

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: June 9, 2009

2009 MAY 28 PM 2: 20

RE: **A Resolution Certifying Banks That Have Met Their 2008 Fair Share Goals Pursuant To The City's Linked Banking Services Ordinance**

SUMMARY

This report transmits the findings of the 2008 assessment of bank performance in meeting the City's community credit goals pursuant to the Linked Banking Services Ordinance. Out of 31 banks and savings institutions with deposits in Oakland during July 1, 2007 and June 30, 2008, Alta Alliance, Bank of America, Bank of the Orient, Bank of the West, JPMorgan Chase & Co. (for Washington Mutual), Far East National Bank, Metropolitan Bank, and Wells Fargo Bank provided sufficient information to evaluate their performance in meeting the City's community credit goals. Six banks achieved their "Fair Share" community lending goals for 2008; Bank of the Orient did not meet their 2008 "Fair Share" community lending goals.

Based on the results of the 2008 lender assessment, it is recommended that the City Council adopt a resolution that certifies the following:

- Alta Alliance, Bank of America, Bank of the West, JPMorgan Chase & Company, Far East National Bank, Metropolitan Bank, and Wells Fargo Bank **have met their 2008 Fair Share Goals;**
- Bank of the Orient, submitted information, but did not meet their 2008 "Fair Share" community lending goals;
- Bank of Alameda, Bay Commercial Bank, California Bank and Trust, Cathay Bank, Citibank National Association, City National Bank, Community Bank of the Bay, East-West Bank, First Federal Savings & Loan Association, Gateway Bank FSB, HSBC Bank USA National, Innovative Bank, Mechanics Bank, Nara Bank, One California Bank FSB, Scott Valley Bank, Summit Bank, U S Bank National Association, Union Bank of California, United Commercial Bank, United Labor Bank FSB, and Wachovia Bank National (now Wells Fargo) did not submit evaluative information necessary to determine eligibility under the Ordinance; and
- These lists of banks will be filed with the City Clerk and any appropriate regulatory agencies.

Item: _____
CED Committee
June 9, 2009

FISCAL IMPACTS

Adopting this resolution will have no fiscal impact.

BACKGROUND

On July 14, 1998, at the recommendation of the Community and Economic Development Advisory Commission (CEDAC), Council adopted Ordinance No. 12066 C.M.S., which amended the Linked Banking Services Program. The Linked Banking Services Ordinance established a process for assessing each bank's performance in providing community credit and for determining bank eligibility to act as a banking service provider for the City. The City establishes an estimate of citywide community credit demand. Individual banks' fair share community lending goals ("Fair Share Goals") are calculated by multiplying this total community credit demand figure by the percent of Oakland deposits held by each bank. Banks must submit the required information and meet their Fair Share Goals in order to be considered for "Eligible Depository" status under the Ordinance. Only banks meeting the Fair Share Goals and considered Eligible Depositories may be eligible to provide City banking services.

The Ordinance calls for the Community Reinvestment Commission to adopt the annual credit need; that Commission was not appointed. Therefore, the City Administrator adopted the credit need for the last surveys by taking the credit need determined by our study completed by David Paul Rosen & Associates for 2002 and adding a percentage increase. The 2002 study indicated that business and residential sales increased at a high rate. The credit need used for 2000 was \$555,069,350 which was a 10 percent increase over the previous year. The total credit need used for 2001 and 2002 following the survey was \$896.7 million. A 10 percent increase was added in 2004. We maintained the level established in 2004 and the level of credit need used for subsequent years and 2008 was \$986,370 million.

The last full survey was conducted in 2003 for the year ending 2002. Staff surveyed the banks responding to the City's Treasury Division's Request for Proposals (RFP) to provide banking services for the City and new banks opening in the City 2005 and 2007.

Staff used the most recent data available, as of June 30, 2008, for this report. Data provided by the Federal Deposit Insurance Corporation showed 31 lenders with an adjusted aggregate deposit total of \$7,584,968,000 in Oakland as of June 30, 2008. Although all 31 lenders in Oakland were contacted, only eight provided the information requested by the City, and seven of the eight met their fair share goals. This represents a decrease from the last full survey of 2002 when nine banks submitted information and seven of those met their fair share goal. There have been several mergers and acquisition during this time. A summary of the eight lender responses, each lender's Oakland deposits and their fair share goals, and a chart that provides information on the

number of bank loans approved; applications approved-not accepted, denied and withdrawn are provided at the end of this report as Attachment A.

This report does not address foreclosure activity. The Treasury Division solicited Requests for Proposals (RFP) from banking institutions to serve as primary provider of general depository and/or custodial services and other various banking services for the City and the Redevelopment Agency. They required that the banks provide information on programs they have in place to assist in mitigating the risk of homeowner foreclosures, if their institutions have provided assistance to homeowners and the number of homeowners assisted. Four banks responded to their RFP.

The banks in Oakland, grouped by those that met their 2008 credit goal, those that did not and those that did not submit evaluative information necessary to determine eligibility under the Ordinance, are shown below.

2008

MET "FAIR SHARE" GOALS	DID NOT SUBMIT INFORMATION
<ul style="list-style-type: none"> • Bank of America • Bank of the West • JPMorgan Chase & Co (Washington Mutual) • Far East National Bank • Metropolitan Bank • Wells Fargo Bank 	<ul style="list-style-type: none"> • Bank of Alameda • Bay Commercial Bank • California Bank & Trust • Cathay Bank • Citibank National Association • City National Bank • Community Bank of the Bay • East-West Bank • First Federal Savings & Loan Association • Gateway Bank FSB • HSBC Bank USA National • Innovative Bank • Mechanics Bank • Nara Bank • One California Bank FSB • Scott Valley Bank • Summit Bank • US Bank national Association • Union Bank of California • United Commercial Bank • United Labor Bank FSB • Wachovia Bank National (now Wells Fargo)
<p><u>DID NOT MEET FAIR SHARE GOALS</u></p> <ul style="list-style-type: none"> • Bank of the Orient 	

The Ordinance requires that all City banking services shall be provided only by Eligible Depositories that meet the guidelines as set forth and authorized in the Ordinance. The City Administrator may waive the provisions of the Ordinance if there is no depository available that meets the requirements of the Ordinance, or if the City will incur more than \$100,000 per year in costs as a consequence of the Ordinance.

KEY ISSUES AND IMPACTS

The City must continue to emphasize issues surrounding community reinvestment, including the changes in the nature of the capital markets (banks are doing less lending, while non-traditional lenders such as insurance companies and Wall Street firms are sources for both residential and commercial capital), and the need to look at how residents are likely to be receiving banking services in the future.

The Community and Economic Development Committee and the City Council adopted Ordinance No. 12182 C.M.S. on October 26, 1999 discontinuing the Community and Economic Development Advisory Commission and transferring its powers and duties to a newly created Community Reinvestment Commission (CRC). The Commission has not functioned or convened since commissioners were not appointed to the new CRC. If the CRC is established, more emphasis can be placed upon an effort to enlist the involvement of other local governments and agencies in a similar effort so that the impact of being designated an Eligible Depository can be made more significant.

PROGRAM DESCRIPTION

The specific function of the 2008 Community Credit Needs Study is to estimate the aggregate community credit demand in any given year. The City of Oakland uses the aggregate community credit demand figure for the following purposes:

- To determine fair share lending goals for individual banks with deposits in the City;
- To evaluate the lending performance of individual banks, rewarding banks that meet their fair share goal with eligibility status to provide financial services to the City;
- To track both community credit demand levels and lender performance in meeting community credit demand over time; and
- To provide key decision-makers (such as the Oakland City Council and Community Reinvestment Commission, members of Congress, and banking regulatory agencies) with credit demand information for consideration in the development of public policy.

The City Administrator adopted the credit need for 2004 based on the credit need determined by the study for 2002. The total credit need for 2008 is \$986,370 million.

SUSTAINABLE OPPORTUNITIES

Economic: The Linked Services Program encourages lenders to invest in Oakland to meet their Fair Share Goal if they wish to be considered Eligible Depositories to provide City banking. Their investment expands housing opportunities for families, seniors and disabled people in Oakland and opportunities for non-profit organizations.

Environmental: There are no environmental opportunities or issues associated with these actions.

Social Equity: The Linked Services Program activities improves the landscape and climate of Oakland's neighborhoods by replacing underused and sometimes blighted buildings and lots with new homes and residents, provides social services for residents, and enables low-income families to become homeowners.

DISABILITY AND SENIOR CITIZEN ACCESS

Homeownership has a positive impact on the quality of life for families and residents and neighborhoods through pride of ownership. There are no direct accessibility impacts to seniors or people with disabilities related to this report.

RECOMMENDATIONS AND RATIONALE

Staff recommends that the City Council accept this report and adopt a resolution that certifies the following:

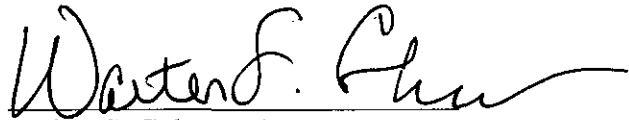
- Alta Alliance, Bank of America, Bank of the West, JPMorgan Chase & Co (Washington Mutual), Far East National Bank, Metropolitan Bank, and Wells Fargo Bank **have met their 2008 Fair Share Goals;**
- Bank of the Orient submitted information, but did not meet their 2008 "Fair Share" community lending goals;
- Bank of Alameda, Bay Commercial Bank, California Bank and Trust, Cathay Bank, Citibank National Association, City National Bank, Community Bank of the Bay, East-West Bank, First Federal Savings & Loan Association, Gateway Bank FSB, HSBC Bank USA National, Innovative Bank, Mechanics Bank, Nara Bank, One California Bank FSB, Scott Valley Bank, Summit Bank, US Bank National Association, Union Bank of California, United Commercial Bank, United Labor Bank FSB, and

Wachovia Bank (now Wells Fargo) did not submit evaluative information necessary to determine eligibility under the Ordinance.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council adopt the resolution certifying banks that met their 2008 fair Share Goals under the Linked Banking Ordinance.

Respectfully submitted,

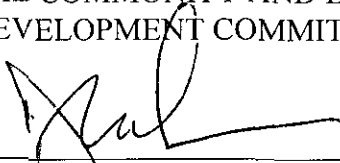


Walter S. Cohen, Director
Community and Economic Development Agency

MB
Reviewed by:
Michele Byrd, Acting Director
Housing and Community Development Division

Prepared by:
Jackie Campbell, Manager
Homeownership Programs

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

Attachment A

Summary of all Bank Deposits
Chart of loan applications approved, denied and withdrawn
Individual bank loan activity

Bank Loans - 2008

BANK OF AMERICA						WELLS FARGO					
	Home Improvement	Home Refinance	Residential Lending	Home Equity	Commercial Property		Home Improvement	Home Refinance	Residential Lending	Home Equity	Commercial Property
No. of Loans	36	256	495	348	6	No. of Loans	86	546	589	689	
Applications Approved Not Accepted	9	72	61	55	NA	Applications Approved Not Accepted	22	178	166	NA	
Applications Denied	18	285	184	808	NA	Applications Denied	166	441	117	NA	
Applications Withdrawn	1	44	104	44	NA	Applications Withdrawn	62	256	77	NA	
JPMORGAN CHASE/WASHINGTON MUTUAL						ALTA ALLIANCE BANK					
	Home Improvement	Home Refinance	Residential Lending	Purchase & Refinance Multi-Family			Home Improvement	Home Refinance	Residential Lending	Commercial Property	Home Equity
No. of Loans	73	955	438	90		No. of Loans	0	0	0	5	3
Applications Approved Not Accepted	1	7	13	NA		Applications Approved Not Accepted	0	0	0	0	0
Applications Denied	11	124	53	NA		Applications Denied	0	2	0	4	0
Applications Withdrawn	0	14	10	NA		Applications Withdrawn	0	0	0	0	0

Bank Loans - 2008

FAR EAST BANK						BANK OF THE WEST				
	Home Improvement	Home Refinance	Residential Lending	Commercial Property	Home Equity		Home Improvement	Home Refinance	Residential Lending	Commercial Property
No. of Loans		9	9	11		No. of Loans	7	20	11	34
Applications Approved						Applications Approved				
Not Accepted		9	9	11		Not Accepted	1	1		
Applications Denied		0	0	0		Applications Denied	5	9		
Applications Withdrawn		0	0	0		Applications Withdrawn	1			
BANK OF THE ORIENT						Metropolitan Bank				
	Home Improvement	Home Refinance	Residential Lending	Commercial Property	Home Equity		Home Improvement	Home Refinance	Residential Lending	Commercial Property
No. of Loans			2		4	No. of Loans	1	9	8	9
Applications Approved						Applications Approved				
Not Accepted						Not Accepted	N/A	N/A	N/A	N/A
Applications Denied						Applications Denied	N/A	N/A	N/A	N/A
Applications Withdrawn						Applications Withdrawn	N/A	N/A	N/A	N/A

**LIST OF OAKLAND LENDERS, TOTAL DEPOSITS (AS OF 6/30/08)
AND LENDERS' COMMUNITY LENDING CREDIT GOALS**

LENDER NAME	Total Deposits (\$000)	Percent of Oakland Deposits	Bank's Credit Goal
Alta Alliance Bank	\$ 82,863	1.09%	\$ 10,775,731
Bank of Alameda	\$ 20,947	0.28%	\$ 2,724,005
Bank of America	\$ 1,930,087	25.45%	\$ 250,993,796
Bank of the Orient	\$ 62,926	0.83%	\$ 8,183,069
Bank of the West	\$ 224,106	2.95%	\$ 29,143,358
Bay Commercial Bank	\$ 37,608	0.50%	\$ 4,890,647
Califonia Bank & Trust	\$ 129,129	1.70%	\$ 16,792,289
Cathay Bank	\$ 35,622	0.47%	\$ 4,632,382
Citibank National Assn	\$ 406,796	5.36%	\$ 52,900,865
City National Bank	\$ 36,133	0.48%	\$ 4,698,834
Community Bank of the Bay	\$ 53,644	0.71%	\$ 6,976,013
East-West Bank	\$ 112,491	1.48%	\$ 14,628,638
Far East National Bank	\$ 19,839	0.26%	\$ 2,579,918
First FS&LA	\$ 25,647	0.34%	\$ 3,335,206
Gateway Bank FSB	\$ 173,078	2.28%	\$ 22,507,537
HSBC Bank USA	\$ 271,456	3.58%	\$ 35,300,881
Innovative Bank	\$ 83,880	1.11%	\$ 10,907,985
Mechanics Bank	\$ 90,909	1.20%	\$ 11,822,055
Metropolitan Bank	\$ 70,927	0.94%	\$ 9,223,541
Nara Bank	\$ 43,469	0.57%	\$ 5,652,828
One California Bank	\$ 37,165	0.49%	\$ 4,833,038
Pacific National Bank	\$ 144,857	1.91%	\$ 18,837,601
Scott Valley Bank	\$ 21,508	0.28%	\$ 2,796,959
Summit Bank	\$ 93,840	1.24%	\$ 12,203,210
U. S. Bank National Assn.	\$ 5,544	0.07%	\$ 720,957
Union Bank of California	\$ 344,563	4.54%	\$ 44,807,916
United Commercial Bank	\$ 447,901	5.91%	\$ 58,246,272
United Labor Bank FSB	\$ 103,334	1.36%	\$ 13,437,836
Wachovia Bank Ntnl Assn	\$ 750,713	9.90%	\$ 97,624,773
Washington Mutual Bank	\$ 727,646	9.59%	\$ 94,625,078
Wells Fargo Bank NA	\$ 996,340	13.14%	\$ 129,566,781
TOTAL	\$ 7,584,968	98.91%	\$ 986,370,000

Alta Alliance

Credit Goal is: \$10,775,731,000 Community credit provided in 2008 was: \$ 12,968,110

Total Outstanding Loans \$33,201,820
 Information required For the 12-month period ending 31-Mar-09

	No. of Loans	Loan Amounts
Commercial Credit Lines	7	\$ 3,074,632
Commercial Loans	5	\$ 1,161,875
Commercial Property Loans	5	\$ 6,709,760
Development Loans		
Gender and Race of Key Personnel*		
Home Equity Loan and Credit Lines	3	\$ 265,421
Home Improvement Loans		
Home Refinance Loans		
Loans/Grants to Nonprofits	8	\$ 1,756,422
MBE/WBE Commercial Loans*		
Residential Loans		
SBA Loans		
Special Lending Initiatives		
Total	28	\$ 12,968,110

Bank of America

Credit Goal is: \$250,993,796
 Total outstanding loans

Community credit provided in 2008 was: \$ 323,843,264
 \$423,243,264

Information required For the 12-month period ending 12/31/2008

	No. of Loans	Loan Amounts
Commercial Credit Lines	48	\$ 52,307,000
Commercial Loans		
Commercial Property Loans	6	\$ 2,771,652
Development Loans		
Gender and Race of Key Personnel*	Not submitted	
Home Equity Loan and Credit Lines	348	\$ 45,946,755
Home Improvement Loans	36	\$ 6,140,047
Home Refinance Loans	256	\$ 67,199,632
Loans/Grants to Nonprofits	N/A	
MBE/WBE Commercial Loans*	Not submitted	
Residential Loans	495	\$ 108,363,624
SBA Loans	1038	\$ 13,514,554
Special Lending Initiatives	Fox Theatre	\$ 27,600,000
Total	2227	\$ 323,843,264

Bank of the Orient

Credit Goal is: \$8,183,069

Community credit provided in 2008 was: \$ 2,289,500

Information required	For the 12-month period ending	6/30/2008
	No. of Loans	Loan Amounts
Commercial Credit Lines	1	\$ 300,000
Commercial Loans		
Commercial Property Loans	2	\$ 370,000
Development Loans		
Gender and Race of Key Personnel*		
Home Equity Loan and Credit Lines	4	\$ 869,500
Home Improvement Loans		
Home Refinance Loans		
Loans/Grants to Nonprofits		
MBE/WBE Commercial Loans*		
Residential Loans	2	\$ 750,000
SBA Loans		
Special Lending Initiatives		
Total	9	\$ 2,289,500

Bank of the West

Credit Goal is: \$29,143,358

Community credit provided in 2008 was:

\$

96,503,499

Information required For the 12-month period ending 12/31/2008

	No. of Loans	Loan Amounts
Commercial Credit Lines	4	\$ 279,310
Commercial Loans		
Commercial Property Loans	34	\$ 42,961,720
Development Loans		
Gender and Race of Key Personnel*	attached	
Home Equity Loan and Credit Lines	68	\$ 9,376,700
Home Improvement Loans	7	\$ 341,000
Home Refinance Loans	20	\$ 5,015,000
Loans/Grants to Nonprofits	12	\$ 2,000,000
MBE/WBE Commercial Loans*		
Residential Loans	11	\$ 3,648,500
SBA Loans	126	\$ 11,881,269
Special Lending Initiatives	5	\$ 21,000,000
Total	282	\$ 96,503,499

Outstanding Loans a/o 12/31/08

\$ 109,085,794

JPMorgan Chase & Co.

Credit Goal is: \$94,625,078

Community credit provided in 2008 was: \$ 900,964,317

Information required For the 12-month period ending 12/31/2008

	No. of Loans	Loan Amounts
Commercial Credit Lines		
Commercial Loans		
Commercial Property Loans	90	\$ 102,201,167
Development Loans		
Gender and Race of Key Personnel*	attached	
Home Equity Loan and Credit Lines		
Home Improvement Loans	73	\$ 39,528,000
Home Refinance Loans	955	\$ 515,593,000
Loans/Grants to Nonprofits	22	\$ 348,150
MBE/WBE Commercial Loans*		
Residential Loans	438	\$ 224,327,000
SBA Loans	1684	\$ 18,967,000
Special Lending Initiatives		
Total	3262	\$ 900,964,317

Far East National Bank

Credit Goal is: \$2,579,918

Community credit provided in 2008 was: \$ 64,943,000

Information required	For the 12-month period ending	12/31/2008
	No. of Loans	Loan Amounts
Commercial Credit Lines	8	\$ 14,712,000
Commercial Loans	2	\$ 775,000
Commercial Property Loans	37	\$ 23,134,000
Development Loans	2	\$ 2,214,000
Gender and Race of Key Personnel*	attached	
Home Equity Loan and Credit Lines		
Home Improvement Loans		
Home Refinance Loans		
Loans/Grants to Nonprofits		
MBE/WBE Commercial Loans*	23	\$ 24,108,000
Residential Loans		
SBA Loans		
Special Lending Initiatives		
Total	72	\$ 64,943,000

Metropolitan Bank

Credit Goal is: \$9,223,541

Community credit provided in 2008 was:

\$

9,846,944

Information required

For the 12-month period ending

12/31/2008

	No. of Loans	Loan Amounts
Commercial Credit Lines	5	\$ 713,364
Commercial Loans		
Commercial Property Loans	9	\$ 3,236,750
Development Loans		
Gender and Race of Key Personnel*		
Home Equity Loan and Credit Lines	n/a	
Home Improvement Loans	1	\$ 165,000
Home Refinance Loans	9	\$ 3,553,000
Loans/Grants to Nonprofits	0	
MBE/WBE Commercial Loans*		
Residential Loans	8	\$ 1,184,580
SBA Loans	4	\$ 994,250
Special Lending Initiatives	0	
Total	36	\$ 9,846,944

Wells Fargo

Credit Goal is: \$129,566,781

Community credit provided in 2008 was:

\$

575,793,801


Information required For the 12-month period ending 6/30/2008

	No. of Loans	Loan Amounts
Commercial Credit Lines		
Commercial Loans		
Commercial Property Loans		
Development Loans		
Gender and Race of Key Personnel*		
Home Equity Loan and Credit Lines	689	\$ 93,319,781
Home Improvement Loans	86	\$ 26,713,340
Home Refinance Loans	546	\$ 88,365,000
Loans/Grants to Nonprofits		
MBE/WBE Commercial Loans*		
Residential Loans	589	\$ 243,581,761
SBA Loans	3909	\$ 123,813,919
Special Lending Initiatives		
Total	5819	\$ 575,793,801

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 MAY 28 PM 2:21

APPROVED AS TO FORM AND LEGALITY:


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION CERTIFYING BANKS THAT HAVE MET THEIR 2008 FAIR SHARE GOALS PURSUANT TO THE CITY'S LINKED BANKING SERVICES ORDINANCE

WHEREAS, the City Council adopted an amended Linked Banking Services Ordinance, Ordinance No. 12066 C.M.S., on July 14, 1998; and

WHEREAS, the Ordinance established a process for determining which banks have met their "Fair Share Goals" for Oakland community lending; and

WHEREAS, an assessment of the 2008 performance of Oakland banks in meeting their Fair Share Goals for community lending pursuant to the Linked Banking Services Ordinance was conducted, and six banks were found to have met their Fair Share Goals for 2008; now therefore be it

RESOLVED: That the following banks are certified by the City Council as having met their 2008 Fair Share Goals:

- Alta Alliance Bank
- Bank of America
- Bank of the West
- JPMorgan Chase & Company (Washington Mutual)
- Far East National Bank
- Metropolitan Bank
- Wells Fargo Bank

and be it further

RESOLVED: That the following banks are not certified by the City Council as having met their Fair Share Goals for 2008:

- Bank of Alameda

- Bay Commercial Bank
- Bank of the Orient
- California Bank and Trust
- Cathay Bank
- Citibank National Association
- City National Bank
- Community Bank of the Bay
- East-West Bank
- First Federal Savings & Loan Association
- Gateway Bank FSB
- HSBC Bank USA national
- Innovative Bank
- Nara Bank
- One California Bank FSB
- Scott Valley Bank
- Summit Bank
- US Bank National Association
- Union Bank of California
- United Commercial Bank
- United Labor Bank FSB
- Wachovia Bank (now Wells Fargo)

and be it further

RESOLVED: That the City Administrator shall file the lists of banks that have met their 2008 Fair Share Goals and those that have not with the City Clerk and with the appropriate federal and state regulatory agencies.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND
PRESIDENT BRUNNER,

NOES- _____

ABSENT- _____

ABSTENTION- _____

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California