



Phyllis Salowe-Kaye
Executive Director

July 30, 2019

Kristin Kiefer
Northeastern District Office
Deputy Comptroller Northeastern District
340 Madison Avenue, Fifth Floor
New York, NY 10173-0002

Re: Merger - OCC Control Number: 2019-NE-Combination-309821
Columbia Bank – 702454
Atlantic Stewardship Bank - FDIC:26390

Dear Ms. Kiefer:

New Jersey Citizen Action (NJCA) is a nonprofit 501 (c)(4) grassroots organization that was founded in 1982. Citizen Action is the state's largest citizen watchdog coalition, with over 60,000 individual members and 100 affiliate organizations, including senior groups, labor unions, faith-based organizations, civil rights groups, community-based organizations, immigrant rights organizations, disability advocacy groups, and tenant associations. Citizen Action's mission is to secure, social, racial and economic justice for all. Over the years, NJCA has negotiated Community Reinvestment Act (CRA) agreements with more than 40 banks in New Jersey, resulting in commitments of over \$40 billion in below-market rate mortgages, discounted home improvement loans, construction and permanent financing for non-profit affordable housing developers, and small business loans for women and minority-owned businesses.

As banks get bigger they must get better and all mergers must demonstrate a benefit to the communities in which the new bank will operate. Upon close examination of publically available lending data for both Columbia Bank and Atlantic Stewardship bank, it is clear that they have not met their CRA obligations. Because of the significant issues outlined below, I submit this letter to you as a formal protest of the proposed merger between Columbia Bank and Atlantic Stewardship Bank.

Despite the fact that both Columbia Bank and Atlantic Stewardship bank operate in census tracks of New Jersey where significant numbers of minority populations live, their history of lending to African Americans and Hispanics is deeply troubling. According to publically available HMDA data:

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ECONOMIC SECURITY CENTER

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CENTRAL JERSEY

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SOUTH JERSEY

1040 North Kings Highway, Ste. 308
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- 1.) Between 2015 and 2017, denial rates for African American and Hispanic applicants by Columbia Bank exceeded the rest of the market by a substantial degree. African American applicants were 3.5 times as likely to be denied and Hispanics 3.8 times as likely to be denied a loan by Columbia Bank as a white applicants. On the other hand, African American applicants were 1.9 times as likely to be denied and Hispanics 1.5 times as likely to be denied a loan by other banks as white applicants. More generally, Columbia Bank avoids lending in LMI and high minority areas. The bank lends near and outside of Paterson and Camden for example, but does not make loans in either city.
- 2.) Between 2015 and 2017 Atlantic Stewardship Bank originated 40 home purchase loans, but failed to take a single application, or 0%, from an African American. They took 4 applications, or 10%, from Hispanics in the same period of time. For other lenders in the same market, 7% of all applications were from African American buyers and 11% were from Hispanics.
- 3.) Only 8% of the home purchase loans Columbia Bank made from 2015 to 2017 were FHA loans compared to 22% of home purchase loans made by other banks in the area. Given the fact that low- and moderate – income (LMI) and minority homebuyers are more likely to use FHA loans to purchase homes, Columbia Bank has made LMI and minority borrowers a low priority in their mortgage lending business.
- 4.) Atlantic Stewardship made no FHA home purchase loans, nor did the bank make any home purchase loans in LMI neighborhoods.
- 5.) A large share of applications for home purchases reported by Atlantic Stewardship do not close, 38%, compared to 20% among other lenders. Additionally, Atlantic Stewardship originated just 49% of applications, compared with an origination rate or 69% throughout the market.
- 6.) Columbia Bank made a substantially higher share of their home purchase loans to white borrowers and in white neighborhoods. A total of 78% of 706 loans from 2015 to 2017 were made in white majority neighborhoods and to white borrowers, compared with just 61% of the rest of the lenders in their counties we studied. Conversely, they were far worse than other lenders at making loans in majority minority neighborhoods.
- 7.) Columbia Bank also made far more loans in middle and upper income areas to middle or upper income borrowers than the rest of the market as well. 86% of their home purchase loans were in these neighborhoods, compared with just 74% among other lenders.
- 8.) As of June 2018, Columbia Bank branches fall far short of the demographic distribution of the area. 28% of neighborhoods are LMI and yet just 2% of Columbia Bank branches are in LMI areas. Just 13% of 48 branches are in minority majority neighborhoods.
- 9.) Atlantic Stewardship branches are highly concentrated in the white neighborhoods north of Paterson and are not located in any of the minority neighborhoods in their assessment area.

The history of lending by Columbia Bank and Atlantic Stewardship Bank is alarming and is not the basis for a merger that would benefit the people of New Jersey. NJCA calls on the OCC to require the bank to provide a comprehensive and concrete CRA plan that will end the discriminatory lending and branch service practices I have outlined above. The plan should detail a marketing and outreach campaign to increase lending to minority and LMI mortgage applicants. Additionally, the OCC should require the bank to include in the plan, details about any branch closings and what community notification procedures will be in the event that the merger results in branch closings. The plan must include a commitment to work with community groups in the state to set detailed goals and best practice policies for the new bank that will truly benefit the New Jersey communities in which it will operate. Based on the application information publically available, no such plan exists.

The merger of banks must be reserved for institutions that have demonstrated a commitment and the ability to lend and provide services fairly and equally to everyone in the markets where they operate and in accordance with the Community Reinvestment Act. All mergers must provide demonstrable benefit to communities where the new bank will operate. In the case of Columbia Bank and Atlantic Stewardship Bank, the history does not indicate that any benefit to the community as a whole will be gained by their merger. NJCA strongly opposes this merger and calls on the OCC to hold these banks accountable for their unacceptable lending practices in New Jersey.

Sincerely,



Phyllis Salowe- Kaye
Executive Director
New Jersey Citizen Action