borrowers was excellent. In PMSA 6160 (Philadelphia, PA-NJ), 39 percent of consumer loans were made to low-income borrowers while 16 percent of families are low-income.

### Community Development Lending

Summit's community development lending was outstanding. Community development loan commitments in CMSA 6162 totaled \$15.4 million, all of which were originated during this examination period. Of the total commitment, \$15.3 million or 99 percent involved direct lending initiatives. Commitments at this examination increased 41 percent since the previous examination when community development lending in the CMSA totaled \$10.8 million.

The bank focused its community development lending on activities supporting affordable housing and community services for LMI individuals. Of total commitments, \$9.9 million or 65 percent supported affordable housing initiatives while \$5.3 million or 35 percent supported community services for LMI individuals. The balance of community development lending, \$100 thousand, focused on economic development.

Community development lending in support of affordable housing led to the development of 347 housing units. For details, see Exhibit 14.

### **INVESTMENT TEST**

Qualified investments totaled \$35.3 million or 53 percent of Summit's total investment activity for this examination period. Affordable housing activity totaled \$35.1 million while economic development investment activity totaled \$160 thousand. Community service investment activity totaled \$22 thousand. For details, see Exhibit 15.

Most of the investments in CMSA 6162 represent a single investment in an LIHTC (low-income housing tax credit) project for \$35 million. Within the CMSA, this investment was located in PMSA 6160 (Philadelphia, PA-NJ).

### **SERVICE TEST**

Summit's delivery systems in CMSA 6162 are accessible to essentially all portions of the CMSA. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Hours and services do not vary in a way that inconveniences certain portions of its assessment area, particularly LMI geographies and LMI individuals. Summit is a leader in providing community development services in its assessment area.



## **Retail Banking Services**

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of CMSA 6162. The main system of delivering retail credit and non-credit services is the branch network. In addition, Summit offers ATMs, mini-branches, auxiliary offices, drive-up windows, PC banking and telephone banking.

### **Branch Network**

As of June 30, 1999, Summit operated 76 full-service branches representing 20 percent of the bank's total number of branches. This compares favorably with the population of the CMSA 6162 assessment area, which contains 21 percent of the bank's entire assessment area population.

Within CMSA 6162, 14 percent of Summit's branches (11 of 76) are located in LMI census tracts while 16 percent of the population (248,498 of 1,585,441) and 14 percent of families (57,500 of 414,655) reside in LMI tracts. Of total census tracts in the CMSA, 20 percent (81 of 413) are LMI census tracts. For details, see Exhibit 16.

The bank has no branches in the towns of Glassboro in Gloucester County and Buena in Atlantic County.

## **PMSA 6160 (PHILADELPHIA, PA-NJ)**

Of the total number of branches in CMSA 6162, 58 percent (44 of 76) are located in PMSA 6160 (Philadelphia, PA-NJ). Of the total number of branches in LMI tracts in CMSA 6162, 55 percent (6 of 11) are in PMSA 6160 (Philadelphia, PA-NJ).

In PMSA 6160 (Philadelphia, PA-NJ), 14 percent of all branches (6 of 44) are in LMI tracts while 14 percent of the population (161,527 of 1,127,972) and 13 percent of the families (37,063 of 296,161) reside in LMI tracts. Of total number of census tracts in the PMSA, 17 percent (49 of 290) are LMI census tracts.

## **Camden County**

Located in PMSA 6160 (Philadelphia, PA-NJ), Camden County has one of the largest urban communities in southern New Jersey. During the examination period, three new in-store branches featuring seven-day banking were opened in Camden County. According to management, the county's in-store branches have been very successful with senior citizens.

Camden County has 45 percent (20 of 44) of Summit's branches in PMSA 6160 (Philadelphia PA-NJ). The county also has 50 percent (3 of 6) of Summit's PMSA 6160 branches in LMI census tracts. One in-store branch in the city of Camden is located in a moderate-income census

tract. According to bank management, Summit will be the only bank with a branch office in the city of East Camden by this examination's closing date.

In Camden County, 15 percent of all branches (3 of 20) are in LMI tracts while 22 percent of the population (112,398 of 502,824) and 20 percent of the families (25,824 of 130,338) reside in LMI tracts. Of the total number of census tracts in the county, 28 percent (33 of 120) are LMI tracts.

#### Availability and Effectiveness of Alternative Systems for Delivering Retail Services

Summit's alternate service delivery systems enhance the availability and effectiveness of retail credit and non-credit services in LMI geographies or to LMI individuals.

In the CMSA 6162 assessment area, Summit operates 73 ATMs, with 63 in branches and 10 offsite. ATMs are located in 12 supermarket branches of CMSA 6162. Most of the bank's ATMs are accessible 24 hours a day.

Of the 11 LMI branches in CMSA 6162, 6 or 54 percent have ATM service. Of the ten offsite ATMs, four or 40 percent are located in LMI census tracts.

Summit's telephone, PC and online banking services are described on page BB19.

#### Record of Opening and Closing Branches

Summit's record of branch openings and closings has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Since the previous examination, 43 branches were opened and 22 branches were closed in CMSA 6162. There were no Summit branch openings or closings in low-income census tracts, while in moderate-income census tracts, five branches were opened and two closed.

Merger activity added 17 branches in Atlantic County and 5 in Cape May County.

Of the five branches opened in moderate-income tracts, four were located in PMSA 0560 (Atlantic-Cape May, NJ).

The bank's branch closing policy complies with regulatory guidelines.

#### Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Summit's business hours and services do not vary in a way that inconveniences certain portions of its assessment area, particularly LMI geographies or LMI individuals. Limited service branches are open fewer hours or days than full-service branches. All branches, except limited-service branches, offer the same products and services. For details, see page BB21.

**Community Development Services**

Summit is a leader in providing community development services in its assessment area as detailed in the table at right.

Organizations with which the bank has partnered include the Camden County Advocate Program, Habitat for Humanity, St. Joseph's Carpenter Society, the Alliance of Churches, the Neighborhood Revitalization Network, and Home Start, Inc.

<b>Activity Type</b>	<b># of Services</b>	<b>%</b>
<b>Affordable Housing</b> for LMI individuals	11	36%
Activities that promote <b>Economic Development</b>	14	45%
<b>Community Services</b> targeted to LMI individuals	6	19%
<b>TOTAL</b>	<b>31</b>	<b>100%</b>

Community development service activities include home buyer workshops and small business seminars. In addition, Summit employees serve on the boards of community organizations.

## **EXHIBITS**

# **EXHIBIT 1**

## **Summary of Key Assessment Area Data**

EXHIBIT 2					
<b>Summary of Assessment Area Lending Activity</b>					
<b>October 1, 1997 – June 30, 1999</b>					
<b>Loan Purpose</b>	<b># of Loans</b>	<b>% of Total # of Loans</b>	<b>\$ Amount Of Loans ('000s)</b>	<b>% of Total \$ Amount</b>	<b>% of Loans in Assessment Area</b>
<b>Home Purchase</b>	6,149	13.2%	\$1,059,013	22.5%	81.1%
<b>Home Improvement</b>	3,098	6.7%	\$68,382	1.5%	97.8%
<b>Refinancings</b>	19,187	41.2%	\$2,112,711	44.9%	92.2%
<b>Multifamily</b>	86	0.2%	\$94,779	2.0%	92.5%
<b>Small Business**</b>	9,156	19.6%	\$1,309,610	27.8%	96.7%
<b>Consumer</b>	8,887	19.1%	\$59,025	1.3%	97.4%
<b>TOTALS</b>	<b>46,563</b>	<b>100%</b>	<b>\$4,703,520</b>	<b>100%</b>	<b>92.7%*</b>

\* Summit made 50,240 loans inside and outside its assessment areas during this period.

\*\* Include three small farm loans.

EXHIBIT 3

## Summary of Innovative or Flexible Lending Programs

October 1, 1997 – September 30, 1999

Loan Program	Product Type	Originations	
		#	\$('000's)
Partners in Pride	Mortgage	949	108,068
Partners in Pride (Signature Loan)	Installment Loan	2,357*	8,722
Freddie Mac Affordable Gold	Mortgage	137	18,389
NJHMFA	Mortgage	12	1,197
Fannie Mae Community Home Buyer	Mortgage	2	150
Lead Paint Abatement Loan Programs	FHA Title 1 Home Equity Loans Unsecured Personal Line of Credit	7**	71
NJEDA	Small Business Loan	17	7,650
SBA Guaranty Program	Small Business Loan	87	16,364
Small Business Micro Loan Pools	Small Business Loans	4	160
<b>TOTALS</b>		<b>3,572</b>	<b>\$160,771</b>

\* Following the bank's decision to expand the purpose of Signature loans from solely home improvement to include welfare-to-work-related loans, reporting of this loan was changed from the home improvement loan category to the unsecured consumer loan category on July 1, 1998. The unsecured consumer loan category had 1,285 Signature loans while the home improvement category had 1,072 Signature loans.

\*\* Numbers for 1999 only.

EXHIBIT 4

# Analysis of Home Purchase Loans Across Census Tract Income Levels

October 1, 1997 - June 30, 1999

Tracts	Low-income		Moderate-income		Middle-income		Upper-income		TOTALS		
	Assessment Area	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	# of Loans
ESSEX		5.78	10.79	21.18	24.66	27.27	12.52	45.77	52.02	126,345	519
UNION		0.71	1.46	13.75	23.59	53.93	38.20	31.62	36.74	112,508	479
WARREN		0.00	0.00	18.14	17.86	77.22	75.00	4.64	7.14	23,644	56
MORRIS		0.00	0.00	1.05	4.30	37.08	28.44	61.87	67.26	110,092	675
SUSSEX		0.00	0.00	0.00	0.00	61.70	46.81	38.30	53.19	20,964	47
<b>PMSA 5640</b>		<b>2.06</b>	<b>3.55</b>	<b>12.11</b>	<b>15.77</b>	<b>42.47</b>	<b>28.38</b>	<b>43.36</b>	<b>52.31</b>	<b>393,553</b>	<b>1,776</b>
PASSAIC		2.66	6.52	19.14	26.09	64.16	51.74	14.04	15.65	86,638	230
BERGEN		0.02	0.00	7.65	7.44	53.42	44.49	38.91	48.07	209,807	672
<b>PMSA 0875</b>		<b>0.79</b>	<b>1.66</b>	<b>11.01</b>	<b>12.20</b>	<b>56.56</b>	<b>46.34</b>	<b>31.64</b>	<b>39.80</b>	<b>296,445</b>	<b>902</b>
OCEAN		1.35	0.53	37.77	28.23	58.68	66.49	2.21	4.75	139,417	379
MONMOUTH		0.70	0.20	8.75	7.35	34.04	23.06	56.51	69.39	143,572	490
<b>PMSA 5190</b>		<b>1.02</b>	<b>0.35</b>	<b>23.04</b>	<b>16.46</b>	<b>46.18</b>	<b>42.00</b>	<b>29.76</b>	<b>41.20</b>	<b>282,989</b>	<b>869</b>
MIDDLESEX		0.88	0.72	12.36	12.88	73.78	64.04	12.99	22.36	161,005	559
SOMERSET		0.00	0.00	5.95	4.30	43.01	30.11	51.04	65.59	66,705	558
HUNTERDON		0.00	0.00	0.00	0.00	57.24	43.88	42.76	56.12	30,527	139
<b>PMSA 5015</b>		<b>0.55</b>	<b>0.32</b>	<b>9.24</b>	<b>7.64</b>	<b>63.87</b>	<b>46.74</b>	<b>26.34</b>	<b>45.30</b>	<b>258,237</b>	<b>1,256</b>
HUDSON		0.60	1.17	10.42	9.73	59.59	54.09	29.40	35.02	67,837	257
<b>PMSA 3640</b>		<b>0.60</b>	<b>1.17</b>	<b>10.42</b>	<b>9.73</b>	<b>59.59</b>	<b>54.09</b>	<b>29.40</b>	<b>35.02</b>	<b>67,837</b>	<b>257</b>
MERCER		3.12	1.67	12.89	10.42	49.99	30.00	34.00	57.92	77,818	240
<b>PMSA 8480</b>		<b>3.12</b>	<b>1.67</b>	<b>12.89</b>	<b>10.42</b>	<b>49.99</b>	<b>30.00</b>	<b>34.00</b>	<b>57.92</b>	<b>77,818</b>	<b>240</b>
<b>NJ 5602 Total</b>		<b>1.28</b>	<b>1.74</b>	<b>13.54</b>	<b>12.81</b>	<b>51.55</b>	<b>39.34</b>	<b>33.63</b>	<b>46.11</b>	<b>1,376,879</b>	<b>5,300</b>
<b>CMSA 5602</b>		<b>1.28</b>	<b>1.74</b>	<b>13.54</b>	<b>12.81</b>	<b>51.55</b>	<b>39.34</b>	<b>33.63</b>	<b>46.11</b>	<b>1,376,879</b>	<b>5,300</b>
CAMDEN		5.39	6.82	9.46	18.18	57.71	45.45	27.45	29.55	124,704	88
BURLINGTON		0.43	1.63	2.99	1.63	48.27	46.34	48.31	50.41	102,894	123
GLOUCESTER		0.00	0.00	4.80	4.35	69.69	82.61	25.51	13.04	61,788	46
<b>PMSA 6160</b>		<b>2.48</b>	<b>3.11</b>	<b>6.16</b>	<b>7.78</b>	<b>56.91</b>	<b>52.53</b>	<b>34.45</b>	<b>36.58</b>	<b>289,386</b>	<b>257</b>
ATLANTIC		1.12	1.28	6.16	2.31	68.37	76.67	24.35	19.74	55,032	390
CAPE MAY		0.00	0.00	28.76	11.54	58.37	80.77	12.88	7.69	27,242	156
<b>PMSA 0560</b>		<b>0.75</b>	<b>0.92</b>	<b>13.64</b>	<b>4.95</b>	<b>65.06</b>	<b>77.84</b>	<b>20.55</b>	<b>16.30</b>	<b>82,274</b>	<b>546</b>
CUMBERLAND		0.07	2.17	10.48	19.57	71.46	54.35	17.99	23.91	32,299	46
<b>PMSA 8760</b>		<b>0.07</b>	<b>2.17</b>	<b>10.48</b>	<b>19.57</b>	<b>71.46</b>	<b>54.35</b>	<b>17.99</b>	<b>23.91</b>	<b>32,299</b>	<b>46</b>
<b>NJ 6162 Total</b>		<b>1.93</b>	<b>1.65</b>	<b>8.03</b>	<b>6.60</b>	<b>59.73</b>	<b>68.90</b>	<b>30.30</b>	<b>22.85</b>	<b>403,959</b>	<b>849</b>
<b>CMSA 6162</b>		<b>1.93</b>	<b>1.65</b>	<b>8.03</b>	<b>6.60</b>	<b>59.73</b>	<b>68.90</b>	<b>30.30</b>	<b>22.85</b>	<b>403,959</b>	<b>849</b>
<b>TOTALS</b>		<b>1.42</b>	<b>1.72</b>	<b>12.29</b>	<b>11.95</b>	<b>53.41</b>	<b>43.42</b>	<b>32.88</b>	<b>42.90</b>	<b>1,780,838</b>	<b>6,149</b>



EXHIBIT 5

# Analysis of Refinancings Across Census Tract Income Levels

October 1, 1997 - June 30, 1999

Tracts	Low-income		Moderate-income		Middle-income		Upper-income		TOTALS	
	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	# of Loans
ESSEX	5.78	1.71	21.18	9.78	27.27	19.75	45.77	68.76	126,345	1,053
UNION	0.71	0.26	13.75	7.57	53.93	43.32	31.62	48.85	112,508	1,519
WARREN	0.00	0.00	18.14	6.56	77.22	83.78	4.64	9.65	23,644	259
MORRIS	0.00	0.00	1.05	0.96	37.08	33.40	61.87	65.65	110,092	2,090
SUSSEX	0.00	0.00	0.00	0.00	61.70	57.46	38.30	42.54	20,964	181
<b>PMSA 5640</b>	<b>2.06</b>	<b>0.43</b>	<b>12.11</b>	<b>5.00</b>	<b>42.47</b>	<b>36.95</b>	<b>43.36</b>	<b>57.62</b>	<b>393,553</b>	<b>5,102</b>
PASSAIC	2.66	0.98	19.14	9.78	64.16	66.26	14.04	22.98	86,638	409
BERGEN	0.02	0.00	7.65	5.73	53.42	50.96	38.91	43.31	209,807	2,390
<b>PMSA 0875</b>	<b>0.79</b>	<b>0.14</b>	<b>11.01</b>	<b>6.32</b>	<b>56.56</b>	<b>53.20</b>	<b>31.64</b>	<b>40.34</b>	<b>296,445</b>	<b>2,799</b>
OCEAN	1.35	0.49	37.77	21.49	58.68	74.46	2.21	3.55	139,417	1,633
MONMOUTH	0.70	0.28	8.75	4.90	34.04	29.31	56.51	65.51	143,572	1,815
<b>PMSA 5190</b>	<b>1.02</b>	<b>0.38</b>	<b>23.04</b>	<b>12.76</b>	<b>46.18</b>	<b>50.70</b>	<b>29.76</b>	<b>36.17</b>	<b>282,989</b>	<b>3,448</b>
MIDDLESEX	0.88	0.19	12.36	7.61	73.78	74.26	12.99	17.94	161,005	1,550
SOMERSET	0.00	0.00	5.95	3.89	43.01	36.30	51.04	59.81	66,705	1,234
HUNTERDON	0.00	0.00	0.00	0.00	57.24	51.60	42.76	48.40	30,527	626
<b>PMSA 5015</b>	<b>0.55</b>	<b>0.09</b>	<b>9.24</b>	<b>4.87</b>	<b>63.87</b>	<b>56.36</b>	<b>26.34</b>	<b>38.68</b>	<b>258,237</b>	<b>3,410</b>
HUDSON	0.60	0.47	10.42	6.60	59.59	56.84	29.40	36.08	67,837	424
<b>PMSA 3640</b>	<b>0.60</b>	<b>0.47</b>	<b>10.42</b>	<b>6.60</b>	<b>59.59</b>	<b>56.84</b>	<b>29.40</b>	<b>36.08</b>	<b>67,837</b>	<b>424</b>
MERCER	3.12	0.80	12.89	4.67	49.99	44.86	34.00	49.67	77,818	749
<b>PMSA 8480</b>	<b>3.12</b>	<b>0.80</b>	<b>12.89</b>	<b>4.67</b>	<b>49.99</b>	<b>44.86</b>	<b>34.00</b>	<b>49.67</b>	<b>77,818</b>	<b>749</b>
<b>NJ 5602 Total</b>	<b>1.28</b>	<b>0.31</b>	<b>13.54</b>	<b>6.91</b>	<b>51.55</b>	<b>47.83</b>	<b>33.63</b>	<b>44.94</b>	<b>1,376,879</b>	<b>15,932</b>
<b>CMSA 5602</b>	<b>1.28</b>	<b>0.31</b>	<b>13.54</b>	<b>6.91</b>	<b>51.55</b>	<b>47.83</b>	<b>33.63</b>	<b>44.94</b>	<b>1,376,879</b>	<b>15,932</b>
CAMDEN	5.39	2.34	9.46	7.19	57.71	62.34	27.45	28.13	124,704	640
BURLINGTON	0.43	0.96	2.99	2.06	48.27	49.11	48.31	47.87	102,894	727
GLOUCESTER	0.00	0.00	4.80	2.81	69.69	73.07	25.51	24.12	61,788	427
<b>PMSA 6160</b>	<b>2.48</b>	<b>1.23</b>	<b>6.16</b>	<b>4.07</b>	<b>56.91</b>	<b>59.53</b>	<b>34.45</b>	<b>35.17</b>	<b>289,386</b>	<b>1,794</b>
ATLANTIC	1.12	0.63	6.16	2.66	68.37	75.92	24.35	20.79	55,032	789
CAPE MAY	0.00	0.00	28.76	19.00	58.37	65.95	12.88	15.05	27,242	279
<b>PMSA 0560</b>	<b>0.75</b>	<b>0.47</b>	<b>13.64</b>	<b>6.93</b>	<b>65.06</b>	<b>73.31</b>	<b>20.55</b>	<b>19.29</b>	<b>82,274</b>	<b>1,068</b>
CUMBERLAND	0.07	0.00	10.48	5.85	71.46	72.77	17.99	21.37	32,299	393
<b>PMSA 8760</b>	<b>0.07</b>	<b>0.00</b>	<b>10.48</b>	<b>5.85</b>	<b>71.46</b>	<b>72.77</b>	<b>17.99</b>	<b>21.37</b>	<b>32,299</b>	<b>393</b>
<b>NJ 6162 Total</b>	<b>1.93</b>	<b>0.83</b>	<b>8.03</b>	<b>5.22</b>	<b>59.73</b>	<b>65.65</b>	<b>30.30</b>	<b>28.29</b>	<b>403,959</b>	<b>3,255</b>
<b>CMSA 6162</b>	<b>1.93</b>	<b>0.83</b>	<b>8.03</b>	<b>5.22</b>	<b>59.73</b>	<b>65.65</b>	<b>30.30</b>	<b>28.29</b>	<b>403,959</b>	<b>3,255</b>
<b>TOTALS</b>	<b>1.42</b>	<b>0.40</b>	<b>12.29</b>	<b>6.62</b>	<b>53.41</b>	<b>50.86</b>	<b>32.88</b>	<b>42.12</b>	<b>1,780,838</b>	<b>19,187</b>

EXHIBIT 6

# Analysis of Home Improvement Loans Across Census Tract Income Levels

October 1, 1997 - June 30, 1999

Tracts	Low-income		Moderate-income		Middle-income		Upper-income		TOTALS	
	Assessment Area	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units	% of Loans	% Owner-Occupied Units
ESSEX	5.78	9.69	21.18	25.51	27.27	18.88	45.77	45.92	126,345	196
UNION	0.71	3.27	13.75	20.82	53.93	46.12	31.62	29.80	112,508	245
WARREN	0.00	0.00	18.14	10.53	77.22	84.21	4.64	5.26	23,644	19
MORRIS	0.00	0.00	1.05	5.86	37.08	38.74	61.87	55.41	110,092	222
SUSSEX	0.00	0.00	0.00	0.00	61.70	70.00	38.30	30.00	20,964	20
<b>PMSA 5640</b>	<b>2.06</b>	<b>3.85</b>	<b>12.11</b>	<b>16.52</b>	<b>42.47</b>	<b>37.89</b>	<b>43.36</b>	<b>41.74</b>	<b>393,553</b>	<b>702</b>
PASSAIC	2.66	16.22	19.14	37.84	64.16	38.74	14.04	7.21	86,638	111
BERGEN	0.02	0.00	7.65	20.62	53.42	47.72	38.91	31.65	209,807	417
<b>PMSA 0875</b>	<b>0.79</b>	<b>3.41</b>	<b>11.01</b>	<b>24.24</b>	<b>56.56</b>	<b>45.83</b>	<b>31.64</b>	<b>26.52</b>	<b>296,445</b>	<b>528</b>
OCEAN	1.35	0.00	37.77	22.18	58.68	76.99	2.21	0.84	139,417	239
MONMOUTH	0.70	0.00	8.75	7.44	34.04	33.95	56.51	58.60	143,572	215
<b>PMSA 5190</b>	<b>1.02</b>	<b>0.00</b>	<b>23.04</b>	<b>15.20</b>	<b>46.18</b>	<b>56.61</b>	<b>29.76</b>	<b>28.19</b>	<b>282,989</b>	<b>454</b>
MIDDLESEX	0.88	1.38	12.36	5.07	73.78	79.26	12.99	14.29	161,005	217
SOMERSET	0.00	0.00	5.95	11.11	43.01	50.69	51.04	38.19	66,705	144
HUNTERDON	0.00	0.00	0.00	0.00	57.24	51.67	42.76	48.33	30,527	60
<b>PMSA 5015</b>	<b>0.55</b>	<b>0.71</b>	<b>9.24</b>	<b>6.41</b>	<b>63.87</b>	<b>65.56</b>	<b>26.34</b>	<b>27.32</b>	<b>258,237</b>	<b>421</b>
HUDSON	0.60	1.50	10.42	23.22	59.59	63.30	29.40	11.99	67,837	267
<b>PMSA 3640</b>	<b>0.60</b>	<b>1.50</b>	<b>10.42</b>	<b>23.22</b>	<b>59.59</b>	<b>63.30</b>	<b>29.40</b>	<b>11.99</b>	<b>67,837</b>	<b>267</b>
MERCER	3.12	13.86	12.89	14.85	49.99	36.63	34.00	34.65	77,818	101
<b>PMSA 8480</b>	<b>3.12</b>	<b>13.86</b>	<b>12.89</b>	<b>14.85</b>	<b>49.99</b>	<b>36.63</b>	<b>34.00</b>	<b>34.65</b>	<b>77,818</b>	<b>101</b>
<b>NJ 5602 Total</b>	<b>1.28</b>	<b>2.67</b>	<b>13.54</b>	<b>16.86</b>	<b>51.55</b>	<b>50.42</b>	<b>33.63</b>	<b>30.04</b>	<b>1,376,879</b>	<b>2,473</b>
<b>CMSA 5602</b>	<b>1.28</b>	<b>2.67</b>	<b>13.54</b>	<b>16.86</b>	<b>51.55</b>	<b>50.42</b>	<b>33.63</b>	<b>30.04</b>	<b>1,376,879</b>	<b>2,473</b>
CAMDEN	5.39	44.83	9.46	14.56	57.71	28.35	27.45	12.26	124,704	261
BURLINGTON	0.43	0.97	2.99	2.91	48.27	65.05	48.31	31.07	102,894	103
GLOUCESTER	0.00	0.00	4.80	2.67	69.69	80.00	25.51	17.33	61,788	75
<b>PMSA 6160</b>	<b>2.48</b>	<b>26.88</b>	<b>6.16</b>	<b>9.79</b>	<b>56.91</b>	<b>45.79</b>	<b>34.45</b>	<b>17.54</b>	<b>289,386</b>	<b>439</b>
ATLANTIC	1.12	1.08	6.16	4.30	68.37	70.97	24.35	23.66	55,032	93
CAPE MAY	0.00	0.00	28.76	51.72	58.37	41.38	12.88	6.90	27,242	29
<b>PMSA 0560</b>	<b>0.75</b>	<b>0.82</b>	<b>13.64</b>	<b>15.57</b>	<b>65.06</b>	<b>63.93</b>	<b>20.55</b>	<b>19.67</b>	<b>82,274</b>	<b>122</b>
CUMBERLAND	0.07	0.00	10.48	10.94	71.46	75.00	17.99	14.06	32,299	64
<b>PMSA 8760</b>	<b>0.07</b>	<b>0.00</b>	<b>10.48</b>	<b>10.94</b>	<b>71.46</b>	<b>75.00</b>	<b>17.99</b>	<b>14.06</b>	<b>32,299</b>	<b>64</b>
<b>NJ 6162 Total</b>	<b>1.93</b>	<b>19.04</b>	<b>8.03</b>	<b>11.04</b>	<b>59.73</b>	<b>52.32</b>	<b>30.30</b>	<b>17.60</b>	<b>403,959</b>	<b>625</b>
<b>CMSA 6162</b>	<b>1.93</b>	<b>19.04</b>	<b>8.03</b>	<b>11.04</b>	<b>59.73</b>	<b>52.32</b>	<b>30.30</b>	<b>17.60</b>	<b>403,959</b>	<b>625</b>
<b>TOTALS</b>	<b>1.42</b>	<b>5.97</b>	<b>12.29</b>	<b>15.69</b>	<b>53.41</b>	<b>50.81</b>	<b>32.88</b>	<b>27.53</b>	<b>1,780,838</b>	<b>3,098</b>

EXHIBIT 7

# Analysis of Small Business Loans Across Census Tract Income Levels

October 1, 1997 - June 30, 1999

Tracts	Low-income		Mod-income		Middle-income		Upper-income		TOTALS	
	% of Businesses	% of Loans	% of Bus.	% of Loans	% of Bus.	% of Loans	% of Bus.	% of Loans	% of Bus.	# of Loans
ESSEX	16.57	13.37	19.67	13.80	22.24	15.93	41.52	56.90	23,281	703
UNION	2.40	1.74	18.58	13.09	54.46	52.76	24.56	32.41	16,196	978
WARREN	0.00	0.00	14.10	12.31	82.92	73.85	2.98	13.85	3,092	65
MORRIS	0.00	0.00	2.22	1.44	39.43	34.65	58.35	63.91	19,872	834
SUSSEX	0.00	0.00	0.00	0.00	57.71	73.68	42.29	26.32	3,190	19
<b>PMSA 5640</b>	<b>6.47</b>	<b>4.27</b>	<b>12.90</b>	<b>9.43</b>	<b>39.98</b>	<b>37.67</b>	<b>40.65</b>	<b>48.63</b>	<b>65,631</b>	<b>2,599</b>
PASSAIC	11.07	17.17	19.79	15.66	58.33	58.59	10.81	8.59	15,913	198
BERGEN	0.02	0.00	13.62	18.49	51.21	51.65	35.15	29.86	37,808	1,363
<b>PMSA 0875</b>	<b>3.29</b>	<b>2.18</b>	<b>15.45</b>	<b>18.13</b>	<b>53.32</b>	<b>52.53</b>	<b>27.94</b>	<b>27.16</b>	<b>53,721</b>	<b>1,561</b>
OCEAN	1.00	0.38	23.70	29.94	71.44	65.53	3.86	4.15	13,899	795
MONMOUTH	2.41	0.59	11.65	12.43	34.35	32.40	51.59	54.59	20,621	676
<b>PMSA 5190</b>	<b>1.84</b>	<b>0.48</b>	<b>16.50</b>	<b>21.89</b>	<b>49.29</b>	<b>50.31</b>	<b>32.37</b>	<b>27.33</b>	<b>34,520</b>	<b>1,471</b>
MIDDLESEX	4.32	5.49	13.47	6.64	70.15	76.50	12.07	11.37	19,975	783
SOMERSET	0.00	0.00	11.21	8.58	41.50	45.61	47.30	45.81	9,495	513
HUNTERDON	0.00	0.00	0.00	0.00	70.78	61.64	29.22	38.36	4,938	232
<b>PMSA 5015</b>	<b>2.51</b>	<b>2.81</b>	<b>10.91</b>	<b>6.28</b>	<b>62.33</b>	<b>63.87</b>	<b>24.25</b>	<b>27.03</b>	<b>34,408</b>	<b>1,528</b>
HUDSON	1.79	1.00	17.73	13.04	55.92	58.86	24.57	27.09	15,068	299
<b>PMSA 3640</b>	<b>1.79</b>	<b>1.00</b>	<b>17.73</b>	<b>13.04</b>	<b>55.92</b>	<b>58.86</b>	<b>24.57</b>	<b>27.09</b>	<b>15,068</b>	<b>299</b>
MERCER	6.37	4.57	11.71	11.78	45.38	43.75	36.54	39.90	10,162	416
<b>PMSA 8480</b>	<b>6.37</b>	<b>4.57</b>	<b>11.71</b>	<b>11.78</b>	<b>45.38</b>	<b>43.75</b>	<b>36.54</b>	<b>39.90</b>	<b>10,162</b>	<b>416</b>
<b>NJ 5602 Total</b>	<b>3.95</b>	<b>2.76</b>	<b>14.09</b>	<b>13.13</b>	<b>49.82</b>	<b>49.19</b>	<b>32.14</b>	<b>34.93</b>	<b>213,510</b>	<b>7,874</b>
<b>CMSA 5602</b>	<b>3.95</b>	<b>2.76</b>	<b>14.09</b>	<b>13.13</b>	<b>49.82</b>	<b>49.19</b>	<b>32.14</b>	<b>34.93</b>	<b>213,510</b>	<b>7,874</b>
CAMDEN	7.35	10.78	6.73	7.27	49.88	54.39	36.03	27.57	14,293	399
BURLINGTON	1.10	0.54	3.08	4.89	45.25	49.46	50.56	45.11	10,737	368
GLOUCESTER	0.00	0.00	9.24	21.39	70.62	52.60	20.14	26.01	6,058	173
<b>PMSA 6160</b>	<b>3.76</b>	<b>4.79</b>	<b>5.96</b>	<b>8.94</b>	<b>52.33</b>	<b>52.13</b>	<b>37.95</b>	<b>34.15</b>	<b>31,088</b>	<b>940</b>
ATLANTIC	2.15	0.00	10.83	9.94	63.63	66.85	23.39	23.20	7,080	181
CAPE MAY	0.00	0.00	26.63	45.00	61.81	47.50	11.56	7.50	4,187	40
<b>PMSA 0560</b>	<b>1.35</b>	<b>0.00</b>	<b>16.70</b>	<b>16.29</b>	<b>62.95</b>	<b>63.35</b>	<b>18.99</b>	<b>20.36</b>	<b>11,267</b>	<b>221</b>
CUMBERLAND	6.08	4.96	16.10	11.57	61.62	67.77	16.21	15.70	3,504	121
<b>PMSA 8760</b>	<b>6.08</b>	<b>4.96</b>	<b>16.10</b>	<b>11.57</b>	<b>61.62</b>	<b>67.77</b>	<b>16.21</b>	<b>15.70</b>	<b>3,504</b>	<b>121</b>
<b>NJ 6162 Total</b>	<b>3.35</b>	<b>3.98</b>	<b>9.37</b>	<b>10.45</b>	<b>55.65</b>	<b>55.54</b>	<b>31.63</b>	<b>30.03</b>	<b>45,859</b>	<b>1,282</b>
<b>CMSA 6162</b>	<b>3.35</b>	<b>3.98</b>	<b>9.37</b>	<b>10.45</b>	<b>55.65</b>	<b>55.54</b>	<b>31.63</b>	<b>30.03</b>	<b>45,859</b>	<b>1,282</b>
<b>TOTALS</b>	<b>3.84</b>	<b>2.93</b>	<b>13.25</b>	<b>12.76</b>	<b>50.85</b>	<b>50.08</b>	<b>32.05</b>	<b>34.24</b>	<b>259,369</b>	<b>9,156</b>

EXHIBIT 8

# Analysis of Consumer Loans Across Census Tract Income Levels

July 1, 1998 - June 30, 1999

Tracts Assessment Area	Low-income		Mod-income		Middle-income		Upper-income		TOTALS	
	% of Households	% of Loans	% of H'holds	% of Loans	% of H'holds	% of Loans	% of H'holds	% of Loans	# of H'holds	# of Loans
ESSEX	18.70	10.21	31.65	31.38	24.36	26.84	25.30	31.57	277,667	529
UNION	2.29	4.76	25.73	32.87	48.06	45.03	23.92	17.34	179,966	715
WARREN	0.00	0.00	20.97	14.63	74.75	78.05	4.28	7.32	33,876	82
MORRIS	0.00	0.00	2.22	3.12	43.84	50.95	53.94	45.93	148,627	577
SUSSEX	0.00	0.00	0.00	0.00	64.94	58.33	35.06	41.67	25,955	48
<b>PMSA 5640</b>	<b>8.41</b>	<b>4.51</b>	<b>21.70</b>	<b>22.09</b>	<b>39.25</b>	<b>43.57</b>	<b>30.63</b>	<b>29.83</b>	<b>666,091</b>	<b>1,951</b>
PASSAIC	10.37	13.23	29.91	42.95	51.04	37.96	8.69	5.86	155,450	461
BERGEN	0.02	0.00	12.47	18.59	56.90	59.75	30.61	21.66	308,795	1,108
<b>PMSA 0875</b>	<b>3.48</b>	<b>3.89</b>	<b>18.31</b>	<b>25.75</b>	<b>54.94</b>	<b>53.35</b>	<b>23.27</b>	<b>17.02</b>	<b>464,245</b>	<b>1,569</b>
OCEAN	1.57	0.76	37.01	20.57	59.43	76.38	1.99	2.29	168,312	525
MONMOUTH	2.77	0.57	15.03	13.04	35.02	40.83	47.18	45.56	197,325	529
<b>PMSA 5190</b>	<b>2.22</b>	<b>0.66</b>	<b>25.15</b>	<b>16.79</b>	<b>46.25</b>	<b>58.54</b>	<b>26.38</b>	<b>24.00</b>	<b>365,637</b>	<b>1,054</b>
MIDDLESEX	2.15	0.78	18.32	12.29	68.97	78.91	10.55	8.02	238,974	773
SOMERSET	0.00	0.00	10.84	10.97	44.86	48.13	44.30	40.90	88,819	401
HUNTERDON	0.00	0.00	0.00	0.00	59.99	54.71	40.01	45.29	38,152	170
<b>PMSA 5015</b>	<b>1.40</b>	<b>0.45</b>	<b>14.60</b>	<b>10.34</b>	<b>62.18</b>	<b>66.67</b>	<b>21.81</b>	<b>22.54</b>	<b>365,945</b>	<b>1,344</b>
HUDSON	1.99	0.76	16.78	23.06	60.09	58.09	21.15	18.09	208,574	785
<b>PMSA 3640</b>	<b>1.99</b>	<b>0.76</b>	<b>16.78</b>	<b>23.06</b>	<b>60.09</b>	<b>58.09</b>	<b>21.15</b>	<b>18.09</b>	<b>208,574</b>	<b>785</b>
MERCER	6.15	6.59	16.06	10.78	48.00	48.50	29.78	34.13	116,777	334
<b>PMSA 8480</b>	<b>6.15</b>	<b>6.59</b>	<b>16.06</b>	<b>10.78</b>	<b>48.00</b>	<b>48.50</b>	<b>29.78</b>	<b>34.13</b>	<b>116,777</b>	<b>334</b>
<b>NJ 5602 Total</b>	<b>4.43</b>	<b>2.70</b>	<b>19.60</b>	<b>19.44</b>	<b>50.04</b>	<b>54.26</b>	<b>25.93</b>	<b>23.60</b>	<b>2,187,269</b>	<b>7,037</b>
<b>CMSA 5602</b>	<b>4.43</b>	<b>2.70</b>	<b>19.60</b>	<b>19.44</b>	<b>50.04</b>	<b>54.26</b>	<b>25.93</b>	<b>23.60</b>	<b>2,187,269</b>	<b>7,037</b>
CAMDEN	9.23	29.09	11.25	14.80	56.07	42.69	23.45	13.43	178,812	581
BURLINGTON	1.24	0.88	5.56	3.51	50.96	63.60	42.25	32.02	136,438	456
GLOUCESTER	0.00	0.00	7.02	2.38	69.82	80.48	23.16	17.14	78,729	210
<b>PMSA 6160</b>	<b>4.62</b>	<b>13.87</b>	<b>8.43</b>	<b>8.58</b>	<b>57.05</b>	<b>56.70</b>	<b>29.90</b>	<b>20.85</b>	<b>393,979</b>	<b>1,247</b>
ATLANTIC	4.83	2.08	11.44	6.92	64.61	75.78	19.12	15.22	85,407	289
CAPE MAY	0.00	0.00	28.92	40.98	60.76	47.54	10.32	11.48	38,035	61
<b>PMSA 0560</b>	<b>3.34</b>	<b>1.71</b>	<b>16.82</b>	<b>12.86</b>	<b>63.43</b>	<b>70.86</b>	<b>16.41</b>	<b>14.57</b>	<b>123,442</b>	<b>350</b>
CUMBERLAND	0.39	0.40	16.75	13.04	66.39	67.59	16.47	18.97	47,259	253
<b>PMSA 8760</b>	<b>0.39</b>	<b>0.40</b>	<b>16.75</b>	<b>13.04</b>	<b>66.39</b>	<b>67.59</b>	<b>16.47</b>	<b>18.97</b>	<b>47,259</b>	<b>253</b>
<b>NJ 6162 Total</b>	<b>3.99</b>	<b>9.73</b>	<b>10.96</b>	<b>10.00</b>	<b>59.22</b>	<b>60.86</b>	<b>25.83</b>	<b>19.41</b>	<b>564,680</b>	<b>1,850</b>
<b>CMSA 6162</b>	<b>3.99</b>	<b>9.73</b>	<b>10.96</b>	<b>10.00</b>	<b>59.22</b>	<b>60.86</b>	<b>25.83</b>	<b>19.41</b>	<b>564,680</b>	<b>1,850</b>
<b>TOTALS</b>	<b>4.34</b>	<b>4.16</b>	<b>17.83</b>	<b>17.47</b>	<b>51.93</b>	<b>55.63</b>	<b>25.91</b>	<b>22.73</b>	<b>2,751,949</b>	<b>8,887</b>

EXHIBIT 9

# Distribution of Home Purchase Loans Across Borrower Income Levels

October 1, 1997 - June 30, 1999

Assessment Area	Low-income		Mod-income		Middle-income		Upper-income		TOTALS	
	% of Families	% of Loans	% of Families	% of Loans	% of Families	% of Loans	% of Families	% of Loans	# of Families	# of Loans
ESSEX	28.48	14.29	18.72	24.60	20.70	16.47	32.11	44.64	193,081	504
UNION	19.52	8.00	18.96	25.33	24.84	26.22	36.67	40.44	132,406	450
WARREN	18.58	10.64	21.63	23.40	30.24	23.40	29.55	42.55	25,089	47
MORRIS	9.10	2.17	13.83	12.42	23.55	18.32	53.52	67.08	113,892	644
SUSSEX	11.40	4.65	16.61	13.95	29.18	37.21	42.81	44.19	20,444	43
<b>PMSA 5640</b>	<b>20.25</b>	<b>7.64</b>	<b>17.70</b>	<b>19.85</b>	<b>23.35</b>	<b>20.50</b>	<b>38.70</b>	<b>52.01</b>	<b>484,912</b>	<b>1,688</b>
PASSAIC	26.07	22.37	22.58	24.20	23.46	23.29	27.89	30.14	116,155	219
BERGEN	14.74	6.49	17.06	13.96	23.65	21.75	44.55	57.79	227,019	616
<b>PMSA 0875</b>	<b>18.58</b>	<b>10.66</b>	<b>18.93</b>	<b>16.65</b>	<b>23.59</b>	<b>22.16</b>	<b>38.91</b>	<b>50.54</b>	<b>343,174</b>	<b>835</b>
OCEAN	23.60	6.27	22.82	16.81	26.07	23.65	27.51	53.28	121,382	351
MONMOUTH	13.98	2.19	15.54	12.06	23.15	16.01	47.34	69.74	146,947	456
<b>PMSA 5190</b>	<b>18.33</b>	<b>3.97</b>	<b>18.83</b>	<b>14.13</b>	<b>24.47</b>	<b>19.33</b>	<b>38.37</b>	<b>62.58</b>	<b>268,329</b>	<b>807</b>
MIDDLESEX	17.75	15.52	21.42	23.18	27.99	25.48	32.84	35.82	177,052	522
SOMERSET	11.41	5.27	17.01	14.81	25.33	20.89	46.25	59.03	66,256	493
HUNTERDON	12.12	6.06	16.25	15.91	26.60	20.45	45.02	57.58	29,634	132
<b>PMSA 5015</b>	<b>15.60</b>	<b>10.03</b>	<b>19.79</b>	<b>18.74</b>	<b>27.19</b>	<b>22.93</b>	<b>37.42</b>	<b>48.30</b>	<b>272,942</b>	<b>1,147</b>
HUDSON	22.91	3.63	16.23	14.11	21.11	22.98	39.75	59.27	137,646	248
<b>PMSA 3640</b>	<b>22.91</b>	<b>3.63</b>	<b>16.23</b>	<b>14.11</b>	<b>21.11</b>	<b>22.98</b>	<b>39.75</b>	<b>59.27</b>	<b>137,646</b>	<b>248</b>
MERCER	18.87	13.37	18.20	16.83	24.03	16.34	38.90	53.47	83,109	202
<b>PMSA 8480</b>	<b>18.87</b>	<b>13.37</b>	<b>18.20</b>	<b>16.83</b>	<b>24.03</b>	<b>16.34</b>	<b>38.90</b>	<b>53.47</b>	<b>83,109</b>	<b>202</b>
<b>NJ 5602</b>	<b>18.92</b>	<b>8.14</b>	<b>18.41</b>	<b>17.70</b>	<b>24.09</b>	<b>21.11</b>	<b>38.57</b>	<b>53.05</b>	<b>1,590,112</b>	<b>4,927</b>
<b>CMSA 5602</b>	<b>18.92</b>	<b>8.14</b>	<b>18.41</b>	<b>17.70</b>	<b>24.09</b>	<b>21.11</b>	<b>38.57</b>	<b>53.05</b>	<b>1,590,112</b>	<b>4,927</b>
CAMDEN	19.40	24.66	17.77	15.07	24.38	20.55	38.46	39.73	130,338	73
BURLINGTON	12.33	12.00	15.84	32.00	25.57	20.00	46.26	36.00	104,531	100
GLOUCESTER	15.66	5.88	17.33	52.94	26.49	14.71	40.53	26.47	61,292	34
<b>PMSA 6160</b>	<b>16.13</b>	<b>15.46</b>	<b>17.00</b>	<b>29.47</b>	<b>25.23</b>	<b>19.32</b>	<b>41.64</b>	<b>35.75</b>	<b>296,161</b>	<b>207</b>
ATLANTIC	17.00	4.04	18.11	15.90	24.15	28.03	40.74	52.02	57,156	371
CAPE MAY	20.54	2.07	21.73	8.28	24.20	18.62	33.52	71.03	25,955	145
<b>PMSA 0560</b>	<b>18.10</b>	<b>3.49</b>	<b>19.24</b>	<b>13.76</b>	<b>24.17</b>	<b>25.39</b>	<b>38.48</b>	<b>57.36</b>	<b>83,111</b>	<b>516</b>
CUMBERLAND	21.12	5.41	17.29	24.32	22.82	27.03	38.77	43.24	35,383	37
<b>PMSA 8760</b>	<b>21.12</b>	<b>5.41</b>	<b>17.29</b>	<b>24.32</b>	<b>22.82</b>	<b>27.03</b>	<b>38.77</b>	<b>43.24</b>	<b>35,383</b>	<b>37</b>
<b>NJ 6162</b>	<b>16.95</b>	<b>6.84</b>	<b>17.47</b>	<b>18.55</b>	<b>24.81</b>	<b>23.82</b>	<b>40.76</b>	<b>50.79</b>	<b>414,655</b>	<b>760</b>
<b>CMSA 6162</b>	<b>16.95</b>	<b>6.84</b>	<b>17.47</b>	<b>18.55</b>	<b>24.81</b>	<b>23.82</b>	<b>40.76</b>	<b>50.79</b>	<b>414,655</b>	<b>760</b>
<b>TOTALS</b>	<b>18.52</b>	<b>7.97</b>	<b>18.22</b>	<b>17.81</b>	<b>24.24</b>	<b>21.47</b>	<b>39.02</b>	<b>52.75</b>	<b>2,004,767</b>	<b>5,687</b>

EXHIBIT 10

## Distribution of Refinancings Across Borrower Income Levels

October 1, 1997 - June 30, 1999

Assessment Area	Low-income		Mod-income		Middle-income		Upper-income		TOTALS	
	% of Families	% of Loans	% of Families	% of Loans	% of Families	% of Loans	% of Families	% of Loans	# of Families	# of Loans
ESSEX	28.48	5.18	18.72	11.62	20.70	22.27	32.11	60.94	193,081	1,024
UNION	19.52	4.84	18.96	14.74	24.84	26.92	36.67	53.49	132,406	1,445
WARREN	18.58	2.36	21.63	18.90	30.24	35.43	29.55	43.31	25,089	254
MORRIS	9.10	2.99	13.83	11.34	23.55	24.53	53.52	61.14	113,892	2,010
SUSSEX	11.40	4.57	16.61	19.43	29.18	30.86	42.81	45.14	20,444	175
<b>PMSA 5640</b>	<b>20.25</b>	<b>4.01</b>	<b>17.70</b>	<b>13.08</b>	<b>23.35</b>	<b>25.55</b>	<b>38.70</b>	<b>57.36</b>	<b>484,912</b>	<b>4,908</b>
PASSAIC	26.07	6.72	22.58	17.57	23.46	29.97	27.89	45.74	116,155	387
BERGEN	14.74	4.96	17.06	13.67	23.65	25.99	44.55	55.38	227,019	2,297
<b>PMSA 0875</b>	<b>18.58</b>	<b>5.22</b>	<b>18.93</b>	<b>14.23</b>	<b>23.59</b>	<b>26.56</b>	<b>38.91</b>	<b>53.99</b>	<b>343,174</b>	<b>2,684</b>
OCEAN	23.60	8.30	22.82	17.94	26.07	29.50	27.51	44.25	121,382	1,566
MONMOUTH	13.98	2.69	15.54	10.30	23.15	24.79	47.34	62.22	146,947	1,747
<b>PMSA 5190</b>	<b>18.33</b>	<b>5.34</b>	<b>18.83</b>	<b>13.91</b>	<b>24.47</b>	<b>27.01</b>	<b>38.37</b>	<b>53.73</b>	<b>268,329</b>	<b>3,313</b>
MIDDLESEX	17.75	8.53	21.42	21.26	27.99	33.04	32.84	37.17	177,052	1,477
SOMERSET	11.41	5.62	17.01	16.68	25.33	25.65	46.25	52.05	66,256	1,193
HUNTERDON	12.12	4.30	16.25	16.53	26.60	28.43	45.02	50.74	29,634	605
<b>PMSA 5015</b>	<b>15.60</b>	<b>6.69</b>	<b>19.79</b>	<b>18.72</b>	<b>27.19</b>	<b>29.50</b>	<b>37.42</b>	<b>45.10</b>	<b>272,942</b>	<b>3,275</b>
HUDSON	22.91	2.93	16.23	12.20	21.11	19.76	39.75	65.12	137,646	410
<b>PMSA 3640</b>	<b>22.91</b>	<b>2.93</b>	<b>16.23</b>	<b>12.20</b>	<b>21.11</b>	<b>19.76</b>	<b>39.75</b>	<b>65.12</b>	<b>137,646</b>	<b>410</b>
MERCER	18.87	7.05	18.20	14.80	24.03	25.45	38.90	52.70	83,109	723
<b>PMSA 8480</b>	<b>18.87</b>	<b>7.05</b>	<b>18.20</b>	<b>14.80</b>	<b>24.03</b>	<b>25.45</b>	<b>38.90</b>	<b>52.70</b>	<b>83,109</b>	<b>723</b>
<b>NJ 5602 Total</b>	<b>18.92</b>	<b>5.20</b>	<b>18.41</b>	<b>14.73</b>	<b>24.09</b>	<b>26.73</b>	<b>38.57</b>	<b>53.35</b>	<b>1,590,112</b>	<b>15,313</b>
<b>CMSA 5602</b>	<b>18.92</b>	<b>5.20</b>	<b>18.41</b>	<b>14.73</b>	<b>24.09</b>	<b>26.73</b>	<b>38.57</b>	<b>53.35</b>	<b>1,590,112</b>	<b>15,313</b>
CAMDEN	19.40	8.51	17.77	18.49	24.38	28.81	38.46	44.19	130,338	611
BURLINGTON	12.33	5.18	15.84	17.55	25.57	26.19	46.26	51.08	104,531	695
GLOUCESTER	15.66	5.07	17.33	20.53	26.49	30.68	40.53	43.72	61,292	414
<b>PMSA 6160</b>	<b>16.13</b>	<b>6.34</b>	<b>17.00</b>	<b>18.60</b>	<b>25.23</b>	<b>28.20</b>	<b>41.64</b>	<b>46.86</b>	<b>296,161</b>	<b>1,720</b>
ATLANTIC	17.00	5.37	18.11	15.18	24.15	28.27	40.74	51.18	57,156	764
CAPE MAY	20.54	4.03	21.73	13.92	24.20	23.08	33.52	58.97	25,955	273
<b>PMSA 0560</b>	<b>18.10</b>	<b>5.01</b>	<b>19.24</b>	<b>14.85</b>	<b>24.17</b>	<b>26.90</b>	<b>38.48</b>	<b>53.23</b>	<b>83,111</b>	<b>1,037</b>
CUMBERLAND	21.12	5.74	17.29	13.84	22.82	29.50	38.77	50.91	35,383	383
<b>PMSA 8760</b>	<b>21.12</b>	<b>5.74</b>	<b>17.29</b>	<b>13.84</b>	<b>22.82</b>	<b>29.50</b>	<b>38.77</b>	<b>50.91</b>	<b>35,383</b>	<b>383</b>
<b>NJ 6162 Total</b>	<b>16.95</b>	<b>5.83</b>	<b>17.47</b>	<b>16.78</b>	<b>24.81</b>	<b>27.93</b>	<b>40.76</b>	<b>49.46</b>	<b>414,655</b>	<b>3,140</b>
<b>CMSA 6162</b>	<b>16.95</b>	<b>5.83</b>	<b>17.47</b>	<b>16.78</b>	<b>24.81</b>	<b>27.93</b>	<b>40.76</b>	<b>49.46</b>	<b>414,655</b>	<b>3,140</b>
<b>TOTALS</b>	<b>18.52</b>	<b>5.31</b>	<b>18.22</b>	<b>15.08</b>	<b>24.24</b>	<b>26.93</b>	<b>39.02</b>	<b>52.69</b>	<b>2,004,767</b>	<b>18,453</b>

EXHIBIT 11

# Distribution of Home Improvement Loans Across Borrower Income Levels

October 1, 1997 - June 30, 1999

Assessment Area	Low-income		Mod-income		Middle-income		Upper-income		TOTALS	
	% of Families	% of Loans	% of Families	% of Loans	% of Families	% of Loans	% of Families	% of Loans	# of Families	# of Loans
ESSEX	28.48	24.08	18.72	20.94	20.70	17.28	32.11	37.70	193,081	191
UNION	19.52	19.25	18.96	20.92	24.84	23.01	36.67	36.82	132,406	239
WARREN	18.58	5.26	21.63	15.79	30.24	26.32	29.55	52.63	25,089	19
MORRIS	9.10	10.96	13.83	12.79	23.55	23.74	53.52	52.51	113,892	219
SUSSEX	11.40	0.00	16.61	15.00	29.18	40.00	42.81	45.00	20,444	20
<b>PMSA 5640</b>	<b>20.25</b>	<b>17.01</b>	<b>17.70</b>	<b>18.02</b>	<b>23.35</b>	<b>22.24</b>	<b>38.70</b>	<b>42.73</b>	<b>484,912</b>	<b>688</b>
PASSAIC	26.07	54.95	22.58	18.92	23.46	11.71	27.89	14.41	116,155	111
BERGEN	14.74	22.83	17.06	16.38	23.65	23.82	44.55	36.97	227,019	403
<b>PMSA 0875</b>	<b>18.58</b>	<b>29.77</b>	<b>18.93</b>	<b>16.93</b>	<b>23.59</b>	<b>21.21</b>	<b>38.91</b>	<b>32.10</b>	<b>343,174</b>	<b>514</b>
OCEAN	23.60	12.82	22.82	18.80	26.07	27.78	27.51	40.60	121,382	234
MONMOUTH	13.98	5.24	15.54	11.43	23.15	23.33	47.34	60.00	146,947	210
<b>PMSA 5190</b>	<b>18.33</b>	<b>9.23</b>	<b>18.83</b>	<b>15.32</b>	<b>24.47</b>	<b>25.68</b>	<b>38.37</b>	<b>49.77</b>	<b>268,329</b>	<b>444</b>
MIDDLESEX	17.75	13.81	21.42	20.48	27.99	28.57	32.84	37.14	177,052	210
SOMERSET	11.41	14.89	17.01	17.02	25.33	24.82	46.25	43.26	66,256	141
HUNTERDON	12.12	8.33	16.25	16.67	26.60	23.33	45.02	51.67	29,634	60
<b>PMSA 5015</b>	<b>15.60</b>	<b>13.38</b>	<b>19.79</b>	<b>18.73</b>	<b>27.19</b>	<b>26.52</b>	<b>37.42</b>	<b>41.36</b>	<b>272,942</b>	<b>411</b>
HUDSON	22.91	54.26	16.23	27.13	21.11	6.98	39.75	11.63	137,646	258
<b>PMSA 3640</b>	<b>22.91</b>	<b>54.26</b>	<b>16.23</b>	<b>27.13</b>	<b>21.11</b>	<b>6.98</b>	<b>39.75</b>	<b>11.63</b>	<b>137,646</b>	<b>258</b>
MERCER	18.87	34.38	18.20	13.54	24.03	17.71	38.90	34.38	83,109	96
<b>PMSA 8480</b>	<b>18.87</b>	<b>34.38</b>	<b>18.20</b>	<b>13.54</b>	<b>24.03</b>	<b>17.71</b>	<b>38.90</b>	<b>34.38</b>	<b>83,109</b>	<b>96</b>
<b>NJ 5602 Total</b>	<b>18.92</b>	<b>22.36</b>	<b>18.41</b>	<b>18.21</b>	<b>24.09</b>	<b>21.57</b>	<b>38.57</b>	<b>37.87</b>	<b>1,590,112</b>	<b>2,411</b>
<b>CMSA 5602</b>	<b>18.92</b>	<b>22.36</b>	<b>18.41</b>	<b>18.21</b>	<b>24.09</b>	<b>21.57</b>	<b>38.57</b>	<b>37.87</b>	<b>1,590,112</b>	<b>2,411</b>
CAMDEN	19.40	52.33	17.77	14.73	24.38	11.63	38.46	21.32	130,338	258
BURLINGTON	12.33	9.90	15.84	19.80	25.57	23.76	46.26	46.53	104,531	101
GLOUCESTER	15.66	6.94	17.33	15.28	26.49	37.50	40.53	40.28	61,292	72
<b>PMSA 6160</b>	<b>16.13</b>	<b>34.80</b>	<b>17.00</b>	<b>16.01</b>	<b>25.23</b>	<b>18.79</b>	<b>41.64</b>	<b>30.39</b>	<b>296,161</b>	<b>431</b>
ATLANTIC	17.00	10.99	18.11	27.47	24.15	25.27	40.74	36.26	57,156	91
CAPE MAY	20.54	17.24	21.73	20.69	24.20	31.03	33.52	31.03	25,955	29
<b>PMSA 0560</b>	<b>18.10</b>	<b>12.50</b>	<b>19.24</b>	<b>25.83</b>	<b>24.17</b>	<b>26.67</b>	<b>38.48</b>	<b>35.00</b>	<b>83,111</b>	<b>120</b>
CUMBERLAND	21.12	15.63	17.29	10.94	22.82	23.44	38.77	50.00	35,383	64
<b>PMSA 8760</b>	<b>21.12</b>	<b>15.63</b>	<b>17.29</b>	<b>10.94</b>	<b>22.82</b>	<b>23.44</b>	<b>38.77</b>	<b>50.00</b>	<b>35,383</b>	<b>64</b>
<b>NJ 6162 Total</b>	<b>16.95</b>	<b>28.46</b>	<b>17.47</b>	<b>17.40</b>	<b>24.81</b>	<b>20.81</b>	<b>40.76</b>	<b>33.33</b>	<b>414,655</b>	<b>615</b>
<b>CMSA 6162</b>	<b>16.95</b>	<b>28.46</b>	<b>17.47</b>	<b>17.40</b>	<b>24.81</b>	<b>20.81</b>	<b>40.76</b>	<b>33.33</b>	<b>414,655</b>	<b>615</b>
<b>TOTALS</b>	<b>18.52</b>	<b>23.60</b>	<b>18.22</b>	<b>18.04</b>	<b>24.24</b>	<b>21.41</b>	<b>39.02</b>	<b>36.95</b>	<b>2,004,767</b>	<b>3,026</b>

## EXHIBIT 12

# Distribution of Small Business Loan Activity By Loan and Revenue Size

October 1, 1997 - June 30, 1999

Assessment Area	Small Business Loans			TOTALS			
	<=\$100,000	>\$100,000, <=\$250,000	>\$250,000 <=\$1 Mil	Total # of Loans	% Loans to Bus. GAR <=\$1 Mil	# of Business Estab.	% of Bus. with GAR <=\$1 Mil
	% of Loans	% of Loans	% of Loans				
ESSEX	62.59	15.36	22.05	703	53.20	23,281	85.71
UNION	71.88	14.21	13.91	978	60.43	16,196	84.51
WARREN	81.54	9.23	9.23	65	53.85	3,092	90.85
MORRIS	64.39	17.39	18.23	834	54.08	19,872	85.39
SUSSEX	73.68	10.53	15.79	19	47.37	3,190	91.25
<b>PMSA 5640</b>	<b>67.22</b>	<b>15.39</b>	<b>17.39</b>	<b>2,599</b>	<b>56.18</b>	<b>65,631</b>	<b>85.83</b>
PASSAIC	60.10	21.72	18.18	198	40.91	15,913	86.77
BERGEN	66.91	12.33	20.76	1,363	54.37	37,808	83.76
<b>PMSA 0875</b>	<b>66.05</b>	<b>13.52</b>	<b>20.44</b>	<b>1,561</b>	<b>52.66</b>	<b>53,721</b>	<b>84.65</b>
OCEAN	75.22	14.72	10.06	795	63.27	13,899	91.50
MONMOUTH	69.53	15.53	14.94	676	58.28	20,621	89.60
<b>PMSA 5190</b>	<b>72.60</b>	<b>15.09</b>	<b>12.30</b>	<b>1,471</b>	<b>60.98</b>	<b>34,520</b>	<b>90.37</b>
MIDDLESEX	61.69	18.39	19.92	783	49.94	19,975	83.34
SOMERSET	65.69	16.96	17.35	513	57.31	9,495	85.76
HUNTERDON	69.40	14.66	15.95	232	69.40	4,938	90.24
<b>PMSA 5015</b>	<b>64.20</b>	<b>17.34</b>	<b>18.46</b>	<b>1,528</b>	<b>55.37</b>	<b>34,408</b>	<b>85.00</b>
HUDSON	74.92	11.04	14.05	299	57.86	15,068	85.31
<b>PMSA 3640</b>	<b>74.92</b>	<b>11.04</b>	<b>14.05</b>	<b>299</b>	<b>57.86</b>	<b>15,068</b>	<b>85.31</b>
MERCER	62.98	16.83	20.19	416	61.54	10,162	86.34
<b>PMSA 8480</b>	<b>62.98</b>	<b>16.83</b>	<b>20.19</b>	<b>416</b>	<b>61.54</b>	<b>10,162</b>	<b>86.34</b>
<b>NJ 5602 Total</b>	<b>67.48</b>	<b>15.25</b>	<b>17.27</b>	<b>7,874</b>	<b>56.57</b>	<b>213,510</b>	<b>86.12</b>
<b>CMSA 5602</b>	<b>67.48</b>	<b>15.25</b>	<b>17.27</b>	<b>7,874</b>	<b>56.57</b>	<b>213,510</b>	<b>86.12</b>
CAMDEN	64.91	16.04	19.05	399	43.86	14,293	86.69
BURLINGTON	73.10	14.95	11.96	368	50.00	10,737	86.98
GLOUCESTER	75.72	16.18	8.09	173	59.54	6,058	88.66
<b>PMSA 6160</b>	<b>70.11</b>	<b>15.64</b>	<b>14.26</b>	<b>940</b>	<b>49.15</b>	<b>31,088</b>	<b>87.18</b>
ATLANTIC	72.93	16.02	11.05	181	69.61	7,080	89.27
CAPE MAY	72.50	15.00	12.50	40	77.50	4,187	92.74
<b>PMSA 0560</b>	<b>72.85</b>	<b>15.84</b>	<b>11.31</b>	<b>221</b>	<b>71.04</b>	<b>11,267</b>	<b>90.56</b>
CUMBERLAND	82.64	9.09	8.26	121	68.60	3,504	87.01
<b>PMSA 8760</b>	<b>82.64</b>	<b>9.09</b>	<b>8.26</b>	<b>121</b>	<b>68.60</b>	<b>3,504</b>	<b>87.01</b>
<b>NJ 6162 Total</b>	<b>71.76</b>	<b>15.05</b>	<b>13.18</b>	<b>1,282</b>	<b>54.76</b>	<b>45,859</b>	<b>87.99</b>
<b>CMSA 6162</b>	<b>71.76</b>	<b>15.05</b>	<b>13.18</b>	<b>1,282</b>	<b>54.76</b>	<b>45,859</b>	<b>87.99</b>
<b>TOTALS</b>	<b>68.08</b>	<b>15.22</b>	<b>16.70</b>	<b>9,156</b>	<b>56.31</b>	<b>259,369</b>	<b>86.45</b>



## EXHIBIT 13

# Distribution of Consumer Loan Activity Across Borrower Income Levels

July 1, 1998 - June 30, 1999

Assessment Area	Low-income		Moderate-income		Middle-income		Upper-income		TOTALS	
	% of Families	% of Loans	% of Families	% of Loans	% of Families	% of Loans	% of Families	% of Loans	# of Families	# of Loans
ESSEX	28.48	40.57	18.72	25.24	20.70	21.70	32.11	12.50	193,081	424
UNION	19.52	39.75	18.96	28.42	24.84	19.06	36.67	12.77	132,406	556
WARREN	18.58	33.85	21.63	33.85	30.24	16.92	29.55	15.38	25,089	65
MORRIS	9.10	24.58	13.83	29.36	23.55	22.91	53.52	23.15	113,892	419
SUSSEX	11.40	14.81	16.61	22.22	29.18	29.63	42.81	33.33	20,444	27
<b>PMSA 5640</b>	<b>20.25</b>	<b>35.01</b>	<b>17.70</b>	<b>27.90</b>	<b>23.35</b>	<b>20.99</b>	<b>38.70</b>	<b>16.10</b>	<b>484,912</b>	<b>1,491</b>
PASSAIC	26.07	61.44	22.58	22.64	23.46	9.70	27.89	6.22	116,155	402
BERGEN	14.74	32.75	17.06	27.78	23.65	21.41	44.55	18.06	227,019	864
<b>PMSA 0875</b>	<b>18.58</b>	<b>41.86</b>	<b>18.93</b>	<b>26.15</b>	<b>23.59</b>	<b>17.69</b>	<b>38.91</b>	<b>14.30</b>	<b>343,174</b>	<b>1,266</b>
OCEAN	23.60	24.03	22.82	29.56	26.07	27.90	27.51	18.51	121,382	362
MONMOUTH	13.98	18.63	15.54	26.03	23.15	26.03	47.34	29.32	146,947	365
<b>PMSA 5190</b>	<b>18.33</b>	<b>21.32</b>	<b>18.83</b>	<b>27.79</b>	<b>24.47</b>	<b>26.96</b>	<b>38.37</b>	<b>23.93</b>	<b>268,329</b>	<b>727</b>
MIDDLESEX	17.75	33.69	21.42	29.98	27.99	24.16	32.84	12.17	177,052	567
SOMERSET	11.41	28.17	17.01	30.28	25.33	24.65	46.25	16.90	66,256	284
HUNTERDON	12.12	31.45	16.25	29.84	26.60	17.74	45.02	20.97	29,634	124
<b>PMSA 5015</b>	<b>15.60</b>	<b>31.79</b>	<b>19.79</b>	<b>30.05</b>	<b>27.19</b>	<b>23.49</b>	<b>37.42</b>	<b>14.67</b>	<b>272,942</b>	<b>975</b>
HUDSON	22.91	36.26	16.23	28.73	21.11	18.27	39.75	16.74	137,646	717
<b>PMSA 3640</b>	<b>22.91</b>	<b>36.26</b>	<b>16.23</b>	<b>28.73</b>	<b>21.11</b>	<b>18.27</b>	<b>39.75</b>	<b>16.74</b>	<b>137,646</b>	<b>717</b>
MERCER	18.87	36.64	18.20	29.74	24.03	18.53	38.90	15.09	83,109	232
<b>PMSA 8480</b>	<b>18.87</b>	<b>36.64</b>	<b>18.20</b>	<b>29.74</b>	<b>24.03</b>	<b>18.53</b>	<b>38.90</b>	<b>15.09</b>	<b>83,109</b>	<b>232</b>
<b>NJ 5602 Total</b>	<b>18.92</b>	<b>34.43</b>	<b>18.41</b>	<b>28.05</b>	<b>24.09</b>	<b>21.01</b>	<b>38.57</b>	<b>16.51</b>	<b>1,590,112</b>	<b>5,408</b>
<b>CMSA 5602</b>	<b>18.92</b>	<b>34.43</b>	<b>18.41</b>	<b>28.05</b>	<b>24.09</b>	<b>21.01</b>	<b>38.57</b>	<b>16.51</b>	<b>1,590,112</b>	<b>5,408</b>
CAMDEN	19.40	55.36	17.77	19.42	24.38	12.72	38.46	12.50	130,338	448
BURLINGTON	12.33	21.74	15.84	32.30	25.57	26.71	46.26	19.25	104,531	322
GLOUCESTER	15.66	25.17	17.33	23.18	26.49	25.17	40.53	26.49	61,292	151
<b>PMSA 6160</b>	<b>16.13</b>	<b>38.65</b>	<b>17.00</b>	<b>24.54</b>	<b>25.23</b>	<b>19.65</b>	<b>41.64</b>	<b>17.16</b>	<b>296,161</b>	<b>921</b>
ATLANTIC	17.00	17.79	18.11	26.44	24.15	29.81	40.74	25.96	57,156	208
CAPE MAY	20.54	21.21	21.73	39.39	24.20	15.15	33.52	24.24	25,955	33
<b>PMSA 0560</b>	<b>18.10</b>	<b>18.26</b>	<b>19.24</b>	<b>28.22</b>	<b>24.17</b>	<b>27.80</b>	<b>38.48</b>	<b>25.73</b>	<b>83,111</b>	<b>241</b>
CUMBERLAND	21.12	26.09	17.29	27.72	22.82	25.00	38.77	21.20	35,383	184
<b>PMSA 8760</b>	<b>21.12</b>	<b>26.09</b>	<b>17.29</b>	<b>27.72</b>	<b>22.82</b>	<b>25.00</b>	<b>38.77</b>	<b>21.20</b>	<b>35,383</b>	<b>184</b>
<b>NJ 6162 Total</b>	<b>16.95</b>	<b>33.28</b>	<b>17.47</b>	<b>25.63</b>	<b>24.81</b>	<b>21.84</b>	<b>40.76</b>	<b>19.24</b>	<b>414,655</b>	<b>1,346</b>
<b>CMSA 6162</b>	<b>16.95</b>	<b>33.28</b>	<b>17.47</b>	<b>25.63</b>	<b>24.81</b>	<b>21.84</b>	<b>40.76</b>	<b>19.24</b>	<b>414,655</b>	<b>1,346</b>
<b>TOTALS</b>	<b>18.52</b>	<b>34.20</b>	<b>18.22</b>	<b>27.57</b>	<b>24.24</b>	<b>21.17</b>	<b>39.02</b>	<b>17.06</b>	<b>2,004,767</b>	<b>6,754</b>

EXHIBIT 14

# Summary of Community Development Lending

October 1, 1997 - October 4, 1999

Assessment Area	Commitment ('000s)	%	Outstanding ('000s)	%	New Money ('000s)	%	Housing Units
PMSA 5640 (New Jersey, NJ)	\$31,611	16%	\$19,869	12%	\$31,611	16%	405
PMSA 0875 (Bergen-Passaic, NJ)	\$27,293	14%	\$18,760	11%	\$27,293	14%	204
PMSA 5190 (Monmouth-Ocean, NJ)	\$48,979	25%	\$47,377	28%	\$48,979	25%	132
PSMA 5015 (Middlesex-Somerset-Hunterdon, NJ)	\$12,998	6%	\$11,741	7%	\$10,998	6%	33
PMSA 3640 (Jersey City, NJ)	\$8,321	4%	\$6,485	4%	\$6,821	4%	93
PMSA 8480 (Trenton, NJ)	\$52,856	27%	\$51,676	30%	\$52,856	27%	276
CMSA 5602 Subtotal	\$182,058	92%	\$155,908	92%	\$178,558	92%	1,143
PMSA 6160 (Philadelphia, PA)	\$5,631	3%	\$5,270	3%	\$5,631	3%	241
PMSA 0560 (Atlantic-Cape May, NJ)	\$7,580	4%	\$7,192	4%	\$7,580	4%	100
PMSA 8760 (Cumberland)	\$2,171	1	\$1,987	1%	\$2,171	1%	6
CMSA 6162 Subtotal	\$15,382	8%	\$14,449	8%	\$15,382	8%	347
<b>TOTALS</b>	<b>\$197,440</b>	<b>100%</b>	<b>\$170,357</b>	<b>100%</b>	<b>\$193,940</b>	<b>100%</b>	<b>1,490</b>
Direct Activity	\$194,761	99%	\$169,648	100%	\$191,261	99%	1,490
Indirect Activity	\$2,679	1%	\$709	0%	\$2,679	1%	0
<b>TOTAL ACTIVITY</b>	<b>\$197,440</b>	<b>100%</b>	<b>\$170,357</b>	<b>100%</b>	<b>\$193,940</b>	<b>100%</b>	<b>1,490</b>
Affordable Housing	\$88,233	45%	\$77,277	45%	\$88,233	46%	1,479
Community Service	\$85,669	43%	\$74,729	44%	\$83,669	43%	0
Economic Development	\$11,293	6%	\$6,996	4%	\$9,793	5%	0
Revitalization & Stabilization	\$12,245	6%	\$11,355	7%	\$12,245	6%	11

EXHIBIT 15

# Summary of Qualified Investments

October 1, 1997 - October 4, 1999

Assessment Area	Commitment ('000s)	%	Outstanding ('000s)	%	New Money ('000s)	%	Housing Units
PMSA 5640 (New Jersey, NJ)	\$8,235	13%	\$8,235	13%	\$153	0%	108
PMSA 0875 (Bergen-Passaic, NJ)	\$46	0%	\$46	0%	\$46	0%	0
PMSA 5190 (Monmouth-Ocean, NJ)	\$26	0%	\$26	0%	\$26	0%	0
PSMA 5015 (Middlesex-Somerset-Hunterdon, NJ)	\$8,081	12%	\$8,081	12%	\$1,160	3%	172
PMSA 3640 (Jersey City, NJ)	\$4,156	6%	\$4,156	6%	\$2,031	5%	48
PMSA 8480 (Trenton, NJ)	\$2,039	3%	\$2,039	3%	\$137	0%	40
CMSA 5602 Subtotal	\$22,583	34%	\$22,583	34%	\$3,553	8%	368
PMSA 6160 (Philadelphia, PA)	\$35,196	53%	\$35,196	53%	\$35,196	78%	0
PMSA 0560 (Atlantic-Cape May, NJ)	\$16	0%	\$16	0%	\$16	0%	0
PMSA 8760 (Cumberland)	\$36	0%	\$36	0%	\$36	0%	0
CMSA 6162 Subtotal	\$35,248	53%	\$35,248	53%	\$35,248	79%	0
<b>Statewide</b>	\$7,158	11%	\$7,158	11%	\$5,058	11%	0
<b>MSA 0720 (Baltimore, MD)*</b>	\$1,000	2%	\$1,000	2%	\$1,000	2%	0
<b>TOTAL ACTIVITY</b>	<b>\$65,989</b>	<b>100%</b>	<b>\$65,989</b>	<b>100%</b>	<b>\$44,859</b>	<b>100%</b>	<b>368</b>
Affordable Housing	\$58,484	89%	\$58,484	89%	\$37,454	84%	368
Community Service	\$166	0%	\$166	0%	\$166	0%	0
Economic Development	\$7,339	11%	\$7,339	11%	\$7,239	16%	0
Revitalization & Stabilization	\$0	0%	\$0	0%	\$0	0%	0

- Commitment in a small bank investment company ("SBIC"), which can make investments in southern New Jersey.

EXHIBIT 16

# Number of Branches by County/PMSA

As of June 30, 1999

County/PMSA	# of Branches	# of Branches in LMI Tracts	% of Branches in LMI Tracts
Essex	26	6	23.1%
Union	29	7	24.1%
Warren	6	1	16.7%
Morris	30	3	10.0%
Sussex	0	0	0.0%
<b>PMSA 5640 Total</b>	<b>91</b>	<b>17</b>	<b>18.7%</b>
Passaic	8	2	25.0%
Bergen	49	5	10.2%
<b>PMSA 0875 Total</b>	<b>57</b>	<b>7</b>	<b>12.3%</b>
Ocean	28	9	32.1%
Monmouth	26	2	7.7%
<b>PMSA 5190 Total</b>	<b>54</b>	<b>11</b>	<b>20.4%</b>
Middlesex	28	3	10.7%
Somerset	19	0	0.0%
Hunterdon	9	0	0.0%
<b>PMSA 5015 Total</b>	<b>56</b>	<b>3</b>	<b>5.4%</b>
Hudson	18	2	11.1%
<b>PMSA 3640 Total</b>	<b>18</b>	<b>2</b>	<b>11.1%</b>
Mercer	20	2	10.0%
<b>PMSA 8480 Total</b>	<b>20</b>	<b>2</b>	<b>10.0%</b>
<b>CMSA 5602 Total</b>	<b>296</b>	<b>42</b>	<b>14.2%</b>
Camden	20	3	15.0%
Burlington	16	2	12.5%
Gloucester	8	1	12.5%
<b>PMSA 6160 Total</b>	<b>44</b>	<b>6</b>	<b>13.6%</b>
Atlantic	18	2	11.1%
Cape May	5	2	40.0%
<b>PMSA 0560 Total</b>	<b>23</b>	<b>4</b>	<b>17.4%</b>
Cumberland	9	1	11.1%
<b>PMSA 8760 Total</b>	<b>9</b>	<b>1</b>	<b>11.1%</b>
<b>CMSA 6162 Total</b>	<b>76</b>	<b>11</b>	<b>14.5%</b>
<b>TOTALS</b>	<b>372</b>	<b>53</b>	<b>14.2%</b>

## **CRA APPENDICES**

**CRA APPENDIX A**

<b>SCOPE OF EXAMINATION</b>			
Summit Bank			
<b>TIME PERIOD REVIEWED</b>		10/1/97 to 10/4/99	
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Summit Bank Hackensack, New Jersey			<ul style="list-style-type: none"> <li>• Home Purchase</li> <li>• Refinancings</li> <li>• Home Improvement</li> <li>• Small Business</li> <li>• Unsecured Consumer</li> <li>• Multifamily</li> </ul>
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None			
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
CMSA 5602	On-site	12	N/A
CMSA 6162	On-site	0	N/A

## CRA APPENDIX B

### GLOSSARY

**ANNUALIZED:** Conversion of an average monthly figure (for example, number of loan originations) to an annual basis in order to simplify comparisons with prior years.

**AREA MEDIAN INCOME:** (1) The median family income for the MSA, if a person or geography (block numbering area or census tract) is located in an MSA; or (2) if a person or geography (census tract or block numbering area) is located outside an MSA, the statewide non-metropolitan median family income.

**ATM:** Automated teller machine.

**CDC:** A community development corporation, or community development company, which can be organized under banks, bank holding companies, or independent nonprofit neighborhood or government-sponsored organizations. CDCs offer various services and implement various projects focusing on community improvement, housing development and job development, particularly for LMI persons.

**CMSA:** A consolidated metropolitan statistical area as defined by the director of the Office of Management and Budget.

**COMMUNITY DEVELOPMENT:** (1) Affordable housing including multifamily rental housing for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of 13 CFR 121.802 (a)(2) or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize low- or moderate-income geographies.

**CONSUMER LOANS:** Loans made to one or more individuals for household, family, or other personal expenditures. Consumer loans do not include HMDA loans. Consumer loans fall into the following categories: motor vehicle loans, credit card loans, home-equity loans, other secured consumer loans, and other unsecured consumer loans.

**CRA:** Community Reinvestment Act.

**DIRECT LOAN:** A loan by a bank to its own customer without the use of third parties, such as dealers. Direct lending gives the lender more opportunities to screen credit applicants than indirect lending, and to monitor the loan through the credit department once a loan is approved and funds are disbursed (Dictionary of Banking Terms, 3<sup>rd</sup> Edition, by Thomas Fitch).

**FHA:** Federal Housing Administration.

**GAR:** Gross annual revenues.

**GEOGRAPHY:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census (1990).

**HMDA:** Home Mortgage Disclosure Act.

**HMDA-RELATED LOANS:** Loans reported by the bank under Regulation C, Home Mortgage Disclosure Act. They include home purchase mortgage loans, home improvement loans, and refinancings of such loans.

**HUD:** The United States Department of Housing and Urban Development.

**INDIRECT LOAN:** A loan sold by a dealer or a retailer of goods to a third party financial institution that owns the loan contract as a holder in due course and collects principal and interest payments from borrower (Dictionary of Banking Terms, 3<sup>rd</sup> Edition, by Thomas Fitch).

**LIHTC:** Low-income housing tax credits.

**LTV:** Loan-to-value ratio, which is the relationship, expressed as a percent, between the principal amount of a loan and the appraised value of the asset securing the financing. In a residential mortgage loan, this is the percentage value of the property the lender is willing to finance with a mortgage (Dictionary of Banking Terms, 3<sup>rd</sup> Edition, by Thomas Fitch).

**LMI:** Low- and moderate-income, as in LMI census tracts.

**LOW-INCOME:** An individual income that is less than 50 percent of the area median income (i.e., of the median family income for the MSA, if the individual is located in an MSA, or, if the individual is located outside an MSA, of the statewide non-metropolitan median family income), or a BNA or census tract median family income that is less than 50 percent of the area median income. Accordingly, a low-income census tract is one in which the median family income is less than 50 percent of the area median income.

**MIDDLE-INCOME:** An individual income that is at least 80 percent and less than 120 percent of the area median income, or a BNA or census tract median family income that is at least 80 percent and less than 120 percent of the area median income.

**MODERATE-INCOME:** An individual income that is at least 50 percent and less than 80 percent of the area median income, or a BNA or census tract median family income that is at least 50 percent and less than 80 percent of the area median income.

**MSA:** A metropolitan statistical area as defined by the director of the Office of Management and Budget.



**OTHER UNSECURED CONSUMER LOANS:** A consumer loan which is not included in one of the other categories of consumer loans.

**PEERS:** Similarly situated banks.

**PERFORMANCE CONTEXT:** The economic and demographic characteristics of a bank's assessment area(s). The following information is considered to help understand the context in which an institution's performance should be evaluated: (1) the economic and demographic characteristics of the assessment area(s); (2) lending, investment, and service opportunities in the assessment area(s); (3) the institution's product offerings and business strategy; (4) the institution's capacity and constraints; (5) the prior performance of the institution, and in appropriate circumstance, the performance of similarly situated institutions; and (6) other relevant information.

**PMSA:** A primary metropolitan statistical area as defined by the director of the Office of Management and Budget.

**QUALIFIED INVESTMENT:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**REFINANCINGS:** Refinancings of HMDA-reportable home purchase and/or home improvement loans.

**SBIC:** A small business investment company licensed by the Small Business Administration to provide equity capital and long-term loans, subsidized by the SBA, to small businesses. An SBIC may lend money to, or buy stock or convertible debentures in, firms with less than \$5 million in assets, net worth of not more than \$5 million, and after-tax net income not exceeding \$250 thousand. The SBA matches the capital contribution of investors in an SBIC, which is permitted to make loans equal to four times its initial capital. (Dictionary of Banking Terms, 3<sup>rd</sup> Edition, by Thomas Fitch.)

**SMALL BUSINESS LOANS:** Such loans are defined in Regulation BB, Section 228.12 (u) with reference to the definition of such loans in the instructions for preparation of the Consolidated Report of Condition and Income. These instructions define small business loans as loans with original amounts of \$1 million or less that have been reported in Schedule RC-C, Part 1, (1.e)(4) of the report.

**UPPER-INCOME:** An individual income that is 120 percent or more of the median family income in an MSA or a census tract in which the median family income is 120 percent or more of the median family income in an MSA.

**URBAN ENTERPRISE ZONES:** An impoverished urban area is so designated in order to stimulate business and job development. As money-saving incentives for locating in an UEZ, a business would be offered tax breaks and/or flexible building codes and zoning regulations.