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June 13, 2014

Steven Maggio
Director for District Licensing
Office of the Comptroller of the Currency (OCC)
340 Madison Avenue, Fifth Floor
New York, NY 10173-0002

RE: Valley National Acquisition of 1st United Bank

Dear Mr. Maggio:

The undersigned organizations, working together in coalition with the National Community Reinvestment Coalition (NCRC), have serious concerns about the acquisition of 1st United Bank by Valley National Bank. We do not believe that Valley National is meeting the needs of low- and moderate-income (LMI) communities and communities of color. Consequently, the bank's proposed acquisition of 1st United Bank does not create the clear public benefit that the law requires. Absent a plan to create a public benefit, we request that the Office of the Comptroller of the Currency (OCC) reject Valley National's acquisition of 1st United. Furthermore, we request that the OCC remove this application from the expedited application process and hold public hearings to give the public an opportunity to determine whether the banks' proposed merger will create a public benefit, since the bank merger application and the bank's public statements clearly do not present one.

For over 50 years, banking law has recognized that merging is a privilege, not a right. Before a merger or acquisition is approved, the law requires regulatory agencies to ensure that public benefits outweigh the costs and potentially negative effects of a merger. In implementing the Bank Merger Act, OCC regulation 5.33 (e) (1c) of Title 12 requires that an applicant must show "the probable effects of the business combination on the convenience and needs of the community served." It goes on to say, "the applicant shall describe these effects in its application, including any planned office closings or reductions in services following the business combination and the likely impact on the community." In addition, the OCC "considers additional relevant factors, including the resulting national bank's ability and plans to provide expanded or less costly services to the community."[1]

[1] See §5.33 Business combinations.

The OCC's regulation establishes that a public benefit analysis consider whether the merger will result in more responsible lending, investing, and services in future years. The OCC requires concrete evidence of a future benefit. However, Valley National has not demonstrated a significant public benefit. In fact, its merger application to the OCC does not include any reference to the public benefits expected from this merger. The closest the application comes to addressing the future needs of the community is a question that required no detailed response. On the streamlined merger application that was submitted, the bank checked no when asked if "the proposed transaction affect[s] the applicant's ability to meet the existing or anticipated need of its community (ities) under the applicable criteria and Community Reinvestment Act (CRA)…" However, this answer is neither sufficient to demonstrate a public benefit nor does it seem accurate given Valley National's recent track record of not adequately meeting the needs of the community. The public has reason to be concerned. NCRC also believes no bank, in particular large banks, should be allowed to fill out a merger application without describing the public benefits of the application. Moreover, the bank's last CRA examination in 2009, administered by the OCC, gave the bank low satisfactory ratings on the lending and service tests. We are specifically concerned about their track record in home lending, multifamily lending, and small business lending to low- and moderate-income and minority communities, as well as their branching in LMI and minority communities.

We request that you consider the following facts, which were compiled using Home Mortgage Disclosure Act (HMDA) data and other federally collected data on lending and branching. The data have been analyzed by the National Community Reinvestment Coalition and provided to members and partners at their request. All figures reference 2012 unless noted otherwise. The complete data analysis is attached to this letter. However, we have highlighted the areas of greatest concern below:

Valley National is not meeting the needs of low- and moderate-income borrowers or communities.

- Valley National's record of meeting the needs of low- and moderate-income borrowers is poor in New York City and Northern New Jersey, Edison and Newark.
- In New York City and Northern New Jersey (New York-White Plains-Wayne, NY-NJ metropolitan division), Valley National made just **4.5 percent** of its home loans to low- and moderate-income (LMI) borrowers. In contrast, all lenders, as a group, made 7.9 percent of their home loans to LMI borrowers. The lending data are more troubling considering that 41.5 percent of households in New York City and Northern New Jersey are low- and moderate-income.

- In Edison (Edison-New Brunswick, NJ metropolitan division), Valley National made 22.4 percent of its home loans to low- and moderate-income borrowers. In contrast, all lenders, as a group, made 27.6 percent of their home loans to LMI borrowers. The lending data are more concerning when considering that 40.2 percent of households in Edison are low- and moderate-income.

- In Newark (Newark-Union, NJ metropolitan division), Valley National made 13.8 percent of its home loans to low- and moderate-income borrowers. In contrast, all lenders, as a group, made 17.8 percent of their home loans to LMI borrowers. The lending data are even more striking considering that 40.2 percent of households in Edison are low- and moderate-income.

- Valley National's record of meeting the needs of low- and moderate-income census tracts is also poor in New York City and Northern New Jersey, Edison and Newark.

- In New York City and Northern New Jersey, Valley National made just **2.0 percent** of its home loans to low- and moderate-income neighborhoods. In contrast, all lenders, as a group, issued 9.3 percent of their loans to LMI neighborhoods. Considering that 14.7 percent of households in New York City and Northern New Jersey are in low-and moderate-income neighborhoods the data are even more concerning.

- Moreover, only 11.5 percent of its multi-family loans went to LMI neighborhoods. In contrast all lenders, as a group, issued 43.5 percent of their loans to LMI neighborhoods.

- In Edison, Valley National made just 7.0 percent of its home loans to low- and moderate-income neighborhoods. In contrast, all lenders, as a group, issued 13.0 percent of their loans to LMI neighborhoods. The lending data are even more troubling when considering that 20.6 percent of households in Edison are in low- and moderate-income neighborhoods.

- In Newark, Valley National made just **2.5 percent** of its home loans to low- and moderate-income neighborhoods. In contrast, all lenders, as a group, issued 6.8 percent of their loans to LMI neighborhoods. This is concerning considering that 16.5 percent of households in Newark are in low- and moderate-income neighborhoods.

Valley National is not meeting the needs of minority communities.

- Valley National's record of meeting the needs of minority communities is poor in New York City and Northern New Jersey, and Newark.

- In New York City and Northern New Jersey, Valley National made just 11.9 percent of its home loans to minority neighborhoods. In contrast, all lenders, as a group, issued 26.1 percent of their loans to minority neighborhoods. The lending data are alarming considering that 38.8 percent of households in New York City and Northern New Jersey are in minority neighborhoods.

- In Newark, Valley National made just 4.9 percent of its home loans to minority neighborhoods. In contrast, all lenders, as a group, issued 11.1 percent of their loans to minority neighborhoods. The lending data are even more troubling when considering that 22.3 percent of households in New York City and Northern New Jersey are in minority neighborhoods.

Valley National's lending to African-Americans is concerning.

- Valley National's record of meeting the needs of African-American borrowers is concerning in New York City and Northern New Jersey, Edison and Newark.

- In New York City and Northern New Jersey, Valley National made just **1.5 percent** of its home loans to African-American borrowers. In contrast, all lenders, as a group, issued 6.4 percent of their loans to African-American borrowers. Considering that 20.5 percent of households in New York City and Northern New Jersey are African-American those data are even more troubling.

- In Edison, Valley National made just **1.6 percent** of its home loans to African-American borrowers. In contrast, all lenders, as a group, issued 2.9 percent of their loans to African-American borrowers.

- In Newark, Valley National made just **1.7 percent** of its home loans to African-American borrowers. In contrast, all lenders, as a group, issued 5.3 percent of their loans to African-American borrowers. These data are even more concerning considering that 21.7 percent of households in Newark are African-American.

Valley National is not meeting the need for Community Development lending.

- An important need for low- and moderate-income communities is access to community development lending. However, Valley National is not meeting the need for community development lending in its service areas.

- Valley National has decreased its community development lending every year since 2010. Community development loans totaled $87 million, in 2010, and, in 2012, that amount **decreased by 75 percent** to $22 million.

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Valley National is not meeting the needs of small businesses in low- and moderate-income communities.

- Valley National's record of meeting the needs of small businesses in low- and moderate-income census tracts is poor in New York City and Northern New Jersey and Edison.
- The most recent data show that Valley National made just 11.5 percent of its small businesses loans in LMI census tracts in New York City and Northern New Jersey. In contrast, all lenders, as a group, issued 20.5 percent of their loans to businesses in LMI census tracts. This data are even more striking considering that 26.8 percent of small businesses in Newark are in low- and moderate-income neighborhoods.
- In Edison, Valley National made just 12.7 percent of its small businesses loans in LMI census tracts. In contrast, all lenders, as a group, issued 20.2 percent of their loans to businesses in LMI census tracts.

Valley National's branch network is failing to serve low- and moderate-income neighborhoods.

- According to the latest data, the bank is not serving low- and moderate-income neighborhoods. Valley National's record of serving LMI neighborhoods with branches is poor in New York City and Northern New Jersey, Edison and Newark.
- In New York City and Northern New Jersey, the bank has just 12.0 percent of its branches in low- and moderate-income census tracts. In contrast, all lenders, as a group, have 21 percent of their branches in LMI census tracts. Furthermore, Valley National receives just 5 percent of its deposits from LMI neighborhoods. In contrast, all lenders, as a group, receive 10.2 percent of their deposits from LMI neighborhoods.
- In Edison, the bank has **zero** branches in low-income census tracts. In contrast, all lenders, as a group, have 5.5 percent of their branches in low income census tracts. Furthermore, Valley National received **0 percent** of its deposits from low-income neighborhoods. In contrast, all lenders, as a group, received 5.1 percent of their deposits from low-income neighborhoods.
- In Newark, the bank has just 19.7 percent of its branches in low- and moderate-income census tracts. In contrast, all lenders, as a group, have 25.2 percent of their branches in LMI census tracts.

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Valley National's branch network is failing to serve minority neighborhoods.

- According to the latest data, the bank is not serving minority neighborhoods. Valley National's record of serving minority neighborhoods with branches is poor in New York City and Northern New Jersey and Newark.
- In New York City and Northern New Jersey, the bank has just 24.8 percent of its branches in minority census tracts. In contrast, all lenders, as a group, have 37.6 percent of their branches in minority census tracts.
- In Newark, the bank has just 21.3 percent of its branches in minority census tracts. In contrast, all lenders, as a group, has 26.8 percent of their branches in LMI census tracts.

Valley National's record demonstrates a failure to meet community needs in all its major markets and to broad groups of borrowers. We therefore believe that the merger of these two banks will not benefit the public and the expansion of this bank, as outlined in the merger application, provides no clear public benefit. Our groups urge the OCC to reject Valley National's acquisition of 1st United, unless Valley National can clearly demonstrate how the merger will create a public benefit.

According to our data analysis, Valley National trails its peers in serving LMI borrowers, communities and small businesses. Valley National's performance is magnified when considering that peers fall far short of meeting the demographic benchmarks. While it is not necessarily expected that the bank will match the demographics of an area, Valley National and its peers should strive to close the lending disparities gap outlined in the figures highlighted in this letter. The bank's record in New Jersey and New York suggests the bank does not deserve the privilege of merging with another bank and expanding into a new market since it does not adequately meet the needs of its current markets nor does it outline a sufficient plan to serve all borrowers in its new markets in Florida. In fact the bank's public statements have suggested that it is interested in moving into Florida to serve wealthy clientele.[2]

Moreover, as Valley National enters the Florida market it is clear that it intends to expand 1st United's mortgage originations. The bank should commit to offering appropriate mortgage products to all creditworthy borrowers including low- and moderate-income borrowers and communities.[3]

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[2] http://www.bloomberg.com/news/2014-05-08/valley-chases-wealthy-to-boca-in-year-s-biggest-bank-deal.html

[3] http://www.palmbeachpost.com/news/business/bocas-1st-united-to-sell-to-new-jersey-bank-for-32/nfrXr/

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Also, NCRC and the undersigned organizations take this opportunity to once again call for the release of Valley National's CRA examination. This examination which began in the 2nd quarter of 2013 has yet to be publically released. The public deserves to see the examination before this merger is evaluated since the bank's CRA performance is considered in its merger application.

Our groups stand ready to meet with Valley National to discuss how they can better meet the needs of underserved borrowers in communities which they serve. The lackluster record of Valley National suggests that changes are needed to the bank's marketing, underwriting, and products. We also call for public hearings on this merger to be held in three states which Valley National and 1st United Bank currently serve. Only through a thorough public vetting of this merger will the public have an opportunity to see whether the bank's proposed merger will create a public benefit since the bank merger application and the bank's public statements clearly do not present one.

Thank you for providing us with an opportunity to comment on this important matter. Please feel free to reach out to me directly on this matter, or contact Jesse Van Tol, Director of Membership and Organizing at (202) 464-2709 or jvantol@ncrc.org.

Sincerely,

John Taylor

National Community Reinvestment Coalition

Association of Neighborhood and Housing Developers (ANHD)

Catalyst Miami

Fair Finance Watch

Fair Housing Council of Northern New Jersey

Housing Conservation Coordinators, Inc.

Neighborhood Housing Services of South Florida

Neighborhood Renaissance, Inc.

New Jersey Citizen Action (NJCA)

Parodneck Foundation

Pratt Area Community Council

Rockland Housing Action Coalition

South Florida Community Land Trust

St. Petersburg Neighborhood Housing Services, Inc.

We Help CDC

Cc: Barry Wides, Deputy Comptroller Community Affairs