

## GENERAL INFORMATION

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

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of **March 3, 1997**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

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

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

### **Basis for the Rating**

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

## **ASSIGNMENT OF RATING**

### Identification of Ratings

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

Outstanding record of meeting community credit needs.

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

Satisfactory record of meeting community credit needs.

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

Needs to improve record of meeting community credit needs.

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

Substantial noncompliance in meeting community credit needs.

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

## DISCUSSION OF INSTITUTION'S PERFORMANCE

### Institution's Rating:

This institution is rated as having an **outstanding record of meeting community credit needs**, based on the findings presented below.

### COMMUNITY PROFILE

The bank serves a community which encompasses all or portions of 21 counties in lower Michigan. This community, which the bank has defined as nine separate regions, includes all or portions of the following seven Metropolitan Statistical Areas (MSAs): Detroit, Ann Arbor, Jackson, Lansing/East Lansing, Saginaw/Bay City/Midland, Grand Rapids/Holland/Muskegon and Kalamazoo/Battle Creek; as well as a single Block Numbering Area (BNA) in Gladwin County

According to the 1990 Census, the total population within the bank's delineated communities is 6,026,782. Demographically, Whites represent 77.8% of the population, compared to Blacks at 18.2%, Hispanics at 2.0%, Asians at 1.4% and all other minorities at 0.6%. The adjusted median family income of the bank's combined markets is \$40,206 while the median household income is \$33,579. Income levels are classified as low, moderate, middle, and upper and are further defined as less than 50% of median, 50-79% of median, 80-120% of median, and 121% or more of median income, respectively. The total number of households in the bank's delineated community is 2,227,114, of which 887,870 or 39.8% are classified low- and moderate-income. A total of 550,799 or 24.7% are low-income; 337,071 or 15.1% are moderate-income; 429,184 or 19.3% are middle-income; and 910,060 or 40.9% are upper-income households.

There are a total of 1,612 census tracts within the bank's delineated community. Census tracts with housing units total 1,592, or 98.8% of all the tracts within the delineated community. Low- and moderate-income census tracts total 515 or 32.4% of the tracts with housing units. A total of 251 or 15.8% are low-income; 264 or 16.6% are moderate-income; 680 or 42.7% are middle-income; and 397 or 24.9% are upper-income census tracts.

A total of 1,671,594 or 27.7% of the population resides in low- and moderate-income census tracts; 724,170 or 12.0% in low-income and 947,424 or 15.7% in moderate-income. By comparison, 609,459 or 27.3% of all households are in low- and moderate-income census tracts; 256,828 or 11.5% in low-income and 352,631 or 15.8% in moderate-income. Census data shows that 276,505 or 12.4% of all households in the community have incomes below poverty level. Poverty level is defined as income less than 30% of median income for the MSA in which the household is located. A total of 180,003 or 29.5% of households in low-

and moderate-income census tracts are below poverty level. Further review shows that 108,869 or 42.4% of households in low-income tracts are below poverty level compared to 71,134 or

20.2% of the households in moderate-income tracts.

The total number of housing units in the market was 2,358,551, with 1,525,618 or 64.7% owner-occupied and 698,966 or 29.6% renter-occupied. Housing units in low- and moderate-income tracts total 667,842. A total of 295,580 or 19.3% of owner-occupied housing is located in low- and moderate-income areas, compared to 314,836 or 45.0% of rental property. The median home value in the community is \$66,629. By comparison, the median home value is \$18,941 in low-income, \$32,062 in moderate-income, \$62,353 in middle-income, and \$110,639 in upper-income tracts. The median age of the housing stock in the community is 45 years. The median age is 48 years in low-income, 38 years in moderate-income; 46 years in middle-income and 35 years in upper-income tracts. The median monthly rent payment for the delineated community is \$449. The median rent payment is \$338 in low-income, \$420 in moderate-income, \$479 in middle-income, and \$571 in upper-income tracts.

March 1997 employment and labor statistics provided by the Michigan Employment Security Commission showed that residents of Michigan are employed in the following non-agricultural sectors of the economy: construction, 3.8%; manufacturing, 22.0%; private service, 58.9% and government service, 15.3%. The Michigan unemployment rate for March 1997 was 4.8% compared to 5.7% in March 1996 and 6.0% in March 1995.

Community representatives contacted during the examination identified an ongoing need for small business, home improvement and mortgage loans with flexible underwriting standards and terms.

## **BANK PROFILE**

Comerica Bank, with \$27,051,459,000 in total assets as of December 31, 1996, is a subsidiary of Comerica Incorporated, a multi-bank holding company, based in Detroit, Michigan. The bank's 267 offices are located in 19 counties throughout Michigan. The bank offers commercial, consumer, real estate, community development and farm credit products. Residential mortgage loans are provided through Comerica Mortgage Corporation (CMC), while equipment leasing is provided by Comerica Leasing Corporation. Both of these corporations are subsidiaries of the bank. Unsecured credit card services are provided through Comerica Bank - Midwest, NA, a subsidiary of the holding company. In addition, the Comerica Community Development Corporation, a subsidiary of the holding company, provides nonconventional financial assistance for housing rehab and small business enterprises. Applications for consumer and credit card products are available at all branch locations. Applications for small business and residential mortgage credit are available from branch managers and mortgage corporation representatives. The bank's consumer loan and the mortgage corporation's residential mortgage operations are centralized in Auburn Hills, Michigan. Commercial credit operations are centralized in Detroit, while deposit operations are centralized in Livonia, Michigan. Trust operations and bank audit are located in Detroit. The bank's Consumer Compliance unit is located in Auburn Hills, while the Public Affairs unit, which is responsible for the bank's CRA compliance program, is located in Detroit.

The bank's primary competitors are NBD Bank, Detroit Michigan with 321 branches in the state; First of America Bank - Michigan, NA, Grand Rapids with 366 branches; Old Kent Bank, Grand Rapids with 198 branches; Michigan National Bank, Farmington Hills with 191 branches, and Standard Federal Bank, Troy with 181 branches. NBD Bank, First of America Bank, and Old Kent Bank also have mortgage affiliates which compete with CMC.

Review of aggregate HMDA data showed that there were 714 HMDA reporters throughout the MSA portions of the bank's delineated community in 1996. Comerica Bank ranked 9th and Comerica Mortgage Corporation ranked 22nd in 1996 loan originations. In 1995, there were 568 HMDA reporters with the Comerica Bank ranked 8th and CMC 14th in originations. In 1994, there were 551 HMDA reporters with Comerica Bank ranked 6th and CMC ranked 8th in originations. The bank and CMC totals were not combined as they are separate reporters. Combining the bank and CMC totals would also require combining competitor affiliates which would not materially alter the overall rankings. The top five real estate lenders (based on originated loans) in 1996 were Standard Federal Bank, Troy; Flagstar Bank, FSB, Bloomfield Hills; Charter One Bank, FSB, Cleveland, Ohio; Rock Financial, Bingham Farms; and First Chicago NBD Mortgage Company, Detroit.

The following are the community and bank profiles for each of the seven MSAs within the bank's delineated community:

### ***Community Profile - Detroit MSA***

This portion of the bank's delineated community includes all of Oakland and Wayne Counties, and portions of Lapeer, Macomb and Monroe Counties. The total population in the Detroit MSA portion of the bank's delineated community is 3,933,775. Demographically, Whites represent 72.6% of the community's population compared to Blacks at 23.7%, Hispanics at 1.9%, Asians at 1.4% and all other minorities at 0.5%.

The median family income within this portion of the bank's community is \$40,914, compared to a median household income of \$34,375. The total number of households in this portion of the community is 1,463,630, of which 592,707 or 40.5% are classified as low- and moderate-income. A total of 377,828 or 25.8% are low-income; 214,879 or 14.7% are moderate-income; 272,526 or 18.6% are middle-income; and 598,397 or 40.9% are upper-income households

There are a total of 1,092 census tracts in the Detroit MSA portion of the bank's delineated community. Census tracts with housing units total 1,079, or 98.8% of all the tracts within this portion of the community. Low- and moderate-income census tracts total 370 or 34.3% of the tracts with housing units. A total of 197 or 18.3% are low-income; 173 or 16.0% are moderate-income; 432 or 40.0% are middle-income; and 277 or 25.7% are upper-income census tracts.

A total of 1,196,393 or 30.4% of the population resides in low- and moderate-income census tracts; 578,187 or 14.7% in low-income and 618,206 or 15.7% in moderate-income. By

comparison, 436,954 or 29.8% of all households are in low- and moderate-income census tracts; 209,572 or 14.3% in low-income and 227,382 or 15.5% in moderate-income. Census data shows that 191,426 or 13.1% of all households in the community have incomes below poverty level. A total of 136,269 or 31.2% of households in low- and moderate-income census tracts are below poverty level. Further review shows that 90,145 or 43.0% of households in low-income tracts are below poverty level, compared to 46,124 or 20.3% of the households in moderate-income tracts

The total number of housing units in this portion of the community is 1,547,964, with 1,007,148 or 65.1% owner-occupied and 455,894 or 29.5% renter-occupied. Housing units in low- and moderate-income tracts total 480,133. A total of 218,396 or 21.7% of owner-occupied housing is located in low- and moderate-income areas, compared to 219,361 or 48.1% of rental property. The median housing value in the community is \$66,831. By comparison, the median housing value is \$17,814 in low-income, \$29,989 in moderate-income, \$61,885 in middle-income and \$117,432 in upper-income tracts. The median age of the housing stock in the community is 44 years. The median age is 48 years in low-income, 37 years in moderate-income, 44 years in middle-income and 36 years in upper-income tracts. The median monthly rent payment for the delineated community is \$457. The median rent payment is \$332 in low-income, \$429 in moderate-income, \$500 in middle-income and \$617 in upper-income tracts.

March 1997 employment and labor statistics provided by the Michigan Employment Security Commission showed that residents of the Detroit MSA are employed in the following non-agricultural sectors of the economy: construction, 3.5%; manufacturing, 21.6%; private service 63.7%; and government service, 11.2%. The Detroit MSA unemployment rate for March 1997 was 4.1%, compared to 5.0% in March 1996 and 5.3% in March 1995.

### ***Bank Profile - Detroit MSA***

The Detroit MSA is the bank's primary market. The bank has 175 branches in the Detroit MSA (41 in the City of Detroit), representing 85% of deposits and 80% of loans. Competition in the Detroit MSA is provided by the following institutions: NBD Bank, with 34 branches in the City of Detroit; First of America Bank - Michigan NA, with 9 branches in Detroit; Michigan National Bank, with 18 branches in Detroit; and Standard Federal Bank, with 3 branches in Detroit. In addition, there are 29 credit unions in the City of Detroit which compete for consumer deposit and loan business.

Review of aggregate HMDA data showed there were 547 HMDA reporters in the Detroit MSA portions of the bank's delineated community in 1996. Comerica Bank ranked 7th and Comerica Mortgage Corporation ranked 24th in 1996 loan originations. In 1995, there were 415 HMDA reporters with the Comerica Bank ranked 6th and CMC 15th in originations. In 1994, there were 387 HMDA reporters with Comerica Bank ranked 6th and CMC ranked 9th in originations. The top five real estate lenders (based on originated loans) in 1996 were Standard Federal Bank, Troy; Flagstar Bank, FSB, Bloomfield Hills; Charter One Bank, FSB, Cleveland, Ohio; Rock Financial,

Bingham Farms; and First Chicago NBD Mortgage Company, Detroit.

### ***Community Profile - Ann Arbor MSA***

This portion of the bank's delineated community includes all of Livingston and Washtenaw Counties, and a portion of Lenawee County. The population in the Ann Arbor MSA portion of the bank's delineated community is 417,799. Demographically, Whites represent 87.4% of the population, compared to Blacks at 7.6%, Hispanics at 1.6%, Asians at 2.9%, and all other minorities at 0.5%.

The median family income within this portion of the bank's community is \$47,729, compared to a median household income of \$38,908. The total number of households in this portion of the community is 151,103, of which 56,088 or 37.1% are classified low- and moderate-income. A total of 32,530 or 21.5% are low-income; 23,558 or 15.6% are moderate-income; 30,456 or 20.2% are middle-income; and 64,559 or 42.7% are upper-income households.

There are a total of 107 census tracts in the Ann Arbor MSA portion of the bank's delineated community. Census tracts with housing units total 106 or 99.1% of all the tracts within this portion of the community. Low- and moderate-income census tracts total 28 or 26.4% of the tracts with housing units. A total of 10 or 9.4% are low-income; 18 or 17.0% are moderate-income, 50 or 47.2% are middle-income, and 28 or 26.4% are upper-income census tracts.

A total of 99,473 or 23.8% of the population resides in low- and moderate-income census tracts; 35,272 or 8.4% in low-income and 64,201 or 15.4% in moderate-income. By comparison, 35,927 or 23.7% of all households are in low- and moderate-income census tracts; 8,832 or 5.8% in low-income; and 27,095 or 17.9% in moderate-income. Census data shows that 14,300 or 9.5% of all households in the community have incomes below poverty level. A total of 7,350 or 20.5% of households in low- and moderate-income census tracts are below poverty level. Further review shows that 3,429 or 38.8% of households in low-income tracts are below poverty level, compared to 3,921 or 14.5% of the households in moderate-income tracts.

The total number of housing units in this portion of the community is 161,378, with 96,191 or 59.6% owner-occupied and 54,298 or 33.6% renter-occupied. Housing units in low- and moderate-income tracts total 38,329. A total of 11,701 or 12.1% of owner-occupied housing is located in low- and moderate-income areas, compared to 24,291 or 44.8% of rental property. The median housing value in the community is \$94,209. By comparison, the median home value is \$66,563 in low-income, \$58,113 in moderate-income, \$86,569 in middle-income, and \$138,691 in upper-income tracts. The median age of the housing stock in the community is 33 years. The median age is 29 years in low-income, 35 years in moderate-income, 32 years in middle-income, and 36 years in upper-income tracts. The median monthly rent payment for the delineated community is \$530. The median rent payment is \$478 in low-income, \$506 in moderate-income, \$529 in middle-income, and \$618 in upper-income tracts.

March 1997 employment and labor statistics provided by the Michigan Employment Security Commission showed that residents of the Ann Arbor MSA are employed in the following nonagricultural sectors of the economy: construction, 3.3%; manufacturing, 20.0%; private service 48.9% and government service 27.8%. The Ann Arbor MSA unemployment rate for March 1997 was 2.9%, compared to 3.2% in March 1996 and 3.4% in March 1995.

### ***Bank Profile - Ann Arbor MSA***

The bank has 16 branches in the Ann Arbor MSA (nine in the city of Ann Arbor), representing 4% of bank deposits and 6% of loans. Competition in the Ann Arbor MSA is provided by the following institutions: First of America Bank - Michigan NA, with 12 branches in the City of Ann Arbor; NBD Bank, with seven branches in Ann Arbor, Standard Federal Bank, with three branches in Ann Arbor; and Great Lakes Bancorp, FSB, based in Ann Arbor, with 13 branches in the MSA (six in Ann Arbor). In addition, there are six credit unions in the City of Ann Arbor which compete for consumer deposit and loan business.

Review of aggregate HMDA data showed that there were 355 HMDA reporters throughout the MSA portions of the delineated community in 1996. Comerica Bank ranked 20th and Comerica Mortgage Corporation ranked 12th in 1996 loan originations. In 1995, there were 267 HMDA reporters with the Comerica Bank ranked 10th and CMC 11th in originations. In 1994, there were 253 HMDA reporters with Comerica Bank ranked 7th and CMC ranked 8th in originations. The top five real estate lenders (based on originated loans) in 1996 were Standard Federal Bank, Troy; Flagstar Bank, FSB, Bloomfield Hills; Great Lakes National Bank - Michigan, Ann Arbor; First Chicago NBD Mortgage Company, Detroit and Republic Bank, Ann Arbor.

### ***Community Profile- Jackson MSA***

This portion of the bank's delineated community includes all of Jackson County and the population totals 149,756. Demographically, Whites represent 89.9% of the population, compared to Blacks at 7.9%, Hispanics at 1.4% and all other minorities 0.8%.

The median family income within this portion of the bank's community is \$33,968, compared to a median household income of \$29,156. The total number of households is 53,891, of which 21,557 or 40.0% are classified low- and moderate-income. A total of 12,786 or 23.7% are low-income; 8,771 or 16.3% are moderate-income; 10,648 or 19.8% are middle-income; and 21,686 or 40.2% are upper-income households

There are a total of 32 census tracts in the Jackson MSA portion of the bank's delineated community. Census tracts with housing units total 31, or 96.9% of all the tracts within this portion of the community. Low- and moderate-income census tracts total 10 or 32.2% of the tracts with housing units. A total of 4 or 12.9% are low-income; 6 or 19.3% are moderate-income; 19 or 61.3% are middle-income; and 2 or 6.5% are upper-income census tracts.

A total of 31,711 or 21.2% of the population resides in low- and moderate-income census tracts; 11,185 or 7.5% in low-income and 20,526 or 13.7% in moderate-income. By comparison, 9,876 or 18.4% of all households are in low- and moderate-income census tracts; 3,264 or 6.1% in low-income and 6,612 or 12.3% in moderate-income. Census data shows that 6,502 or 12.1% of all households in the community have incomes below poverty level. A total of 3,035 or 30.7% of households in low- and moderate-income census tracts are below poverty level. Further review shows that 1,539 or 47.2% of households in low-income tracts are below poverty level, compared to 1,496 or 22.6% of the households in moderate-income tracts.

The total number of housing units in this portion of the community is 57,979, with 39,528 or 68.2% owner-occupied and 14,132 or 24.4% renter-occupied. Housing units in low- and moderate-income tracts total 10,578. A total of 4,808 or 12.2% of owner-occupied housing is located in low- and moderate-income areas, compared to 5,056 or 35.8% of rental property. The median housing value in the community is \$47,575. By comparison, the median housing value is \$21,527 in low-income, \$26,978 in moderate-income, \$50,541 in middle-income, and \$71,250 in upper-income tracts. The median age of the housing stock in the community is 44 years. The median age is 56 years in low-income, 56 years in moderate-income, 29 years in middle-income, and 43 years in upper-income tracts. The median monthly rent payment for the delineated community is \$376. The median rent payment is \$275 in low-income, \$364 in moderate-income, \$399 in middle-income, and \$531 in upper-income tracts.

March 1997 employment and labor statistics provided by the Michigan Employment Security Commission showed that residents of the Jackson MSA are employed in the following nonagricultural sectors of the economy: construction, 3.0%; manufacturing, 21.8%; private service, 57.8% and government service, 17.4%. The Jackson MSA unemployment rate for March 1997 was 5.0%, compared to 5.3% in March 1996 and 6.1% in March 1995.

### ***Bank Profile - Jackson MSA***

The bank has 15 branches in the Jackson MSA (nine in the City of Jackson), representing 2% of the bank's deposits and loans. Competition in the Jackson MSA is provided by the following institutions: City Bank and Trust Co., Jackson, with eight branches in the City of Jackson; Republic Bank, Jackson with four branches in Jackson; and Standard Federal Bank, based in Troy with four branches in the MSA (three in Jackson). In addition, there are 12 credit unions in the City of Jackson which compete for consumer deposit and loan business.

Review of aggregate HMDA data showed that there were 220 HMDA reporters throughout the MSA portions of the bank's delineated community in 1996. Comerica Bank ranked 13th and Comerica Mortgage Corporation ranked 10th in 1996 loan originations. In 1995, there were 163 HMDA reporters with the Comerica Bank ranked 13th and CMC 10th in originations. In 1994, there were 160 HMDA reporters with Comerica Bank ranked 14th and CMC ranked 7th in originations.

The top five real estate lenders in the Jackson MSA (based on originated loans) in 1996 were Standard Federal Bank, Troy; City Bank and Trust Company, Jackson; Flagstar Bank, FSB, Bloomfield Hills; Republic Bank, Ann Arbor, and Jackson Consumer Power Employee Credit Union.

### ***Community Profile - Lansing MSA***

This portion of the bank's delineated community includes all of Ingham County and portions of Clinton and Eaton Counties. The population in the Lansing MSA portion of the bank's delineated community is 337,561. Demographically, Whites represent 83.5% of the population, compared to Blacks at 9.0%, Hispanics at 4.4%, Asians at 2.3% and all other minorities 0.8%.

The median family income within this portion of the bank's community is \$39,194, compared to a median household income of \$31,778. The total number of households in this portion of the community is 124,374, of which 49,804 or 40.1% are classified as low- and moderate-income. A total of 29,835 or 24.0% are low-income; 19,969 or 16.1% are moderate-income; 25,027 or 20.1% are middle-income; and 49,543 or 39.8% are upper-income households

There are a total of 94 census tracts in the Lansing MSA portion of the bank's delineated community. All census tracts in this portion of the community have housing units. Low- and moderate-income census tracts total 28 or 29.7% of the tracts with housing units. A total of 10 or 10.6% are low-income; 18 or 19.1% are moderate-income; 40 or 42.6% are middle-income; and 26 or 27.7% are upper-income census tracts.

A total of 81,989 or 24.3% of the population resides in low- and moderate-income census tracts; 23,376 or 6.9% in low-income and 58,613 or 17.4% in moderate-income. By comparison, 30,939 or 24.9% of all households are in low- and moderate-income census tracts; 9,549 or 7.7% in low-income and 21,390 or 17.2% in moderate-income. Census data shows that 17,071 or 13.7% of all households in the community have incomes below poverty level. A total of 8,279 or 26.8% of households in low- and moderate-income census tracts are

below poverty level. Further review shows that 3,797 or 39.8% of households in low-income tracts are below poverty level, compared to 4,482 or 21.0% of the households in moderate-income tracts

The total number of housing units in this portion of the community is 131,193, with 75,174 or 57.3% owner-occupied and 49,144 or 37.5% renter-occupied. Housing units in low- and moderate-income tracts total 33,697. A total of 11,700 or 15.6% of owner-occupied housing is located in low- and moderate-income areas, compared to 19,299 or 39.3% of rental property. The median housing value in the community is \$66,361. By comparison, the median housing value is \$32,188 in low-income, \$40,130 in moderate-income, \$60,493 in middle-income, and \$95,087 in upper-income tracts. The median age of the housing stock in the community is 30 years. The median age is 52 years in low-income, 45 years in moderate-income, 31 years in

middle-income, and 35 years in upper-income tracts. The median monthly rent payment for the delineated community is \$428. The median rent payment is \$330 in low-income, \$403 in moderate-income, \$441 in middle-income, and \$489 in upper-income tracts.

March 1997 employment and labor statistics provided by the Michigan Employment Security Commission showed that residents of the Lansing MSA are employed in the following non-agricultural sectors of the economy: construction, 3.2%; manufacturing, 13.0%; private service 53.9% and government service 29.9%. The Lansing MSA unemployment rate for March 1997 was 3.4%, compared to 6.4% in March 1996 and 4.3% in March 1995.

### ***Bank Profile - Lansing MSA***

The bank has 11 branches in the Lansing MSA (10 in the City of Lansing), representing 2% of deposits and loans. Competition in the Lansing MSA is provided by the following institutions: First of America Bank - Michigan NA, with seven branches in the City of Lansing; Michigan National Bank, with eight branches in Lansing; Community First Bank, based in Lansing with seven branches in Lansing; Old Kent Bank and Trust, with three branches in Lansing; and NBD Bank, with three branches in Lansing. In addition, there are 16 credit unions in the City of Lansing which compete for consumer deposit and loan business.

Review of aggregate HMDA data showed that there were 266 HMDA reporters throughout the MSA portions of the bank's delineated community in 1996. Comerica Bank ranked 30th and Comerica Mortgage Corporation ranked 37th in 1996 loan originations. In 1995, there were 200 HMDA reporters with Comerica Bank ranked 27th and CMC 21st in originations. In 1994 there were 178 HMDA reporters with Comerica Bank ranked 22nd and CMC ranked 19th in originations. The top five real estate lenders (based on originated loans) in 1996 were Old Kent Mortgage Co, Grand Rapids; First Chicago NBD Mortgage Company, Detroit; Lansing Automakers Federal Credit Union, Lansing; Flagstar Bank, FSB, Bloomfield Hills; and Charter One Bank, FSB, Cleveland, Ohio.

### ***Community Profile - Saginaw/Bay City/Midland MSA***

This portion of the bank's delineated community includes all of Midland County, and one census tract in Bay county. The population in the Saginaw/Bay City/Midland MSA portion of the bank's delineated community is 82,055. Demographically, Whites represent 96.7% of the population, compared to Blacks at 0.8%, Hispanics at 1.1%, Asians at 1% and all other minorities 0.4%.

The median family income within this portion of the bank's community is \$39,817, compared to a median household income of \$33,868. The total number of households in this portion of the community is 30,042, of which 10,292 or 34.3% are classified low- and moderate-income. A total of 5,969 or 19.9% are low-income; 4,323 or 14.4% are moderate-income; 5,167 or 17.2% are middle-income; and 14,574 or 48.5% are upper-income households

There are a total of 18 census tracts in the Saginaw/Bay City/Midland MSA portion of the bank's delineated community. All census tracts in this portion of the community have housing units. There are no low-income census tracts in this area. A total of 4 or 22.2% are moderate-income; 9 or 50.0% are middle-income; and 5 or 27.8% are upper-income census tracts.

A total of 13,992 or 17.1% of the population resides in moderate-income census tracts. By comparison, 5,158 or 17.2% of all households are in moderate-income census tracts. Census data shows that 3,299 or 11.0% of all households in the community have incomes below poverty level. A total of 1,052 or 20.4% of households in moderate-income census tracts are below poverty level.

The total number of housing units in this portion of the community is 31,695, with 23,332 or 73.6% owner-occupied and 6,756 or 21.3% renter-occupied. Housing units in moderate-income tracts total 5,477. A total of 3,587 or 15.4% of owner-occupied housing is located in moderate-income areas, compared to 1,591 or 23.5% of rental property. The median housing value in the community is \$61,348. By comparison, the median home value is \$41,083 in moderate-income, \$52,659 in middle-income, and \$88,724 in upper-income tracts. The median age of the housing stock in the community is 32 years. The median age is 28 years in moderate-income, 33 years in middle-income, and 32 years in upper-income tracts. The median monthly rent payment for the delineated community is \$405. The median rent payment is \$389 in moderate-income, \$394 in middle-income, and \$433 in upper-income tracts.

March 1997 employment and labor statistics provided by the Michigan Employment Security Commission showed that residents of the Saginaw/Bay City/Midland MSA are employed in the following nonagricultural sectors of the economy: construction, 4.6%; manufacturing, 22.4%; private service, 59.8% and government service, 13.2%. The MSA unemployment rate for March 1997 was 5.5%, compared to 5.8% in March 1996 and 7.4% in March 1995.

### ***Bank Bank Profile - Saginaw/Bay City/Midland MSA***

The bank has four branches in the Saginaw/Bay City/Midland MSA, all of which are in the City of Midland, representing 1% of deposits and loans. Competition in the Saginaw/Bay City/Midland MSA is provided by the following: Chemical Bank and Trust, based in Midland with six branches in the City of Midland; First of America Bank-Michigan NA, with two branches in Midland; Michigan National Bank, with two branches in Midland; Standard Federal Bank, with one branch in Midland; and Wolverine Bank, FSB, based in Midland with two branches in Midland. In addition, there are three credit unions in the City of Midland which compete for consumer deposit and loan business, the largest being Dow Chemical Employee Credit Union.

Review of aggregate HMDA data showed that there were 154 HMDA reporters throughout the MSA portions of the bank's delineated community in 1996. Comerica Bank ranked 18th and Comerica Mortgage Corporation ranked 10th in 1996 loan originations. In 1995, there were 127 HMDA reporters with the Comerica Bank ranked 11th and CMC 9th in originations. In 1994,

there were 95 HMDA reporters with Comerica Bank ranked 11th and CMC ranked 8th in originations. The top five real estate lenders (based on originated loans) in 1996 were Chemical Bank and Trust Company, Midland; Wolverine Bank, FSB, Midland; Union Federal Savings Bank of Indianapolis, Indianapolis, Indiana; Dow Chemical Employee Credit Union, Midland; and Mutual Savings Bank, FSB, Bay City.

### ***Community Profile - Grand Rapids/Muskegon/Holland MSA***

This portion of the bank's delineated community includes all of Kent and Muskegon Counties, a portion of Ottawa County and four census tracts in Allegan County. The population in the Grand Rapids/Muskegon/Holland MSA portion of the bank's delineated community is 790,703. Demographically, Whites represent 88.4%, Blacks 7.8%, Hispanics 2.3% and all other minorities 1.5% of the population.

The median family income within this portion of the bank's community is \$36,624, compared to a median household income of \$31,563. The total number of households in this portion of the community is 284,243, of which 110,559 or 38.9% are classified low- and moderate-income. A total of 63,102 or 22.2% are low-income; 47,457 or 16.7% are moderate-income; 62,923 or 22.1% are middle-income; and 110,761 or 39.0% are upper-income households

There are a total of 182 census tracts in the Grand Rapids/Muskegon/Holland MSA portion of the bank's delineated community. Census tracts with housing units total 180, or 98.9% of all the tracts within this portion of the community. Low- and moderate-income census tracts total 48 or 26.6% of the tracts with housing units. A total of 18 or 10.0% are low-income; 30 or 16.6% are moderate-income; 100 or 55.6% are middle-income and 32 or 17.8% are upper-income census tracts.

A total of 161,992 or 20.5% of the population resides in low- and moderate-income census tracts; 44,275 or 5.6% in low-income and 117,717 or 14.9% in moderate-income. By comparison, 59,249 or 20.8% of all households are in low- and moderate-income census tracts; 15,965 or 5.6% in low-income and 43,284 or 15.2% in moderate-income. Census data shows that 27,644 or 9.7% of all households in the community have incomes below poverty level. A total of 14,220 or 24.0% of households in low- and moderate-income census tracts are below poverty level. Further review shows that 5,908 or 37.0% of households in low-income tracts are below poverty level, compared to 8,312 or 19.2% of the households in moderate-income tracts

The total number of housing units in this portion of the community is 300,774, with 205,698 or 68.4% owner-occupied and 77,760 or 25.9% renter-occupied. Housing units in low- and moderate-income tracts total 64,722. A total of 31,992 or 15.5% of owner-occupied housing is located in low- and moderate-income areas, compared to 27,222 or 35.0% of rental property. The median housing value in the community is \$64,696. By comparison, the median home value is \$27,366 in low-income, \$37,409 in moderate-income, \$63,568 in middle-income, and \$91,621 in upper-income tracts. The median age of the housing stock in the community is 29 years. The

median age is 56 years in low-income, 52 years in moderate-income, 31 years in middle-income, and 18 years in upper-income tracts. The median monthly rent payment for the delineated community is \$420. The median rent payment is \$356 in low-income, \$371 in moderate-income, \$439 in middle-income, and \$513 in upper-income tracts.

March 1997 employment and labor statistics provided by the Michigan Employment Security Commission showed that residents of the Grand Rapids/Muskegon/Holland MSA are employed in the following nonagricultural sectors of the economy: construction, 4.1%; manufacturing, 28.7%; private service, 57.1% and government service, 10.1%. The MSA unemployment rate for March 1997 was 3.7%, compared to 4.3% in March 1996 and 1995.

### ***Bank Profile - Grand Rapids/Muskegon/Holland MSA***

The Grand Rapids/Muskegon/Holland MSA is the second largest market served by the bank. The bank has 28 branches in the Grand Rapids/Muskegon/Holland MSA (nine in the City of Grand Rapids and five in the City of Muskegon), representing 4% of deposits and 6% of loans. Competition in the Grand Rapids/Muskegon/Holland MSA is provided by the following institutions: Old Kent Bank and Trust, with 23 branches in the City of Grand Rapids; NBD Bank, with 15 branches in Grand Rapids; First of America Bank-Michigan NA, with 12 branches in Grand Rapids and six in Muskegon; Michigan National Bank, with nine branches in Grand Rapids; and FMB Lumberman's Bank, based in Muskegon with two branches in Muskegon. Competition for consumer loans and deposits is also provided by 21 credit unions in Grand Rapids and 10 in Muskegon.

Review of aggregate HMDA data showed that there were 342 HMDA reporters throughout the MSA portions of the bank's delineated community in 1996. Comerica Bank ranked 36th and Comerica Mortgage Corporation ranked 27th in 1996 loan originations. In 1995, there were 230 HMDA reporters with the Comerica Bank ranked 27th and CMC 17th in originations. In 1994 there were 241 HMDA reporters with Comerica Bank ranked 19th and CMC ranked 15th in originations. The top five real estate lenders (based on originated loans) in 1996 were Old Kent Bank and Trust, Grand Rapids; First Chicago NBD Mortgage Company, Detroit; Old Kent Mortgage Company, Grand Rapids; Flagstar Bank, FSB, Bloomfield Hills; and Green Tree Financial, St. Paul, Minnesota.

### ***Community Profile - Kalamazoo/Battle Creek MSA***

This portion of the bank's delineated community includes all of Kalamazoo County and a portion of Calhoun County. The population in the Kalamazoo/Battle Creek MSA portion of the bank's delineated community is 311,493. Demographically, Whites represent 86.8% of the population, compared to Blacks at 9.8%, Hispanics at 1.6%, Asians at 1.4% and all other minorities at 0.4%.

The median family income within this portion of the bank's community is \$30,027, compared to a median household income of \$36,557. The total number of households in this portion of the community is 118,496, of which 46,245 or 39.0% are classified low- and moderate-income. A total of 28,342 or 23.9% are low-income; 17,903 or 15.1% are moderate-income; 22,224 or 18.8% are middle-income; and 50,027 or 42.2% are upper-income households

There are a total of 86 census tracts in the Kalamazoo/Battle Creek MSA portion of the bank's delineated community. Census tracts with housing units total 84, or 97.7% of all tracts in this portion of the community. Low- and moderate-income census tracts total 27 or 32.1% of the tracts with housing units. A total of 12 or 14.2% are low-income; 15 or 17.9% are moderate-income; 30 or 35.7% are middle-income; and 27 or 32.1% are upper-income census tracts.

A total of 86,044 or 27.6% of the population resides in low- and moderate-income census tracts; 31,875 or 10.2% in low-income and 54,169 or 17.4% in moderate-income. By comparison, 31,356 or 26.4% of all households are in low- and moderate-income census tracts; 9,646 or 8.1% in low-income and 21,710 or 18.3% in moderate-income. Census data shows that 15,944 or 13.5% of all households in the community have incomes below poverty level. A total of 9,798 or 31.2% of households in low- and moderate-income census tracts are below poverty level. Further review shows that 4,051 or 42.0% of households in low-income tracts are below poverty level, compared to 5,747 or 26.5% of the households in moderate-income tracts

The total number of housing units in this portion of the community is 126,026, with 77,552 or 61.5% owner-occupied and 40,641 or 32.2% renter-occupied. Housing units in low- and moderate-income tracts total 34,906. A total of 13,396 or 17.3% of owner-occupied housing is located in low- and moderate-income areas compared to 18,016 or 44.3% of rental property. The median home value in the community is \$55,947. By comparison, the median housing value is \$22,903 in low-income, \$29,992 in moderate-income, \$49,617 in middle-income, and \$73,751 in upper-income tracts. The median age of the housing stock in the community is 46 years. The median age is 56 years in low-income, 37 years in moderate-income, 45 years in middle-income, and 33 years in upper-income tracts. The median monthly rent payment for the delineated community is \$408. The median rent payment is \$334 in low-income, \$375 in moderate-income, \$416 in middle-income, and \$463 in upper-income tracts.

March 1997 employment and labor statistics provided by the Michigan Employment Security Commission showed that residents of the Kalamazoo/Battle Creek MSA are employed in the following non-agricultural sectors of the economy construction, 3.3%; manufacturing, 23.8%; private service 55.5% and government service 17.4%. The MSA unemployment rate for March 1997 was 4.4%, compared to 4.6% in March 1996 and 5.3% in March 1995.

### ***Bank Profile - Kalamazoo/Battle Creek MSA***

The bank has 17 branches in the Kalamazoo/Battle Creek MSA (six in the City of Kalamazoo and eight in the City of Battle Creek), representing 2% of deposits and loans. Competition in the

Kalamazoo/Battle Creek MSA is provided by the following institutions: First of America Bank - Michigan NA, with eight branches in Kalamazoo and three in Battle Creek; Old Kent Bank and Trust, with eight branches in Kalamazoo and three in Battle Creek; Standard Federal Bank, with nine branches in Kalamazoo; Michigan National Bank, with three branches in Kalamazoo and three branches in Battle Creek; and Great Lakes Bancorp, with four branches in Battle Creek. Competition for consumer loans and deposits is also provided by 14 credit unions in Kalamazoo and 10 in Battle Creek.

Review of aggregate HMDA data showed that there were 266 HMDA reporters throughout the MSA portions of the bank's delineated community in 1996. Comerica Bank ranked 26th and Comerica Mortgage Corporation ranked 19th in 1996 loan originations. In 1995, there were 182 HMDA reporters with the Comerica Bank ranked 17th and CMC 19th in originations. In 1994, there were 181 HMDA reporters with Comerica Bank ranked 14th and CMC ranked 12th in originations. The top five real estate lenders (based on originated loans) in 1996 were Standard Federal Bank, Troy; Union Federal Savings Bank of Indianapolis, Indiana; Old Kent Bank and Trust Company, Grand Rapids; Old Kent Mortgage Company, First of America Mortgage Company, Kalamazoo.

#### ***Community Profile - Gladwin County BNA***

This portion of the bank's delineated community consists of one BNA in Gladwin County. The BNA includes all of Beaverton and portions of Buckeye, Grout and Tobacco Townships. The population in the Gladwin BNA portion of the bank's delineated community is 3,640.

Demographically, Whites represent 99.3% of the population, compared to Hispanics at 0.6%, and all other minorities 0.1%.

The median family income within this portion of the bank's community is \$26,225, compared to median household income of \$21,013. The total number of households in this portion of the community is 1,335, of which 608 or 45.5% are classified low- and moderate-income. A total of 405 or 30.3% are low-income; 203 or 15.2% are moderate-income; 212 or 15.9% are middle-income; and 515 or 38.6% are upper-income households

The BNA in this portion of the bank's delineated community is classified as a middle-income area when compared to the non-MSA areas of the state. Census data shows that 319 or 23.9% of all households in the community have incomes below poverty level.

The total number of housing units in this portion of the community is 1,542, with 995 or 64.5% owner-occupied and 341 or 22.1% renter-occupied. The median housing value in the community is \$39,400. The median age of the housing stock in the community is 25 years. The median monthly rent payment for the delineated community is \$304.

March 1997 employment and labor statistics provided by the Michigan Employment Security

Commission showed that residents of Gladwin County are employed in the following non-agricultural sectors of the economy: construction, 6.5%; manufacturing, 18.4%; private service 52.2% and government service 22.9%. The MSA unemployment rate for March 1997 was 10.1%, compared to 9.5% in March 1996 and 12.3% in March 1995.

### ***Bank Profile - Gladwin County BNA***

The bank has one branch in this portion of the community. The bank's full service branch is located in Beaverton Township. Competition is provided by a branch of Chemical Bank Michigan located in the city of Beaverton.

## **ASSESSMENT OF RECORD**

### **I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS**

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

#### **Regulatory Expectation**

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

#### **Scope and Findings**

The bank ascertains community credit needs primarily through officer and director affiliations with various community organizations, and through officer call programs directed at both customers and prospects. Bank management uses focus groups and surveys to augment these efforts. Various internal reports, studies, survey and focus group results were reviewed to determine the level and effectiveness of the bank's ascertainment efforts.

### **OFFICER - DIRECTOR AFFILIATIONS**

The bank uses director, management and officer affiliations with various community, civic, and professional groups and organizations to ascertain community credit needs. Management surveys its employees to identify their participation in community activities on an annual basis. Regional senior management and the bank's local advisory boards review the results of this survey to determine if the bank is adequately represented in its delineated community. The following is a partial list of community and civic organizations on which bank officers and directors serve, or with which they are affiliated (by MSA).

*Detroit MSA Affiliations:*

Booker T. Washington Business Association; Church of the Messiah Housing Corporation; City of Livonia Economic Development Office; Core City Neighborhoods Inc.; Detroit Economic Growth Corporation; Detroit Mortgage Plan; Detroit Neighborhood Housing Services; Detroit Non-Profit Housing Corporation; Habitat for Humanity- Metro Detroit; Habitat for Humanity-South Oakland; Housing Opportunities of Macomb; Lapeer Development Corporation; Lighthouse of Oakland County; Mexicantown Development Corporation; Michigan Housing Coalition; Michigan Neighborhood Investment Corporation; Neighborhood Revitalization Strategies; New Hope Community Development Housing Corporation; Oakland County CRA Association; Oakland County Housing Network; Pontiac Neighborhood Services; Southern Christian Leadership Conference; Southwest Detroit Business Association; and Warren/Conner Development Coalition.

*Ann Arbor MSA Affiliations:*

Ann Arbor Community Development Corporation (AACDC); Ann Arbor Housing Development Corporation; Ann Arbor Hunger Coalition; Community Credit Initiative (CCI); Downtown Merchants Association; Livingston County catholic Social Services; Local Initiatives Support Corporation (LISC); Manufacturers Council of Washtenaw County; New Enterprise Forum; Saline Chamber of Commerce; Washtenaw County Small Business Development Center; and Ypsilanti Area Chamber of Commerce.

*Jackson MSA Affiliations:*

Jackson Affordable Housing Corporation (JAHC); Jackson County Housing Commission; NAACP: Negro Business & Professional Women's Club; South side Neighborhood Improvement Association; Youth Diversion and Family Support.

*Lansing MSA Affiliations:*

Housing Resource Center; Lansing Educational Advancement Foundation; Lansing Neighborhood Housing Corporation (LNHC); Lansing Regional Chamber of Commerce; and Local Initiative Support Corporation.

*Saginaw/Bay City/Midland MSA Affiliations:*

City of Midland Housing Commission; Homebuilders Association of Midland; Midland Business and Professional Women; Midland Business Center Incubator; Midland County Housing Association; Midland County Economic Growth & Development Corp.; Midland Downtown Business Association; and Midland Small Business Committee.

*Grand Rapids/Muskegon/Holland MSA Affiliations:*

Baxter Community Association; Family Outreach Center; Garfield Park Association; Grand Rapids Chamber of Commerce; Kentwood Economic Development Corporation; Muskegon Oceana Counties Reinvestment Corporation (MOCRC); and West Grand Neighborhood Association.

*Kalamazoo/Battle Creek MSA Affiliations:*

Battle Creek Habitat for Humanity; Battle Creek Homeless Coalition; Cereal City Development; Edison Neighborhood Business Association; Kalamazoo County Chamber Retention, Expansion and Ombudsman Committee; Kalamazoo Neighborhood Housing Services; Lenders Assistance Program; Local Initiative Support Corporation (LISC); Manchester Area Chamber of Commerce; Minges/Riverside Neighborhood Association; Neighborhoods Inc.; Northside Business Association; and Northside Community Development.

CALL PROGRAMS

The bank has a multi-tiered officer call program designed to serve existing customers and develop new business by calling on prospects. For the two-year period of 1995 through 1996, bank officers made a total of 43,473 calls throughout Michigan. Of this total, 30,465 or 70%, were to established customers of the bank; 10,190 or 23% were to prospects; and 2,818 or 7% were to community organizations and other referral sources. Calling activity reports are sent to the CRA Committee, the Public Responsibility Committee, and the Community Advisory Committee quarterly for their review. The bank's primary call programs are reviewed and discussed below.

*Branch Manager Call Program*

All branch managers prepare an annual call plan. The planned calls are derived from existing customers, community or neighborhood groups, chambers of commerce, newcomer lists, real estate contacts, shopping center or office building contacts, newspaper notices, new business listings, and from prospect lists purchased by the bank from an outside vendor. Additional calls are made when referrals are received from the original list of call recipients. As contacts are made, those identified as small businesses (businesses with less than \$5 million in annual sales) are forwarded to the bank's commercial department.

Review of the Branch Manager Call Program results showed that branch managers made 21,401 calls during 1995 and 1996. Further review showed that 77% of those calls were to customers and 23% were to prospects. The review also showed that 28% of customer calls were to customers located in low- and moderate-income census tracts and 30% of prospects were in low- and moderate-income tracts; combined, 29% of all branch manager calls were made in low- and moderate-income tracts.

*Small Business Call Program*

The bank's Southeast Division, which serves the Detroit MSA, has a Small Business Loan Department that serves the small businesses in the Detroit MSA. Each year, branch managers and small business loan officers develop a joint plan that specifies those businesses and organizations to be called, how many calls will be made and who will make the calls, the branch manager or small business loan officer or both individuals.

Because the Central and West Divisions of the bank serve smaller markets, the commercial loan departments of those divisions are responsible for calling on small businesses in those areas of the bank's community. However, the Small Business Loan Department will call in those areas as needed.

Review of the Small Business Call Program results showed that bank staff made 11,186 calls to small businesses during 1995 and 1996. Further review showed that 63% of the calls were to customers, 19% were to prospects, and 18% were to community organizations and other referral sources. Details regarding calls in low- and moderate-income tracts were only available for the 3,779 calls made during 1995. Review of these calls showed that 26% of the calls were to businesses located in low- and moderate-income census tracts. Further review showed that 27% of the customer calls were to businesses located in low- and moderate-income census tracts and 29% of prospects were in low- and moderate-income tracts.

*Commercial Call Program*

As noted above, the Central and West Divisions of the bank do not have separate Small Business Departments. Responsibility for calling on small businesses within these divisions is a function of their respective commercial loan departments.

Review of the Central and West Division's Commercial Call Program, which encompasses the Ann Arbor, Jackson, Lansing, Saginaw/Bay City/Midland, Grand Rapids/Muskegon/Holland, and Kalamazoo/Battle Creek MSA portions of the bank's community, showed a total of 10,886 commercial calls made during the 1995 and 1996 review period. Of that total, 64% of the calls were to customers, 29% were to prospects, and 7% were to other referral sources. Further review showed that 27% of all commercial calls during the review period were to businesses or referral sources located in low- and moderate-income areas. The review also showed that 23% of customer calls, 31% of prospect calls, and 50% of calls to referral sources were to businesses and organizations located in low- and moderate-income areas.

*CMC Realtor Call Program*

Comerica Mortgage Corporation has a realtor call program designed to encompass all areas of the bank's delineated community. Under CMC's Realtor Call Program, mortgage originators, known as Business Development Representatives (BDRs), routinely called on 107 realtors located throughout the bank's delineated community during 1995 and 1996. Of this total, 21 or 20%, are located in low- and moderate-income census tracts. CMC also calls on 23 real estate brokers in the community, of which one or 4% is located in a low- and moderate-income census tract.

The distribution of realtors, by MSA, is 18 in the Detroit MSA; 10 in Ann Arbor; 19 in Jackson; 6 in Lansing; 9 in Midland; 18 in Grand Rapids; and 27 in Kalamazoo. The distribution of the 21 realtors in low- and moderate-income areas is 3 in the Detroit MSA; 7 in Jackson; 5 in Grand Rapids; 4 in Kalamazoo; and one each in Lansing and Midland. The distribution of the 23 real estate brokers, by MSA, is 22 in the Detroit MSA and one in the Grand Rapids MSA. The only broker in a low- and moderate-income tract is located in the Detroit MSA.

CMC has a "targeted" realtor call program through which BDRs have been assigned to call on realtors who are located in, near to, or are active in low- and moderate-income

census tracts. The BDR calls on these realtors regularly, solicits all types of mortgage loans, promotes increased awareness of Comerica's commitment to the community, and markets the availability of products designed to serve the low- and moderate-income segment of the market.

#### *Community Calling and Relationship Building Program*

In addition to the previously mentioned calling programs, the bank also conducts a Community Calling and Relationship Building Program. This program is administered by the bank's Public Affairs Department and targets those communities in Southeast Michigan that have significant numbers of low- and moderate-income and/or minority census tracts. The program monitors the activities of the bank's various calling programs, and augments those efforts with focused calls in the "Targeted Cities". The Public Affairs Department meets with community and civic organizations regularly to discuss local credit needs and determine how the bank can address those needs. The "Targeted Cities" in Southeast Michigan include: Detroit, Dearborn, Ecorse, Hamtramck, Hazel Park, Highland Park, Inkster, Lapeer, Melvindale, Mt. Clemens, Oak Park, Pontiac, River Rouge, and Southfield. The calls conducted through this program are included in the totals of the call programs discussed previously.

#### *Community Development Focus Group*

In December 1995, the bank hosted a discussion group comprised of approximately 24

leaders from the Southeast Michigan community and business organizations. The session's goals were to identify issues faced by these organizations, and determine ways in which the bank could provide technical assistance to meet those needs. As a result of this discussion, three projects were undertaken by the bank: 1) build a database to identify and match community development resources with development needs of community organizations within the Detroit Empowerment Zone; 2) help underwrite a pilot program by the Michigan Jobs Commission to assist non-profit organizations determine their capacity for addressing projects; and 3) develop handbooks detailing the steps, challenges and available resources for development of historic properties.

#### *Community Advisory Council*

In 1995, the bank facilitated a meeting of its Southeast Michigan Community Advisory Council, the mayor of the City of Detroit and the director of planning and development for the city. The participants discussed community participation in development activities within the City of Detroit, as well as ways to improve the development environment in Detroit.

#### *Organizational Response to Identified Issues*

In response to the information received through the bank's ascertainment efforts, management took several actions relative to small businesses. Management revised its approach to meeting the needs of small businesses with a redefined credit delivery system. The bank created a new loan group and established the Small Business Financial Center (SBFC) in May 1996. The SBFC developed a revised and simplified Small Business Loan Application form. This new form reduces paperwork by combining information requests from several forms into a single streamlined form together with step-by-step instructions for its completion. The bank also introduced two major new small business products in 1996 to meet the specific needs of small business owners: the Small Business Line of Credit (SBLC) and the Small Business Checking Account (SBCA). SBLC provides qualified small businesses with a revolving line of credit of up to \$100,000, with easy access by check, low minimum payments, customized interest rates based on bank prime, and automated payment deductions through a business checking account with a detailed monthly statement. Since its introduction in October 1996, the bank has opened 170 SBLC's with initial credit limits totaling \$3,335,000. SBCA, introduced in December 1995, provides a simplified fee structure and the opportunity for a service-charge free account if a limited number of requirements are met. Since introduction, the bank has opened 7,902 SBCA's totaling \$52,532,000.

#### **Conclusions**

The bank's ascertainment efforts are considered very strong. The bank uses director,

management and officer affiliations with numerous community, civic and professional organizations throughout the community, as well as a multi-tiered officer calling program directed at both customers, prospects and community organizations to ascertain community credit needs. These efforts are augmented through bank sponsorship of and participation in focus groups. The results of these efforts are documented and reviewed by management, various bank committees and board of directors to ensure that community credit needs are identified and acted upon.

In response to identified small business needs in the community, the bank established the Small Business Financial Center (SBFC), and developed new credit and deposit products to meet identified needs. The bank developed and began offering a new credit product, the Small Business Line of Credit, and a new deposit product, the Small Business Checking Account.

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

### **Regulatory Expectation**

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

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

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

### **Scope and Findings**

The bank's CRA Plan, CRA committee structure, minutes of the board of directors meetings and the various CRA committees' meeting minutes, internal reports, self-assessment and training were reviewed.

The bank developed and implemented a formal written CRA plan designed to provide management oversight and direction of the bank's CRA activities. The bank's CRA plan includes separate plans for the Southeast, Central and West Divisions. The board appointed a senior officer as the Community Affairs Officer (CAO). The Board of Directors delegated sufficient authority to the CAO to implement the bank's CRA Plan. The bank maintains a multi-tiered committee structure to coordinate and monitor the bank's CRA activities.

The Board of Directors reviews the bank's CRA performance quarterly and, as previously noted, uses a multi-tiered committee structure to manage and monitor the bank's CRA activity on an ongoing basis. The bank's CRA committee structure consists of the following committees:

- Public Responsibility Committee
- Management Policy Committee
- Senior CRA Committee
- Division CRA Committees
- Regional CRA Committees

Public Responsibility Committee: This is a standing committee of the board of directors which meets quarterly. The committee reviews the bank's performance and compliance position under CRA. The committee approves and reviews CRA Plans, CRA Statements, CRA self assessment reports, CRA activities and the geographic distribution of loans. The committee also monitors the implementation of the bank's policies with regard to branch closings/consolidations, community-related activities, charitable contributions, the use of minority vendors and consumer issues, including mortgage and small business lending.

Management Policy Committee: This committee meets quarterly and reviews the bank's CRA status report developed by the Senior CRA Committee. The management policy committee provides input/suggestions regarding the activities conducted by the bank, particularly if a problem or concern is identified through the status report. This committee consists of the Chairman and Vice Chairman of the Board of Directors of Comerica Incorporated, the President of Comerica Bank, and the Executive Vice Presidents of the Corporation and bank.

Senior CRA Committee: This committee meets quarterly and consists of senior management of the bank, Comerica Mortgage Corporation and Corporate Marketing. The committee implements and monitors the bank's day-to-day CRA activities including the following:

- Reviewing all CRA issues and community-related CRA programs for the bank's individual markets.

-Reviewing the initial and final draft of the quarterly CRA status report which details the CRA-related activities conducted by the bank. This helps to familiarize each member with the CRA activities of other business units (retail lending, small business, branch system) and facilitates discussion of new products or programs to address identified credit needs or geographic distribution issues.

-Initiating the bank's self assessment process.

Division CRA Committees: Each of the bank's divisions, Southeast, Central and West, has a CRA Committee. These committees, chaired by division management, monitor the CRA activities within each of the respective divisions. Issues discussed at meetings include CRA training, advertising plans, loan and deposit products, civic affairs and regulatory reform.

Regional CRA Committees: Within each division, there are regional CRA committees which are responsible for monitoring and reporting activities within the region. Each region also maintains an advisory board of directors, consisting of community leaders, members of the business and professional community, and civic leaders. Frequency of advisory board meetings vary from region to region. The bank's Regional CRA Committee structure mirrors the regional structure of the bank's branch network. As discussed under the "Bank Profile," the bank's branch network is organized into regions which generally correspond to MSAs; however, three regions share responsibility for bank CRA activities in the Ann Arbor MSA. Responsibility for the Ann Arbor MSA (which consists of Livingston, Washtenaw and Lenawee Counties) is divided between the Ann Arbor, Jackson and Southeast Regions.

In addition to the foregoing committees, the bank maintains the following:

Community Advisory Council: The Community Advisory Council, in the Southeast Region, serves as a mechanism for the bank to ascertain local credit needs on issues related to CRA. The council also monitors the bank's performance related to compliance with CRA. To create a more focused approach to housing and small business related needs, the council is sub-divided into Affordable Housing and Small Business task forces.

Affordable Housing Task Force: The Affordable Housing Task Force provides a forum for a regularly scheduled dialogue between the bank's housing-related lending units, Community Affairs administration, and community leaders. Community members on the task force are encouraged to identify unmet affordable housing needs that the bank could help resolve.

Small Business Task Force: Through the Small Business Task Force, the bank conducts regular dialogue with small business advocates to increase the bank's level of responsiveness to the needs of the small business community. Specifically, the Task Force

evaluates the quality of products and services provided by the Small Business Loan Department; examines different models for providing access to credit for the small loan borrower; receives ideas for small business products and services contributed by committee members; and invites small business loan program administrators to present information regarding resources available to small businesses.

Management maintains a bank-wide CRA employee training program designed to explain the regulatory requirements and bank policies established to identify and meet community credit needs. Procedures have been established to ensure that the bank encourages public comment regarding its CRA performance and that all such comments are reviewed and addressed. The CAO maintains a bank-wide public file and reviews all comments and responses. CRA public files are also maintained at the regional level.

In addition to ongoing review of bank CRA activities and performance by the various committees during the course of the year, management conducts a formal, comprehensive self-analysis of its CRA performance annually for presentation to the board of directors.

### **Conclusions**

The board of directors actively participates in the oversight of the bank's CRA compliance program. The directors established a formal CRA plan, appointed a community affairs officer and CRA committees, and reviews the bank's CRA efforts on a regular basis. Procedures have been established to ensure documented evidence of the line of communication between the board of directors and bank management regarding CRA issues. Various monthly and quarterly internal reports are used to help monitor the bank's CRA performance; these management level reports provide information by region and division.

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

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

### **Regulatory Expectation**

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

### **Scope and Findings**

The bank and CMC call programs, affiliations and advertising records were reviewed to determine the extent to which the availability of credit products is marketed throughout

the bank's community.

The bank markets its products and services through its call programs, community affiliations, direct mailings, lobby brochures, network of indirect dealers and advertising. Commercial loans are marketed primarily through the bank's officer call programs and affiliations with various organizations throughout the community. The officer call programs include calls on existing customers and prospects, providing the bank with an opportunity to market the availability of products and services to noncustomers. Residential mortgage loans are marketed primarily through CMC. CMC markets the availability of its products primarily through affiliations with local realty boards, interaction with community-based organizations, and an aggressive BDR Realtor call program. Bank and CMC affiliations and call programs are discussed further under Assessment Factor (a). Consumer loan and deposit services are

marketed to existing customers primarily through statement messages and enclosures, lobby posters, displays, and brochures. The general public is made aware of the bank's consumer loan products through advertising in the local mass media.

Review of the bank and CMC advertising records revealed that a variety of newspapers, radio and television stations are used to advertise services throughout the community. This review showed that the bank advertised in the major newspapers in each MSA it serves. In addition, the bank advertised in local community newspapers and newsletters, organization directories, and trade and business publications, both local and statewide. The bank used several publications owned by and/or targeted to serve the minority population in the bank's community. Overall, the bank advertised on 61 radio stations throughout its community; seven of those stations target black listeners within the bank's community. The bank also advertised on the major network television stations (ABC, CBS, and NBC) throughout its community, as well as several local independent stations.

Review of bank records showed that television represented 70% of mass media advertising, radio represented 26% and print represented 4%. Overall, the bank's advertising promoted the following types of messages: good-will/image, 89%; deposit and related services 8%; and loan products 3%. The bank's television advertisements were exclusively image and goodwill in nature. The distribution of radio advertisements was 66% image/goodwill; 26% deposit and related services; and 8% loan products. Print advertising consisted of 46% image/goodwill advertisements; 34% deposit and related; and 20% loan products. Loan products advertised included the bank's new Small Business Line of Credit, general mortgage and the bank's Mortgage Affordability Program (MAP), Home Equity Line of Credit, and student loans.

The bank promotes product awareness and name recognition through the use of special or community publications such as the following:

**Comerica Partnerships:** Comerica produces this periodic publication for the general public, government organizations, civic organizations, community groups, church leaders, bank employees and block clubs. The publication includes articles of community interest, such as economic development projects/programs that Comerica supports in Michigan; community-based organization programs; consumer education; and product information.

**Michigan Chronicle-Homefront Edition:** The bank sponsors a special bi-weekly section in the Michigan Chronicle called "Homefront." The Michigan Chronicle is a highly respected minority-owned newspaper. The newspaper has a circulation of 70,000 throughout Michigan. The Homefront section highlights Comerica's

commitment and involvement with neighborhood block clubs, outreach programs and affordable mortgage programs. In addition, the bank's president also writes a bi-weekly column for the newspaper.

The bank markets the availability of credit through sponsorship and attendance at special events, and workshops such as the following:

**Financial Institutions Housing Conference:** The bank's community affairs staff, the president of the mortgage corporation, and representatives from the mortgage staff participated in this event held on October 19, 1996. The event's primary purpose was to promote and help create more affordable housing in the City of Detroit. Approximately 500 people most of whom represented local community-based organizations, real estate agents and potential home buyers, attended the one-day event. There were approximately eight financial institutions, including Comerica, that sponsored this event. The financial institutions sponsored a series of workshops and booths, promoting or featuring information about special financing programs.

**ACORN Bank Fair & Workshop:** Held on June 15, 1996, the bank contributed \$2,900 to support this annual fair. The bank provided flyers promoting this event through all of its Detroit branch offices. A bank officer conducted a workshop on how to obtain a small business loan.

**Comerica and BAPCO Community Workshops:** The bank continued to participate in these community workshops sponsored by Brothers Acting Purposefully and Collectively to Overcome (BAPCO). The primary purpose of the workshops is to support home ownership and the revitalization of single-family homes in the church communities in Detroit in which BAPCO is active. In 1996, the workshops, attended by 300 people, focused on home repairs..

**Southfield North American Indian Fest:** Held annually, local branch managers and employees staffed a product booth offering the bank's products and services to

participants and North American Indian merchants.

### **Indirect Dealer Network**

The bank also markets consumer loan products through an extensive indirect dealer network. This dealer network serves as a referral source for consumer loan transactions. The bank works with a total of 559 indirect dealers in Michigan, which include 417 automobile dealers, 20 marine dealers, 13 recreational vehicle dealers, 81 home improvement dealers, and 28 manufactured home dealers. Review of the bank's indirect dealer network showed that 21% of bank's automobile dealers; 16% of home improvement dealers; and 7% of the manufactured home dealers are located in low- and moderate-income areas of the community.

Consumers may also obtain information regarding bank products and services by calling the bank's Product Information Center. The PIC is a toll-free telephone service that provides consumers with information regarding general product features and requirements including current rate and fee information. Consumers may also apply for a loan or credit card, ask general banking questions and open deposit accounts through the PIC.

### **Conclusions**

Bank marketing efforts are considered satisfactory. The bank advertises on local major network television stations, numerous local radio stations and through the primary newspapers throughout its community. These efforts are augmented with advertisements placed on and with minority-targeted radio stations and publications. Only 3% of all mass media advertising promoted the availability of credit products. The bank's new Small Business Line of Credit; both general mortgage and the Mortgage Affordability Program; Home Equity Revolving Credit, and student loans were among the credit products promoted. The advertising effort covered all MSAs within the bank's community and was augmented by officer calling programs throughout the delineated community. Bank marketing also included sponsorship and participation in workshops and seminars, and the use of specialized publications. The bank provides consumers with a toll-free number to its PIC for information about the products advertised. The toll-free telephone number for the Product Information Center is referenced in all advertisements. The bank's indirect home improvement dealer network serves as an additional way of marketing the availability of home improvement loans to consumers in the Southeast and West Regions of its community. The bank does not have any dealers in its Central Region which includes the Ann Arbor, Jackson, Lansing and Saginaw/Bay City/Midland MSAs.

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

### **Scope and Findings**

The bank's December 31, 1996, Consolidated Report of Condition, and the Uniform Bank Performance Report (UBPR) of that same date, were reviewed.

The December 31, 1996 Consolidated Report of Condition revealed that the distribution of the bank's loan portfolio, by loan type, was as follows:

SUMMARY OF CONSOLIDATED REPORT OF CONDITION		
LOAN TYPE	AMOUNT	PERCENT TOTAL LOAN
Real Estate	\$5,820,466	27.4
Commercial	\$9,366,893	44.1
Individual	\$3,702,888	17.4
Agricultural	\$30,187	0.1
Other Offices	\$1,016,228	4.8
Foreign Offices	\$1,319,483	6.2
TOTAL LOANS	\$21,256,125	100.0

The December 31, 1996 UBPR comparing the bank's loan portfolio to peer institutions is illustrated in the following chart.

SUMMARY OF UNIFORM BANK PERFORMANCE REPORT			
LOAN TYPE	BANK LOAN MIX (%)	PEER LOAN MIX (%)	BANK PERCENTILE (%)
Real Estate	27.94	36.54	31
Commercial	43.47	25.01	90
Individuals	16.70	15.94	54
Net Loan/Deposit Ratio	127.60	91.91	91
Net Loan/Assets Ratio	86.84	70.28	92

Review of the December 31, 1996 Call Report, as detailed in the preceding chart, revealed outstanding loans of \$21,256,125,000; net loans of \$20,963,141,000; deposits of \$16,429,146,000; and assets of \$27,051,459,000. The bank's net loan-to-deposit ratio as of December 31, 1996 was 127.60%, while the net loan-to-asset ratio was 86.84%.

Review of the Uniform Bank Performance Report (UBPR) revealed that the bank's net loan-to-deposit ratio is 127.6%, compared to peer at 91.9%. The bank's net loans-to-average asset ratio was 86.6% compared to peer of 70.2%. As detailed in the chart, the two areas of significant variance between the bank and peer group portfolio mix is

commercial and real estate loans. Management attributes the variance in commercial loans to local market conditions in a highly-industrialized state and the bank's ability to attract commercial loan business. Management attributes the variance in real estate loans to its practice of directing most new 1-4 family mortgage loan activity to Comerica Mortgage Corporation. CMC does not generally hold loans in the portfolio but rather sells loans in the secondary market. Further review showed that net loans have increased 9.98% from December 31, 1995 to December 31, 1996. Real estate loans increased 3.36%, commercial loans increased 9.73%, and loans to individuals increased 17.55%.

### **Conclusions**

A review of the bank's lending activities, the strong growth of its loan portfolio, as demonstrated by the 9.98% increase in net loans from December 31, 1995 to December 31, 1996, and the product mix of the loan portfolio (44.1% commercial, 27.4% real estate, and 17.4% consumer) indicate that the bank originates credit, by general type, consistent with the types of credit listed in its CRA Statement and the community's credit needs.

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

### **Scope and Findings**

The bank's loan portfolio, various internal documents and its CRA statement were reviewed and a comparison was made to determine the extent of the bank's participation in government loans.

The bank participates in both federal and state-insured or -guaranteed loan programs. The bank participates in several federal loan programs offered through the Small Business Administration (SBA). The bank participates in three SBA loan programs: SBA 7A, SBA "Low Doc" loan program (low documentation), and SBA 504. The bank also participates in several loan programs offered through the state and/or local government offices. The bank participates in the Michigan State Housing Development Authority (MSHDA) home improvement program, the Michigan Higher Education Assistance Authority (MHEAA) student loan program, the Michigan Training Initiative Fund (MTIF), and Michigan Department of Commerce Capital Access Program (CAP). The bank also participates in loan programs in cooperation with local authorities such as the Detroit Neighborhood Investment Corporation (DNIC), and Wayne County Urban Loan Fund (WCULF). In addition to the bank, Comerica Mortgage Corporation participates in government-insured or government-guaranteed mortgage loan programs. CMC participates in mortgage programs offered through the Federal Housing Administration (FHA) and the Veterans Administration (VA).

The following chart illustrates the bank's government loans since the previous examination:

GOVERNMENT LOANS SINCE PREVIOUS EXAMINATION		
TYPE OF LOAN PROGRAM	# LOANS	AMOUNT
Federal Programs		
Small Business 7A	45	\$16,832,000
Small Business "Low Doc"	27	\$2,216,000
Small Business 504	42	\$35,688,000
Federal Housing Administration	630	\$32,159,000
Veterans Administration	118	\$9,983,000
<b>TOTAL FEDERAL LOANS</b>	<b>892</b>	<b>\$96,878,000</b>
State of Michigan Programs		
Capital Access Program	606	\$25,778,000
MHEAA Student Loans	30,563	\$35,796,000
Training Incentive Fund	2	\$200,000
MSHDA - HIP	97	\$796,000
<b>TOTAL STATE LOANS</b>	<b>31,268</b>	<b>\$62,570,000</b>
Local Government Programs		
DNIC	46	\$549,000
WCULF	7	\$1,025,000
<b>TOTAL LOCAL GOV. LOANS</b>	<b>53</b>	<b>\$1,574,000</b>

### Conclusions

The bank and mortgage company's level of participation in government-insured or government-guaranteed loan programs is consistent with the community's identified needs for these types of products. In this regard, the bank participates in three SBA loan programs. The mortgage company participates in both FHA and VA mortgage loan programs. In addition, the bank participates in several loan programs offered by the State of Michigan and local government.

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

#### Regulatory Expectation

##### Reasonableness of Community Delineation

The regulation requires state member banks to prepare, and at least annually review, a delineation of the local community or communities that comprise its entire community, without excluding low- and moderate-income neighborhoods. Maps are

required to be used to portray community delineations. The regulation requires Federal Reserve System examiners to review the reasonableness of the delineations.

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

### **Scope and Findings**

The bank's delineated community, as depicted in its CRA Statement, was reviewed to determine if it is reasonable and if it includes low- and moderate-income areas that the bank could reasonably be expected to serve. The bank has defined its community as the following nine separate local communities or regions:

#### **(1) Southeast Michigan Region**

The Southeast Michigan Region conforms to census tract geographies and includes portions of Lapeer, Macomb and Monroe Counties, and all of Wayne and Oakland Counties.

In Lapeer County, the bank's community includes the Townships of Oregon, Mayfield, Lapeer, Elba, Hadley and Metamora. In Macomb County, the New Haven area and all of the County south of 26 Mile Road is included. In Monroe County, the northeastern corner of the County and the Townships of Exeter, Ash and Berlin are incorporated in the bank's community.

#### **(2) Ann Arbor Region**

The Ann Arbor Region conforms to census tract geographies in Washtenaw and Livingston Counties. In Washtenaw County, the bank's community includes the entire county, except the four townships of Bridgewater, Freedom, Manchester and Sharon located in the southwest quadrant. The bank's community includes all of Livingston County.

#### **(3) Battle Creek Region**

The Battle Creek Region conforms to census tract geographies in Calhoun County and includes the communities of Battle Creek and Springfield, and Bedford, Pennfield, Battle Creek and Emmett Townships. The northern boundary is defined as the Calhoun/Barry county line; the southern boundary is roughly-defined as Division Road; the eastern boundary is roughly defined as 12 Mile Road; and the western boundary is defined as the Calhoun/Kalamazoo county line.

#### **(4) Grand Rapids Region**

The Grand Rapids Region conforms to census tract geographies in Kent and Ottawa Counties and includes Grand Rapids, Kentwood, Wyoming, Grandville, Sparta and

Rockford. All of Kent County and the eastern portion of Ottawa County are included.

(5) Jackson Region

The Jackson Region conforms to census tract geographies and includes the communities of Jackson, Michigan Center, Manchester and Adrian, and all of Jackson County. In Washtenaw County, Bridgewater, Freedom, Manchester and Sharon Townships are included. In Lenawee County, Adrian, Cambridge, Clinton, Franklin and Raisin Townships are included.

(6) Kalamazoo Region

The Kalamazoo Region conforms to census tract geographies in Kalamazoo and Allegan Counties and includes the communities of Kalamazoo, Portage, Otsego and Plainwell. All of Kalamazoo County and a portion of Allegan County, consisting of the Townships of Otsego and Gun Plain, are included.

(7) Lansing Region

The Lansing Region conforms to census tract geographies in Ingham, Clinton and Eaton Counties and includes the communities of Lansing, East Lansing, Okemos, Dewitt, Grand Ledge, Dimondale, Williamston, Mason and Dansville. The bank's community is defined approximately as Watertown, Dewitt and Bath Townships on the north (in Clinton County), Shaftsbury/Meech Road on the east and Plaines Road on the south. The western boundary is roughly defined by the Ingham/Easton county line to Kinsel/Wilbur Highway to Royston Road to St. Joe Highway to Oneida Road to the Eaton/Clinton county line and follows Wright Road up to Roundlake Road.

(8) Midland Region

The Midland Region conforms to census tract geographies and includes all of Midland County and the southwestern portion of Gladwin County encompassing Beaverton Township. Williams Township, which is part of Bay County, is also included.

(9) Muskegon Region

The Muskegon Region conforms to census tract geographies. The bank's community is defined as all of Muskegon County and Spring Lake, Grand Haven, Polkton, Allendale, Crockery and Robinson Townships in Ottawa County.

**Conclusions**

A review of the geographic distribution of loans sampled for this examination and internal bank reports supports the reasonableness of the delineated community. The delineated community does not exclude any low- and moderate-income areas or neighborhoods that the bank could reasonably be expected to serve. The bank uses census tracts in the MSA portions of its delineated community and block numbering areas in the non-MSA portion of its community which is consistent with method one described above.

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

### **Regulatory Expectation**

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

### **Scope and Findings**

Bank internal loan reports for 1996, and bank and CMC HMDA statements were reviewed and analyzed to determine the geographic distribution of credit.

Review of the bank's internal geographic distribution report showed that the report included an analysis of all HMDA-reportable transactions, both loans and denials. The report also includes analysis of consumer and small business loans.

Consumer loans reviewed for geographic distribution included home equity; credit card; and automobile loans, as well as bank and CMC HMDA reportable real estate loans. In addition, the geographic distribution analysis included review of small business loans.

The bank's credit card and indirect automobile loan units, and CMC serve multi-state markets in support of holding company affiliated banks in California, Texas, and Florida. The geographic analysis therefore is adjusted to exclude out of state affiliate transactions from review and focus on bank performance in Michigan.

The examination loan sample shows that approximately 92% of all Michigan loans reviewed were within the bank's delineated community; 92% of consumer loans and 95% of small business loans were in the community. Further review showed that 17% of consumer loans and 18% of small business loans, or a combined 17% of all loans in the delineated community were to consumers or businesses who reside or are located in low- and moderate-income census tracts. By comparison, 32% of the delineation's census tracts are classified low- and moderate-income, while 27% of the community's households reside in low- and moderate-income tracts.

The consumer loan geographic distribution, by census tract income, was augmented by an analysis of applicant income. This analysis showed that 45% of the consumer loans reviewed were to low- and moderate-income applicants. By comparison, 40% of the households in the community are classified as low- and moderate-income.

The following charts detail the geographic distribution of the 1996 consumer and small business loan samples.

1996 GEOGRAPHIC DISTRIBUTION OF LOANS WITHIN BANK DELINEATION AND LOW/MODERATE TRACTS					
TYPE	MICHIGAN	# AND % WITHIN DELINEATION		# AND % WITHIN LOW/MOD TRACTS	
Bank HMDA	4,856	4,338	89.3	1,167	26.9
Home Equity	11,396	10,767	94.5	1,093	10.2
Credit Card	22,522	19,636	87.2	3,437	17.5
Auto	16,848	16,139	95.8	2,883	17.9
BANK CONSUMER	55,622	50,880	91.5	8,580	16.9
CMC HMDA	2,821	2,606	92.4	340	13.0
TOTAL CONS. LOANS	58,443	53,568	91.7	8,920	16.7
Small Business	2,839	2,607	94.7	487	18.1
TOTAL LOANS	61,282	56,175	91.7	9,407	16.7

DISTRIBUTION OF 1996 LOANS BY CENSUS TRACT INCOME LEVEL						
LOAN TYPE	TOTAL	% LOW	%MOD	%L&M	%MID	%UPP
Bank HMDA	4,338	9.3	17.6	26.9	47.9	25.2
Home Equity	10,767	2.6	7.5	10.1	46.0	43.9
Credit Card	19,636	5.8	11.7	17.5	46.0	36.5
Auto	16,139	5.5	12.4	17.9	51.5	30.6
BANK CONS. LNS	50,880	5.3	11.5	16.9	47.9	35.2
CMC HMDA	2,606	2.5	10.5	13.0	47.8	39.2
TOTAL CNS. LNS	53,568	5.2	11.5	16.7	47.9	35.4
Small Business	2,607	6.7	11.4	18.1	37.8	44.1
TOTAL LOANS	56,175	5.3	11.5	16.8	47.4	35.8
HHD x tract income		11.5	15.8	27.3	46.4	26.2
Census Tracts		15.8	16.6	32.4	42.7	24.9

DISTRIBUTION OF 1996 LOANS BY CONSUMER INCOME LEVEL						
LOAN TYPE	TOTAL	%LOW	%MOD	%L&M	%MID	%UPP
Bank HMDA	4,294	15.7	25.2	40.9	27.5	31.6
Home Equity	10,103	7.5	14.7	22.2	26.1	51.7
Credit Card	14,755	26.4	27.3	53.7	22.3	24.0
Auto	15,045	27.3	27.6	54.9	24.1	21.0
BANK CONS. LNS	44,197	21.4	24.3	45.7	24.3	30.0
CMC HMDA	2,578	9.5	21.7	31.2	25.4	43.3
TOTAL CONS LNS	46,775	20.7	24.2	44.9	24.3	30.8
HHD Incomes		24.7	15.1	39.8	19.3	40.9

#### Delineated community - HMDA DATA

Review of the bank's HMDA data shows that total loan originations within the MSA portions of the bank's delineated community declined from 5,178 loans in 1994, to 4,696 in 1995, and 4,338 in 1996. The percentage of HMDA reported loans within the combined MSA portions of the bank's community remained reasonably constant at 84.4% in 1994, 89.5% in 1995, and 89.3% in 1996.

The number of loans in low- and moderate-income census tracts within the combined MSA portions of the delineated community was 1,273 in 1994, 1,282 in 1995, and 1,167 in 1996. The percentage of loans in low- and moderate-income tracts was 24.6% in 1994, 27.3% in 1995, and 26.9% in 1996.

In addition, this review showed that the bank received applications from 93.8% of all census tracts in the delineated community in 1994; and 91.8% in 1995 and 1996. The bank received applications from 88.3% of all low- and moderate-income tracts in 1994; 85.2% in 1995; and 87.6% in 1996.

A review of CMC's HMDA data shows that total loan originations within the combined MSA portions of the bank's delineated community was 4,593 in 1994, 2,726 in 1995, and 2,607 in 1996. The percentage of HMDA-reportable loans within the combined MSA portions of the bank's community was 89.3% in 1994, 92.9% in 1995, and 92.4% in 1996.

The number of loans from low- and moderate-income census tracts within the combined MSA portions of the delineated community was 453 in 1994, 370 in 1995, and 340 in

1996. The percentage of loans within low- and moderate-income census tracts of the combined MSA portions was 9.9% in 1994, 13.6% in 1995, and 13.0% in 1996.

This review showed that CMC received applications from 78.2% of all census tracts in the delineated community in 1994, compared to 72.2% in 1995, and 72.7% in 1996. CMC received applications from 49.3% of all low- and moderate-income tracts in 1994, compared to 47.2% in 1995 and 49.7% in 1996.

Market aggregate HMDA data was also reviewed to determine the aggregate level of lending in low- and moderate-income tracts. This review showed that the aggregate level of lending in low- and moderate-income tracts in 1994 was 12.6% of all originations; 14.1% in 1995; and 13.9% in 1996.

The HMDA data was also reviewed for the level of lending to low- and moderate-income applicants. In 1994, the bank made 40.7% of its HMDA-reportable loans to low- and moderate-income borrowers; in 1995 it was 36.2%; and in 1996 it was 40.9%. CMC lending to low- and moderate-income borrowers was 29.1% in 1994; 30.3% in 1995; and 31.2% in 1996. By comparison, aggregate lending to low- and moderate-income borrowers was 32.8% in 1994; 30.9% in 1995; and 31.5% in 1996.

#### Detroit MSA - Loan Sample

The loan sample for the Detroit MSA portion of the bank's delineated community showed that 17.4% of consumer loans and 17.2% of small business loans, or a combined 17.4% of all loans in the delineated community were to consumers or businesses who reside or are located in low- and moderate-income census tracts. By comparison, 34.3% of the Detroit delineation's census tracts are classified low- and moderate-income, while 29.8% of the community's households reside in low- and moderate-income tracts.

The consumer loan geographic distribution, by census tract income, was augmented by an analysis of applicant income. This analysis showed that 46.4% of the consumer loans reviewed were to low- and moderate-income borrowers. By comparison, 40.4% of the households in the community are classified as low- and moderate-income.

#### Detroit MSA - HMDA

The bank's HMDA data shows that total loan originations within the Detroit MSA portions of the bank's delineated community was 3,911 in 1994; 3,672 in 1995; and 3,507 in 1996. The percentage of loans in low- and moderate-income tracts was 25.6% in 1994; 30.0% in 1995; and 29.8% in 1996.

In addition, this review showed that the bank received applications from 94.8% of the census tracts in the Detroit MSA portion of the delineated community in 1994, compared

to 93.3% in 1995 and 94.9% in 1996. The bank received applications from 90.0% of all low- and moderate-income tracts in 1994; 88.6% in 1995; and 93.2% in 1996.

CMC's HMDA data shows that total loan originations within the Detroit MSA portions of the delineated community in 1994 was 3067, 1508 in 1995, and 1522 in 1996. The percentage of loans within low- and moderate-income census tracts was 8.3% in 1994; 10.1% in 1995; and 11.3% in 1996.

CMC received applications from 75.8% of all census tracts in the Detroit MSA portion of the delineated community in 1994, compared to 67.7% in 1995 and 70.5% in 1996. CMC received applications from 43.2% of all low- and moderate-income tracts in 1994, compared to 39.2% in 1995 and 46.2% in 1996.

Review of market aggregate HMDA data for the Detroit MSA portion of the delineated community showed that the aggregate level of lending in low- and moderate-income tracts in 1994 was 12.3% of all originations; 14.4% in 1995; and 14.2% in 1996.

The Detroit MSA HMDA data was also reviewed for the level of lending to applicants of low- and moderate-incomes. In 1994, the bank made 38.3% its HMDA-reportable loans to low- and moderate-income borrowers; in 1995 it was 35.3%; and in 1996 it was 41.4%. CMC lending to low- and moderate-income borrowers was 28.1% in 1994; 27.6% in 1995; and 31.9% in 1996. By comparison, aggregate lending to low- and moderate-income borrowers was 32.3% in 1994; 30.3% in 1995; and 32.3% in 1996.

#### Ann Arbor MSA - Loan Sample

The loan sample for the Ann Arbor MSA portion of the bank's delineated community showed that 12.5% of consumer loans and 10.8% of small business loans, or a combined 12.4% of all loans within the delineated community were to consumers or businesses who reside or are located in low- and moderate-income census tracts. By comparison, 26.4% of the Ann Arbor delineation's census tracts are classified low- and moderate-income, while 23.7% of the community's households reside in low- and moderate-income tracts.

The consumer loan geographic distribution, by census tract income, was augmented by an analysis of applicant income. This analysis showed the 37.7% of the consumer loans reviewed were to low- and moderate-income borrowers. By comparison, 37.1% of the households in the community are classified as low- and moderate-income.

#### Ann Arbor MSA - HMDA

The bank's HMDA data shows that total loan originations within the Ann Arbor MSA portions of the bank's delineated community was 387 in 1994; 334 in 1995; and 281 in 1996. The percentage of loans in low- and moderate-income tracts was 14.5% in 1994;

12.6% in 1995; and 11.8% in 1996.

In addition, this review showed that the bank received applications from 92.5% of the census tracts in the Ann Arbor MSA portion of the delineated community in 1994, compared to 86.8% in 1995 and 90.6% in 1996. The bank received applications from 85.7% of all low- and moderate-income tracts in 1994; 67.9% in 1995; and 78.6% in 1996.

CMC's HMDA data shows that total loan originations within the Ann Arbor MSA portions of the delineated community in 1994 was 362, it was 324 in 1995, and 354 in 1996. The percentage of loans within low- and moderate-income census tracts was 7.5% in 1994; 9.6% in 1995; and 8.5% in 1996.

CMC received applications from 82.1% of all census tracts in the MSA portion of the delineated community in 1994, compared to 82.1% in 1995, and 80.2% in 1996. CMC received applications from 50.0% of all low- and moderate-income tracts in 1994, compared to 60.7% in 1995 and 46.4% in 1996.

Review of market aggregate HMDA data for the Ann Arbor MSA portion of the delineated community showed that the aggregate level of lending in low- and moderate-income tracts in 1994 was 11.4% of all originations; in 1995 it was 11.6%; and in 1996 it was 10.6%.

The Ann Arbor MSA HMDA data was also reviewed for the level of lending to applicants of low- and moderate-incomes. In 1994, the bank made 49.3% its HMDA- reportable loans to low- and moderate-income borrowers; in 1995 it was 38.0%; and in 1996 it was 39.1%. CMC lending to low- and moderate-income borrowers in 1994 was 22.4% ; 19.8% in 1995; and 20.0% in 1996. By comparison, aggregate lending to low- and moderate-income borrowers was 31.6% in 1994; 28.5% in 1995; and 25.5% in 1996.

#### Jackson MSA - Loan Sample

The loan sample for the Jackson MSA portion of the bank's delineated community showed that 10.5% of consumer loans and 30.3% of small business loans, or a combined 12.1% of all loans within the delineated community were to consumers or

businesses who reside or are located in low- and moderate-income census tracts. By comparison, 32.2% of the Jackson delineation's census tracts are classified low- and moderate-income, while 18.4% of the community's households reside in low- and moderate-income tracts.

The consumer loan geographic distribution, by census tract income, was augmented by an

analysis of applicant income. This analysis showed that 39.0% of the consumer loans reviewed were to low- and moderate-income borrowers. By comparison, 40.0% of the households in the community are classified as low- and moderate-income.

#### Jackson MSA - HMDA

The bank's HMDA data shows that total loan originations within the Jackson MSA portions of the bank's delineated community was 96 in 1994; 85 in 1995; and 75 in 1996. The percentage of loans in low- and moderate-income tracts was 15.6% in 1994; 24.4% in 1995; and 12.0% in 1996.

In addition, this review showed that the bank received applications from 96.8% of the census tracts in the Jackson MSA portion of the delineated community in 1994, compared to 93.5% in 1995 and 90.3% in 1996. The bank received applications from 90.0% of all low- and moderate-income tracts in 1994; 80.0% in 1995; and 70.0% in 1996.

CMC's HMDA data shows that total loan originations within the Jackson MSA portions of the delineated community was 161 in 1994, 103 in 1995, and 107 in 1996. The percentage of loans within low- and moderate-income census tracts was 6.8% in 1994; 11.6% in 1995; and 7.5% in 1996.

CMC received applications from 80.6% of all census tracts in the Jackson MSA portion of the delineated community in 1994, compared to 93.5% in 1995 and 87.1% in 1996. CMC received applications from 50.0% of all low- and moderate-income tracts in 1994, compared to 80.0% in 1995 and 60.0% in 1996.

Review of market aggregate HMDA data for the Jackson MSA portion of the delineated community showed that the aggregate level of lending in low- and moderate-income tracts in 1994 was 8.9% of all originations; in 1995 it was 11.0%; and in 1996 it was 9.8%.

The Jackson MSA HMDA data was also reviewed for the level of lending to applicants of low- and moderate-incomes. In 1994, the bank made 44.2% its HMDA-reportable loans to low- and moderate-income borrowers; in 1995 it was 38.4%; and in 1996 it was 43.1%. CMC lending to low- and moderate-income borrowers was 31.7% in

1994; 30.1% in 1995; and 29.0% in 1996. By comparison, aggregate lending to low- and moderate-income applicants was 30.9% in 1994; 30.2% in 1995; and 27.4% in 1996.

#### Lansing MSA - Loan Sample

The loan sample for the Lansing MSA portion of the bank's delineated community showed that 17.5% of consumer loans and 27.0% of small business loans, or a combined 18.3% of all loans within the delineated community were to consumers or businesses who reside or

are located in low- and moderate-income census tracts. By comparison, 29.7% of the Lansing delineation's census tracts are classified low- and moderate-income, while 24.9% of the community's households reside in low- and moderate-income tracts.

The consumer loan geographic distribution, by census tract income, was augmented by an analysis of applicant income. This analysis showed that 40.0% of the consumer loans reviewed were to low- and moderate-income borrowers. By comparison, 40.1% of the households in the community are classified as low- and moderate-income.

#### Lansing MSA - HMDA

The bank's HMDA data shows that total loan originations within the Lansing MSA portions of the bank's delineated community was 175 in 1994; 129 in 1995; and 94 in 1996. The percentage of loans in low- and moderate-income tracts was 17.7% in 1994; 12.4% in 1995; and 10.6% in 1996.

In addition, this review showed that the bank received applications from 89.4% of the census tracts in the Lansing MSA portion of the delineated community in 1994, compared to 85.1% in 1995 and 74.5% in 1996. The bank received applications from 75.0% of all low- and moderate-income tracts in 1994; 67.9% in 1995; and 60.7% in 1996.

CMC's HMDA data shows that total loan originations within the Lansing MSA portions of the delineated community in 1994 was 198, it was 162 in 1995, and 70 in 1996. The percentage of loans within low- and moderate-income census tracts was 14.1% in 1994; 18.5% in 1995; and 17.1% in 1996.

CMC received applications from 83.0% of all census tracts in the Lansing MSA portion of the delineated community in 1994, compared to 75.5% in 1995 and 55.3% in 1996. CMC received applications from 60.7% of all low- and moderate-income tracts in 1994, compared to 57.1% in 1995 and 42.9% in 1996.

Review of market aggregate HMDA data for the Lansing MSA portion of the delineated community showed that the aggregate level of lending in low- and moderate-income tracts in 1994 was 12.8% of all originations; in 1995 it was 13.6%; and in 1996 it was 15.1%.

The Lansing MSA HMDA data was also reviewed for the level of lending to applicants of low- and moderate-incomes. In 1994, the bank made 47.1% its HMDA-reportable loans to low- and moderate-income borrowers; in 1995 it was 41.3%; and in 1996 it was 31.2%. CMC lending to low- and moderate-income borrowers was 35.4% in 1994; 47.1% in 1995; and 37.7% in 1996. By comparison, aggregate lending to low- and moderate-income applicants was 33.1% in 1994; 32.3% in 1995; and 31.0% in 1996.

### Midland MSA - Loan Sample

The loan sample for the Midland MSA portion of the bank's delineated community showed that 10.2% of consumer loans and 16.4% of small business loans, or a combined 11.2% of all loans within the delineated community were to consumers or businesses who reside or are located in low- and moderate-income census tracts. By comparison, 22.2% of the Midland delineation's census tracts are classified low- and moderate-income, while 17.2% of the community's households reside in low- and moderate-income tracts.

The consumer loan geographic distribution, by census tract income, was augmented by an analysis of applicant income. This analysis showed that 32.3% of the consumer loans reviewed were to low- and moderate-income borrowers. By comparison, 34.3% of the households in the community are classified as low- and moderate-income.

### Midland MSA - HMDA

The bank's HMDA data shows that total loan originations within the Midland MSA portions of the bank's delineated community was 58 in 1994; 62 in 1995; and 33 in 1996. The percentage of loans in low- and moderate-income tracts was 17.8% in 1994; 17.7% in 1995; and 9.1% in 1996.

In addition, this review showed that the bank received applications from 100.0% of the census tracts in the Midland MSA portion of the delineated community in 1994, compared to 94.4% in 1995 and 1996. The bank received applications from all of the low- and moderate-income tracts in 1994, 1995, and 1996.

CMC's HMDA data shows that total loan originations within the Midland MSA portions of the delineated community was 118 in 1994, 98 in 1995, and 79 in 1996.

The percentage of loans within low- and moderate-income census tracts was 7.6% in 1994; 12.2% in 1995; and 12.7% in 1996.

CMC received applications from 94.4% of all census tracts in the Midland MSA portion of the delineated community in 1994 and in 1995, and 88.9% in 1996. CMC received applications from 75.0% of all low- and moderate-income tracts in 1994 and in 1995, and 100.0% in 1996.

Review of market aggregate HMDA data for the Midland MSA portion of the delineated community showed that the aggregate level of lending in low- and moderate-income tracts in 1994 was 11.1% of all originations; in 1995 it was 12.8%; and in 1996 it was 14.4%.

The Midland MSA HMDA data was also reviewed for the level of lending to applicants of low- and moderate-incomes. In 1994, the bank made 39.7% its HMDA-reportable loans

to low- and moderate-income borrowers; in 1995 it was 27.4%; and in 1996 it was 45.5%. CMC lending to low- and moderate-income borrowers was 26.3% in 1994; 22.4% in 1995; and 21.5% in 1996. By comparison, aggregate lending to low- and moderate-income borrowers was 24.3% in 1994; 25.4% in 1995; and 26.4% in 1996.

#### Grand Rapids MSA - Loan Sample

The loan sample for the Grand Rapids MSA portion of the bank's delineated community showed that 15.3% of consumer loans and 24.7% of small business loans, or a combined 15.7% of all loans within the delineated community were to consumers or businesses who reside or are located in low- and moderate-income census tracts. By comparison, 26.6% of the Grand Rapids delineation's census tracts are classified low- and moderate-income, while 20.8% of the community's households reside in low- and moderate-income tracts.

The consumer loan geographic distribution, by census tract income, was augmented by an analysis of applicant income. This analysis showed that 42.4% of the consumer loans reviewed were to low- and moderate-income applicants. By comparison, 38.9% of the households in the community are classified as low- and moderate-income.

#### Grand Rapids MSA - HMDA

The bank's HMDA data shows that total loan originations within the Grand Rapids MSA portions of the bank's delineated community was 383 in 1994; 283 in 1995; and 252 in 1996. The percentage of loans in low- and moderate-income tracts was 33.2% in 1994; 23.7% in 1995; and 17.9% in 1996.

In addition, this review showed that the bank received applications from 91.1% of the census tracts in the Grand Rapids MSA portion of the delineated community in 1994, compared to 92.8% in 1995 and 88.3% in 1996. The bank received applications from 89.6% of all low- and moderate-income tracts in 1994 and in 1995; and 87.5% in 1996.

CMC's HMDA data shows that total loan originations within the Grand Rapids MSA portions of the delineated community was 489 in 1994, 415 in 1995 and 356 in 1996. The percentage of loans within low- and moderate-income census tracts was 20.0% in 1994; 29.6% in 1995; and 29.6% in 1996.

CMC received applications from 83.9% of all census tracts in the Grand Rapids MSA portion of the delineated community in 1994, compared to 86.7% in 1995, and 85.0% in 1996. CMC received applications from 81.3% of all low- and moderate-income tracts in 1994, compared to 85.4% in 1995 and 77.1% in 1996.

Review of market aggregate HMDA data for the Grand Rapids MSA portion of the delineated community showed that the aggregate level of lending in low- and moderate-

income tracts in 1994 was 14.0% of all originations; in 1995 it was 14.8%; and in 1996 it was 14.2%.

The Grand Rapids MSA HMDA data was also reviewed for the level of lending to applicants of low- and moderate-incomes. In 1994, the bank made 53.8% its HMDA-reportable loans to low- and moderate-income borrowers; in 1995 it was 44.1%; and in 1996 it was 38.1%. CMC lending to low- and moderate-income borrowers was 38.2% in 1994; 45.3% in 1995; and 45.6% in 1996. By comparison, aggregate lending to low- and moderate-income borrowers was 37.7% in 1994; 35.3% in 1995; and 33.9% in 1996.

#### Kalamazoo MSA - Loan Sample

The loan sample for the Kalamazoo MSA portion of the bank's delineated community showed that 16.9% of consumer loans and 15.6% of small business loans, or a combined 16.8% of all loans within the delineated community were to consumers or businesses who reside or are located in low- and moderate-income census tracts. By comparison, 32.1% of the Kalamazoo delineation's census tracts are classified low- and moderate-income, while 26.4% of the community's households reside in low- and moderate-income tracts.

The consumer loan geographic distribution, by census tract income, was augmented by an analysis of applicant income. This analysis showed that 41.1% of the consumer loans reviewed were to low- and moderate-income borrowers. By comparison, 39.0% of the households in the community are classified as low- and moderate-income.

#### Kalamazoo MSA - HMDA

The bank's HMDA data shows that total loan originations within the Kalamazoo MSA portions of the bank's delineated community was 167 in 1994; 130 in 1995; and 96 in 1996. The percentage of loans in low- and moderate-income tracts was 20.4% in 1994; 16.9% in 1995; and 22.9% in 1996.

In addition, this review showed that the bank received applications from 91.7% of the census tracts in the Kalamazoo MSA portion of the delineated community in 1994, compared to 82.1% in 1995 and 79.9% in 1996. The bank received applications from 77.8% of all low- and moderate-income tracts in 1994; 66.7% in 1995; and 51.9% in 1996.

CMC's HMDA data shows that total loan originations within the Kalamazoo MSA portions of the delineated community in 1994 was 198, it was 117 in 1995, and 118 in 1996. The percentage of loans within low- and moderate-income census tracts was 12.6% in 1994 ; 8.5% in 1995; and 11.8% in 1996.

CMC received applications from 82.1% of all census tracts in the Kalamazoo MSA portion of the delineated community in 1994, compared to 71.4% in 1995 and 75.0% in

1996. CMC received applications from 59.3% of all low- and moderate-income tracts in 1994, compared to 48.1% in 1995 and 1996.

Review of market aggregate HMDA data for the Kalamazoo MSA portion of the delineated community showed that the aggregate level of lending in low- and moderate-income tracts in 1994 was 14.1% of all originations; in 1995 it was 16.1%; and in 1996 it was 15.1%.

The Kalamazoo MSA HMDA data was also reviewed for the level of lending to applicants of low- and moderate-incomes. In 1994, the bank made 40.3% its HMDA- reportable loans to low- and moderate-income borrowers; in 1995 it was 37.7%; and in 1996 it was 39.6%. CMC lending to low- and moderate-income borrowers was 26.3% in 1994; 23.9% in 1995; and 18.6% in 1996. By comparison, aggregate lending to low- and moderate-income applicants was 29.9% in 1994; 30.5% in 1995; and 27.1% in 1996.

### **Conclusions**

The overall geographic distribution of credit is considered strong; however, there is room for improvement in the level of mortgage activity in low- and moderate-income census tracts. The examination loan sample showed that the bank generates applications and originations from all areas of its delineated community. The HMDA data showed that the bank is generating applications from over 90% of all census tracts within the community, and from 88% of all low- and moderate-income tracts. The bank's origination of loans in low- and moderate-income census tracts within the community is considered good, given the high concentration of poverty among residents of low- and moderate-income tracts discussed under community profile. Review of applicant income levels demonstrates that the bank is making loans to low- and moderate-income applicants at rates equal to or greater than the level of low- and moderate-income households in the community.

By comparison, the mortgage company's HMDA data showed that it generated applications from 73% of all census tracts and 50% of all low- and moderate-income census tracts within the bank's delineated community. The level of mortgage company loan originations within low- and moderate-income tracts is lower than the bank's in all markets served. The mortgage company's penetration in low- and moderate-income census tracts approximates aggregate loan volumes. CMC originations may reflect the company's conservative approach to credit quality; realtor referrals to other lenders; and the use of land contracts to purchase and finance homes.

The bank monitors the geographic distribution of approved and denied mortgage and home improvement applications through both HMDA reports and internal analyses. The bank's internal analysis of the geographic distribution of non-HMDA transactions is limited to approved loans.

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

## Scope and Findings

The number and location of bank branch offices, automated teller machines (ATMs) locations, level of services offered, the opening and closing of branches, and the bank's branch opening and closing policy were reviewed.

The bank has a branch closing policy, which has been approved by the board of directors. The policy requires management to complete an economic impact study regarding the closing. This study measures branch profitability and the impact a closing will have on customers and the community served. In accordance with its internal policy and regulatory requirements, bank management posted notices and notified customers in advance about the closing. Customer accounts were transferred to a Comerica branch within 2.5 miles of the branch closed.

Since the previous examination, 25 branches have been consolidated; 20 were in the Detroit MSA, two were in the Grand Rapids MSA, two were in the Ann Arbor MSA and one was in the Kalamazoo MSA. Three of the closed branches were located in low-income areas; two in moderate-income areas; 11 in middle-income areas; and nine in upper-income areas. The level of service offered at the "new" branch was generally the same as that offered at the closed branch; in many instances, the level of service to consumers at the new branch is greater than that available at the branch being closed. In 12 instances, the new branch provided ATM services not available at the closed branch. The new branches have Saturday hours while the closed branch did not. In three instances, the new branch does not have a drive-up teller, while the closed branch did. However in each of these instances drive-up services are available at a branch within 2.5 miles of the new location. In three instances, safe deposit boxes are available at the new branch which were not available at the closed branch. All surviving branch locations have ATM service.

Since the previous examination, the bank opened 14 new branches; six are in the Detroit MSA; five in the Grand Rapids MSA; two in the Kalamazoo MSA; and one in the Jackson MSA. One of the new branches was in a moderate-income area; six in middle-income areas; and seven in upper-income areas. All new branches have ATMs.

The bank has a total of 267 branch offices, all of which are general full-service branches. Twenty-eight, or 10.5% of the bank's branches are located in low-income areas; 35 or 13.1% are in moderate-income areas; 107 or 40.1% are located in middle-income areas; and 97 or 36.3% are in upper-income areas. General branch hours are 9:30 a.m. to 4:30 p.m., Monday through Thursday. Friday and Saturday hours vary by branch location. The bank's 20 "ComeriMART" branch offices are included in the forgoing totals. ComeriMARTs are full-service branches located in grocery stores. ComeriMART branch hours are 10 a.m. to 8 p.m., Monday through Friday, and 10 a.m. to 6 p.m. on Saturday.

A full-range of deposit services and consumer loan products are available at all branch locations. Of the bank's offices 97% offer ATM service; this includes all ComerimART locations. In addition to its traditional branch offices and ComerimART offices, the bank also maintains 185 ComeriCARD ATM Centers. Twenty-five or 13.5% of these “offsite” ATM branches are located in low-income areas; 26 or 14.1% are in moderate-income areas; 73 or 39.5% are in middle-income areas; and 61 or 33.0% are in upper-income areas.

The bank's branch network is organized into three regions, Southeast, Central, and West, which encompass all or portions of the seven MSAs served by the bank. Branch locations, by MSA, are detailed in the following chart.

GEOGRAPHIC DISTRIBUTION OF BRANCHES (BY CENSUS TRACT/BNA INCOME LEVEL)					
MSA	TOTAL	LOW	MOD	MID	UPP
Detroit	175	17	19	64	75
Ann Arbor	16	2	2	8	4
Jackson	15	2	3	8	2
Lansing	11	2	2	4	3
Midland	4	NA	2	1	1
Grand Rapids	28	3	3	15	7
Kalamazoo	17	2	4	6	5
Gladwin BNA	1	NA	NA	1	NA
TOTAL	267	28	35	107	97

In addition to branch and ATM services, the bank uses its Product Information Center to serve consumers. The PIC is a toll-free telephone service that provides customers with information on products and services. Consumers may call this number to obtain current rate and fee information, apply for a loan or credit card, ask general banking questions and open new deposit accounts. The PIC is open from 7 a.m. to 7 p.m., Monday through Friday, and 10 a.m. to 4 p.m. on Saturday.

The bank also has two low cost-checking products, Budget Checking and Basic Checking. Budget Checking has no minimum balance requirement and has a \$1 monthly maintenance fee plus \$.50 per check. Basic Checking costs \$4.50 per month for maintenance, offers unlimited ATM service, but limits teller transactions to eight per month. Teller transactions exceeding eight per month are assessed a \$.50 per transaction fee for those over eight. These accounts have been well-received in the low- and moderate-income areas of the bank's community. The bank has 50,173 Budget Checking accounts and 26,494 Basic Checking accounts. Approximately 41% of Budget Checking accounts are owned by residents of low- and moderate-income census tracts. Approximately 33% of Basic Checking accounts are owned by residents of low- and moderate-income census tracts.

### **Conclusions**

The level of service provided by the bank's branch and ATM network is considered adequate with 267 branches and 185 "offsite" ATMs in the community. In addition, 23% of bank branches and 27% of non-branch ATMs are located in low- and moderate-income areas. Branch consolidation continued with 25 branches closed and accounts transferred to other Comerica branches within 2.5 miles of the closed facility. The level of service offered at the new branches has been equal to, or greater than, the services available at the closed facility. Despite Comerica's branch consolidation efforts, which have occurred predominantly in the Detroit MSA, the bank retains the largest network of branches in the City of Detroit with 41 offices. The bank branch network is augmented by the Product Information Center which provides a toll-free telephone number for consumers to call and obtain information about product features, rates and fees. Consumers may also apply for credit and arrange to open deposit accounts through the PIC.

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

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

### **Scope and Findings**

A comparison was made between the credit products listed in the bank's CRA Statement and the examination loan sample, as well as other bank documents to determine if products listed were being made available.

The bank's CRA statement indicates that the following types of credit are available to members of its community:

Residential Loans for 1-4 dwelling units\*

Residential Loans for 5 dwelling units and over\*

Housing Rehabilitation Loans

Home Improvement Loans - including, but not limited to FHA and Michigan State Housing Development Authority (MSHDA) loans

Small Business Loans - including SBA and other government-sponsored loan programs

Farm Loans

Community Development Loans

Commercial Loans

Consumer Loans - including, but not limited to home equity, auto, mobile home, student loans, RV loans, credit cards\*, personal loans and cash reserve accounts\*.

\*Credit of this kind is made available through a subsidiary of Comerica Incorporated or Comerica Bank.

### **Conclusions**

A review of the examination sample of loans and loans originated since the previous examination indicated that the bank originated loans in accordance with its stated policy. No practices intended to discourage applications for the credit products listed in the bank's CRA Statement were detected.

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

### **Scope and Findings**

The bank's loan forms, policies, procedures, and articulated lending standards were reviewed and discussed with loan officers and staff. The bank and mortgage company fair lending training programs and materials were reviewed. Recent real estate, consumer installment and open-end revolving loans, a sample of commercial loans, as well as rejected applications were reviewed for compliance with applicable fair housing and fair lending laws and regulations. The bank and mortgage company HMDA statements and Loan Application Registers were also reviewed for any patterns of prohibited credit practices.

The Corporate Consumer Compliance Unit is responsible for developing, coordinating and

monitoring compliance with fair lending regulations for the bank and CMC. Fair lending training is mandatory for all support staff, branch personnel and lenders. The training program includes the use of a Regulation B Computer Based Training (CBT) module, review of fair lending videos, and written materials. The training program also includes use of situational compliance and exercises covering Regulation B - Equal Credit Opportunity Act.

The mortgage company uses a multi-tiered, or second review program, to ensure that all applicants receive fair and equal access to mortgage credit. All loans that do not meet secondary market eligibility requirements are reviewed by the mortgage exception committee (MEC) for portfolio acquisition. All loans denied by the MEC are reviewed again by the chief underwriter. All loans denied for collateral inadequacies are reviewed by the mortgage company's compliance manager or by the quality control manager.

The following is a summary of the examiner's review of bank and CMC loan transactions. A sample of 415 loans (43 real estate, 116 open-end home equity, 158 installment, 48 open-end products (overdraft protection and credit card), and 50 commercial files) was reviewed for compliance with fair lending laws and regulations. The loan sample and 437 denied credit applications (23 real estate, 243 installment, 108 open-end, 39 home equity lines, and 24 commercial files) were compared, by product, to the bank's articulated lending standards. In addition, the bank's 1994 and 1995 Home Mortgage Disclosure Act (HMDA) data and the 1996 Loan Application Register (LAR) information were reviewed.

Statistical regression analyses, using data collected from the LAR, were performed on mortgage loans originated during 1995 by the bank and CMC. The regression analysis utilized a statistical model to gauge the likelihood of race being a factor in the credit decision. The first regression analysis consisted of a sample of 200 mortgage loans originated by the bank. The second regression analysis consisted of a sample of 400 mortgage loans originated by CMC. In both instances, a comparative analysis "match pair" was conducted to ascertain adherence to the bank's articulated lending policy. Interviews were also conducted with management and lending personnel to evaluate or clarify issues pertaining to credit decisions.

Several judgmental samples were obtained to investigate aberrations identified in the bank's 1995 and 1996 HMDA data. The first sample included a review of direct home improvement loans; it consisted of a sample of 64 credit applications (32 approved and 32 denied) received during 1995, and 76 applications (47 approved and 29 denied) received during 1996. The second judgmental sample included a review of indirect (dealer generated) home improvement loans; it consisted of a sample of 139 applications (96 approved and 43 denied) received during 1995, and 113 applications (72 approved and 41 denied) received during 1996. The third judgmental sample included a review of CMC

mortgage lending; it consisted of 93 applications (52 approved and 41 denied) received during 1995.

The regression analysis of selected purchase-money loans originated by the bank in 1995 revealed some exceptions to policy but no violations of fair lending laws or regulations. The regression analysis of selected CMC originated loans in 1995 revealed few exceptions to policy. Exceptions were generally attributed to compensating factors involving the applicant's credit history, collateral, or level of down payment. No violations regarding fair lending laws or regulations were detected.

The additional judgmental samples of the bank's 1995 and 1996 direct and indirect home improvement loans revealed no violations of fair lending laws or regulations.

The review of direct lending products revealed that there were few exceptions to the

bank's articulated standards. The review of indirect lending products revealed a higher incidence of exceptions to standards but did not reveal any discriminatory lending patterns, instances of disparate treatment or impact on members of protected classes.

### **Conclusions**

The review of the bank's policies, procedures, and loan files, as well as interviews with lending personnel, revealed that the bank's lending policies and standards are applied consistently. Exceptions to policy were few, and generally attributed to compensating factors. Comparative reviews of approved loans and denied credit applications did not reveal any evidence of disparate treatment or prohibited discriminatory credit practices. The bank is in compliance with the substantive provisions of the fair housing and fair lending laws, including the Fair Housing Act and the Equal Credit Opportunity Act.

## **V. COMMUNITY DEVELOPMENT**

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

### **Scope and Findings**

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

The bank continues its active participation in community development and redevelopment projects within its community. The following are examples of some of the larger projects in which the bank participates:

## DETROIT MSA

### *Detroit Alliance For Fair Banking*

The Detroit Alliance for Fair Banking is a coalition of community organizations that was founded in 1989 to review the community reinvestment activities of Detroit area banks.

In May 1996, the bank and the Detroit Alliance for Fair Banking announced the Detroit Community Development Action Plan (worth \$1.1 billion) to further the revitalization of the City of Detroit. The bank has committed to lending goals of \$931 million in business loans and \$184 million in consumer lending between 1996 and 1998. The Plan includes specific goals for middle-market, small-and micro-business loans, as well as for consumer, home improvement, home equity and mortgage loans.

### *Fellowship Non-Profit Housing Corporation*

Fellowship Non-Profit Housing Corporation is the development arm of the Greater Christ Baptist Church. The service area for this non-profit development corporation targets the area between East Warren and Mack from McClellan to Seminole.

In 1995, the church developed a comprehensive strategic plan which details a two-phase development project; a housing development plan to rehabilitate existing homes and to construct an equal number of new in-fill houses on vacant lots which would be secured from the city and acquired privately. The second phase of the plan is to create or improve commercial properties on Mack Avenue to bring needed shopping and services to the community.

Comerica helped create a development team to put together an implementation plan for the project. The development team, which consists of representatives from Comerica, the church, the city, and a for-profit developer, meets on an ongoing basis and is in the process of finalizing the elements of a joint venture operating agreement. The agreement will allow Fellowship Non-Profit Housing Corporation to enter into a legal contract with a for-profit developer to carry out the various elements of the plan during the next several years. Fellowship Non-Profit Housing expects to officially begin implementing components of the plan in the spring of 1997.

### *Brush Park*

Brush Park, located within Detroit's Empowerment Zone, will be the largest new residential development in the City of Detroit. Brush Park contains the largest concentration of educational, cultural, entertainment, and medical facilities in the State of Michigan. Though it is currently a highly distressed area, construction on the new development, which will contain up to 500 new homes, is scheduled to begin in the spring

of 1997.

Comerica has been actively involved in getting the project launched and has played an integral part in the development plan which focuses on what is now known as the South Parcel. Comerica has also worked with the city to create a facade easement program which would offer homeowners an opportunity to avail themselves of a Federal grant in order to begin the external renovations on their properties. The bank will serve as the fiduciary agent for the City of Detroit and the Brush Park Development Corporation on the facade easement program which should be in place and launched by the summer of 1997. Construction financing for the housing development will be made available by the bank.

#### *Empowerment Zone Activities*

The bank has played a leadership role in Detroit Empowerment Zone since the winter of 1994. The Empowerment Zone Financial Institutions Consortium or EZFIC represents all the financial institutions and financial intermediaries doing business in the Empowerment Zone. The consortium meets monthly at the bank and is chaired by the bank's community development specialist. In addition, within the general framework of the Empowerment Zone is an umbrella management organization called the Empowerment Zone Development Corporation. This 50-member board provides the oversight mechanism for the more than 80 projects contained within Detroit's application. This board consists of community, civic, religious and business leaders who are committed to the revitalization of the city. One of the bank's senior vice presidents was elected to represent Detroit's banking community.

In 1995, the bank's lending in the Empowerment Zone accounted for nearly two-thirds of all lenders. As of December 31, 1996, over \$126 million was committed by the bank.

Support services to new and expanding small businesses in the Empowerment Zone are provided by the One Stop Capital Shop (OSCS). The OSCS is a nonprofit collaboration among government, business, and nonprofit organizations, opened in Detroit in 1996 with the aid of U.S. Small Business Administration; most of its services are free. Its purpose is to help first-time entrepreneurs and existing small businesses by providing access to educational and training programs and to sources of capital and information about business opportunities and new technologies. The president of Comerica's Community Development Corporation is the chairman of the One Stop Capital Shop.

#### *Tiger Stadium*

In 1996, the bank and the Detroit Tigers announced the arrangement of a multi-bank loan

facility to provide the \$145 million in financing required for developing the new Tiger Stadium near the theater district on Woodward Ave. Comerica Bank is the lead bank, committing \$30 million in the financing of the new stadium, which is a key component in the economic revitalization of Detroit.

#### *Orchestra Place Renewal Partnership*

The bank is an acting agent on a \$22,000,000 loan to the Orchestra Place Renewal Partnership. The loan is for construction of a 172,000 square foot office/retail building and a 503 space parking deck to be located on the corner of Woodward Avenue and Davenport Street across from the Detroit Medical Center in the City of Detroit. The Orchestra Place Renewal Partnership is a non-profit organization formed by the Detroit Symphony Orchestra Hall for the revitalization of the Woodward corridor through a three phase plan. The office/retail building is currently under construction, representing the first phase of the plan, and will be leased primarily to the Detroit Medical Center on a 15-year lease and result in the relocation of 635 administrative staff from various suburban locations to the City of Detroit. Subsequent phases of the renewal plan include construction of the new Detroit High School for the Fine and Performing Arts and an enhancement to the existing Orchestra Hall.

#### ANN ARBOR MSA

##### *Avalon Housing, Inc.*

Avalon Housing, Inc. is a local non-profit organization which purchases and rehabilitates single- and multi-family units for low- and moderate-income individuals. Bank management provides technical assistance through participation on a variety of Avalon committees.

#### JACKSON MSA

##### *Jackson Affordable Housing Corporation (JAHC)*

JAHC is the only non-profit affordable housing organization in Jackson County. The bank, along with the city's Community Development Department, facilitated the establishment of this organization and continues to provide technical assistance through participation in various committees.

##### *Jackson Alliance for Small Business Development*

The mission of the Jackson Alliance for Small Business Development is to maintain, expand and create jobs in the Jackson MSA. The bank has provided funding in the amount of \$18,750 to support this organization's activities.

KALAMAZOO/BATTLE CREEK MSA*Kalamazoo Neighborhood Housing Services*

In 1996, the bank agreed to participate in the Home Ownership (HOP) Phase IV in the amount of \$350,000. This program provides first mortgage financing through a pool of money administered by the Kalamazoo Neighborhood Housing Services for seven low- and moderate-income neighborhoods in the City of Kalamazoo.

GRAND RAPIDS/MUSKEGON/HOLLAND MSA*Muskegon/Oceana Counties Reinvestment Corporation*

The bank continues to be one of the lead banks in a \$1.2 million loan pool by committing to a second round in the amount of \$200,000 in Muskegon County for low- and moderate-income mortgages. In addition, the bank provides technical assistance to this organization through representation as vice president of the board.

LANSING MSA*Lansing Neighborhood Housing Corporation (LNHC)*

This organization was formed to serve as a loan pool from which non-profit organizations could borrow money to purchase and rehabilitate homes in LMI areas.

As one of the largest contributors, the bank committed \$100,000 to the loan pool. The bank's senior commercial lender is a board member and is involved with the application and approval process.

*Greater Lansing Housing Coalition (GLHC)*

This local, non-profit organization locates, purchases and rehabilitates homes in the low- and moderate-income areas in the City of Lansing. The bank provides technical assistance to GLHC through participation on its board, and assisted in the organization of the first "Hike for Housing" event, which showcased the homes that were available for purchase through GLHC.

SAGINAW/BAY CITY/MIDLAND MSA*Midland County Housing Association*

The bank provides technical assistance to this organization, which rehabilitates housing in low- and moderate-income areas, through participation on its board.

### **Comerica Community Development Corporation (CCDC)**

To meet the need for alternative forms of community development financing, including equity investments, the bank formed the Comerica Community Development Corporation (CCDC) in 1993. The CCDC was capitalized in July 1993 with \$3 million and is chartered to provide development investment throughout Michigan. In addition to its initial capitalization, CCDC obtained a \$5 million line of credit from the bank's Commercial Real Estate Loan Group.

CCDC's mission is to provide alternative financing for targeted affordable housing developments and small business initiatives. To accomplish this, CCDC uses Low-Income Housing Tax Credit investments to provide equity for affordable housing developments; a housing rehabilitation line of credit to provide financing to nonprofit organizations and/or developers for major property renovations on units that often have collateral values that are too low to support conventional bank loan-to-value ratios; and investments in commercial revolving loan pools to finance the development and growth of small businesses, including community-based programs that teach small business management skills to aspiring small business owners. Under these programs, successful participants are eligible to receive reduced-rate financing to support their new small businesses. CCDC also offers a Commercial Development Second Mortgage program to help finance the development of commercial property. Commercial development projects in older urban areas are often difficult to complete because of an inability to fully pre-lease the property, reducing projected cash flow needed to meet debt-service requirements. In addition, the appraised values of these properties are not sufficient to meet loan-to-value requirements of conventional bank financing. CCDC's Second Mortgage program provides additional "gap" financing to those commercial developments that also provide important community or neighborhood services, such as medical clinics.

Since the previous examination, the CCDC has funded seven investments for \$5,781,000, and closed six loan commitments for \$1,745,000 in support of community development projects.

### **Commercial Real Estate - Multi-family Rental Housing**

Affordable rental housing for low- and moderate-income residents is an ongoing community concern. The bank's commercial real estate loan portfolio was reviewed to determine the extent to which bank's lending activities supported affordable rental housing. For purposes of this examination, affordable rental housing is defined as rental units with monthly rent for a one bedroom apartment that is less than 30% of the median monthly income for low-income residents.

The bank's HMDA data showed that in 1995 the bank made 32 loans on multi-family rental properties for \$13,323,000. In 1996, the bank made 25 multi-family loans for \$6,652,000. Further review showed that in 1995 the bank made 14 multi-family loans in low- and moderate-income areas of the community for \$5,088,000. In 1996, multi-family loans in low- and moderate-income areas totaled 11 loans for \$1,506,000.

Review of the bank's multi-family loans identified 18 loans on properties with monthly rents considered affordable for low-income residents.

### **Conclusions**

The bank's activities in this area demonstrate its active leadership role in community development. Continued participation in numerous development projects, the investment and loan activity of the CCDC, and the bank's lending for affordable rental housing all demonstrate strong community development efforts.

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

### **Scope and Findings**

Local economic conditions, and the bank's financial condition and size were reviewed to determine the bank's ability to meet the community's credit needs. The bank's role in developing and implementing economic development in the community through the investment of time and technical assistance was reviewed. In addition, the activities of the Comerica Community Development Corporation were reviewed.

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

### **Conclusions**

The bank's financial condition and size allows it to take an active leadership role in meeting community development needs. This is demonstrated through its role in providing technical assistance and support of non-profit community development organizations which are discussed under Assessment Factor (l). It is also demonstrated through the financing provided by the Comerica Community Development Corporation to affordable housing and small business initiatives throughout the bank's community which are discussed under Assessment Factor (h).

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

### **Scope and Findings**

The bank's efforts to provide technical assistance and support for non-profit community

development organizations and the contributions it provides to community and economic development organizations were reviewed.

*Detroit Community Development Funders' Collaborative*

The Detroit Community Development Funders' Collaborative was formed in September 1993, to strengthen Detroit-based community development corporations engaged in low-income housing development, commercial development and neighborhood revitalization. The collaborative provides the resources and skills necessary for 16 CDCs to serve their neighborhoods. Originally capitalized with \$10 million, the collaborative provides support to CDCs through the following:

- funding comprehensive organization assessments, technical assistance, and training;
- award of grants for operation support;
- awarding Coordinating, Organizing, Planning, and Evaluation (COPE) grants to encourage development in the area of community organizing and human services; and
- awarding grants which fund projects that are not available from other sources.

The bank provides contributions of \$140,000 in 1995 and 1996 and continues to participate on the Grant/Program committee, reviews and approves application requests and monitors grant disbursements to the 16 CDCs participating in the collaborative.

*Community Economic Development Fund*

The Community Economic Development Fund was developed by the bank in conjunction with the Community Foundation for Southeast Michigan. The purpose of this development fund is to help strengthen low- and moderate-income communities by offering financial assistance for neighborhood economic development efforts.

In 1995, the fund awarded a total of \$25,000 to the following community development organizations:

Kappa Detroit Foundation, Inc.  
ESPIOR Haitian-American Organization  
Alpha Woodward Restoration, Inc.

In 1996, the fund awarded a total of \$20,000 to the following organizations:

Genesis Community Development Organization  
Southwest Alliance of Neighborhoods (SWAN)

**Conclusions**

The bank's efforts to provide technical assistance and support for community development efforts in its delineated community are consistent with its size and resources. In addition, the bank's contributions provide needed financial assistance to a wide range of non-profit community and/or economic development organizations.