

FEDERAL RESERVE SYSTEM

TIAA Board of Overseers
Teachers Insurance and Annuity Association of America
TCT Holdings, Inc.
New York, New York

Order Approving the Acquisition and Merger of Savings and Loan Holding Companies

TIAA Board of Overseers (“Overseers”), Teachers Insurance and Annuity Association of America (“TIAA”), and TCT Holdings, Inc. (“TCT”) (collectively, “Applicants”), each of New York, New York, and each a savings and loan holding company (“SLHC”) have requested the Board’s approval under section 10(e) of the Home Owners’ Loan Act, as amended (“HOLA”),¹ to acquire and merge with EverBank Financial Corp. (“EFC”), an SLHC, and indirectly acquire its subsidiary federal savings association, EverBank, both of Jacksonville, Florida.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (81 Federal Register 69530 (October 6, 2016)).² The time for submitting comments has expired, and the Board has considered the proposal, all comments received, and the factors set forth in section 10(e) of HOLA in light of all the information of record.³ The Office of the Comptroller of the Currency (“OCC”) has approved the related application under section 18(c) of the Federal Deposit Insurance Act⁴ for TIAA-CREF Trust Company FSB (“TIAA FSB”), St. Louis, Missouri, to merge with and into EverBank.

¹ 12 U.S.C. § 1467a(e).

² 12 CFR 238.14(c)(2).

³ 12 U.S.C. § 1467a(e)(2); see also 12 CFR 238.15.

⁴ 12 U.S.C. § 1828(c).

Applicants, with total assets⁵ of approximately \$282.4 billion, control TIAA FSB and approximately \$3.6 billion in deposits, which represent less than 1 percent of the total amount of deposits in the United States.⁶ TIAA FSB conducts all of its banking activities through a nationwide Internet platform.

EFC, with consolidated assets of approximately \$27.8 billion, is the 64th largest depository organization in the United States. EFC controls EverBank, the 6th largest depository institution in Florida, controlling approximately \$18.9 billion in deposits, which represent 3.7 percent of the total deposits held by insured depository institutions in Florida.⁷

On consummation of the proposal, Applicants would have total assets of approximately \$282.4 billion and would control deposits of approximately \$23.3 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.⁸ In Florida, Applicants would become the 6th largest depository organization, controlling deposits of approximately \$18.9 billion, which represent 3.7 percent of the total deposits of insured depository institutions in that state.

Interstate and Deposit Cap Analysis

Section 10(e)(2)(E) of HOLA generally provides that the Board may not approve an application by an SLHC to acquire an insured depository institution in a state other than the SLHC's home state if the SLHC controls, or upon consummation would

⁵ As an insurance company, TIAA follows statutory accounting principles and does not prepare consolidated financial statements under U.S. generally accepted accounting principles. As used here, "total assets" includes only those assets of the insurer that are allowable or admitted under statutory accounting rules.

⁶ Deposit data are as of December 31, 2016, unless otherwise noted.

⁷ State deposit and ranking data are as of June 30, 2016.

⁸ TIAA utilizes equity method accounting for its investments in subsidiaries, as mandated under statutory accounting principles. Accordingly, Applicants' total assets would not be materially affected by the acquisition.

control, more than 10 percent of the total amount of deposits of insured depository institutions in the United States, unless the acquisition involves an insured depository institution in default or danger of default.⁹

For purposes of HOLA, EverBank's home state is Florida, and Applicants' home state is Missouri.¹⁰ On consummation of the proposed transaction, Applicants would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. Accordingly, in light of all the facts of record, the Board may approve the proposal under section 10(e)(2)(E) of HOLA.

Competitive Considerations

Section 10(e)(2) of HOLA prohibits the Board from approving a proposal that would result in a monopoly, or that would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the savings and loan business in any part of the United States.¹¹ HOLA also prohibits the Board from approving a proposal if the proposal would substantially lessen competition, tend to create a monopoly, or in any other manner restrain trade in any section of the country, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.¹²

EverBank maintains ten retail branches, all of which are located in Florida, but operates primarily as an online depository institution. TIAA FSB does not operate any physical retail branches and interacts with customers through an Internet platform.

⁹ 12 U.S.C. § 1467a(e)(2)(E).

¹⁰ 12 U.S.C. § 1467a(e)(7)(B)(iii) and (iv). A federal savings association's home state is the state in which its home office is located. An SLHC's home state is the state in which the total deposits of all insured depository institution subsidiaries of such company were the largest on the date on which the company became an SLHC.

¹¹ 12 U.S.C. § 1467a(e)(2)(A); see also 12 CFR 238.15(a)(1).

¹² 12 U.S.C. § 1467a(e)(2)(B); see also 12 CFR 238.15(a)(2).

Each bank controls a relatively small amount of deposits when compared to the amount of deposits taken over the Internet as a whole.¹³ TIAA FSB and EverBank compete in local markets throughout the nation through their Internet platforms; however, both institutions solicit deposits from across the country, making it unlikely that either institution holds a high concentration of Internet deposits in any local market. Based on the size of the institutions, the large number of Internet-based competitors, and the diffuse geographic nature of the Internet deposits of EverBank and TIAA FSB, the proposed transaction would not result in a material increase in concentration in any single market, including any in which EverBank has a physical location.¹⁴ Consummation of the proposal would be consistent with Board precedent and within the thresholds in the Department of Justice (“DOJ”) Bank Merger Guidelines.

The DOJ has conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all of the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

¹³ Data concerning the total amount of deposits gathered over the Internet by all depository institutions are not available. However, data concerning the amount of deposits gathered by Internet-only depository institutions, a subset of depository institutions that take deposits over the Internet, are available. The resultant institution’s share of all deposits of Internet-only depository institutions (including the share of deposits attributable to EverBank’s retail branches that would survive the merger) would be less than 5 percent.

¹⁴ EverBank has 10 physical branches in locations across Florida. Even assuming that all of the deposits of the resultant institution would be located in Florida, the resultant institution would control less than 5 percent of the total deposits in that state.

Financial and Managerial Resources and Future Prospects

In reviewing proposals under HOLA, the Board considers the financial and managerial resources and the future prospects of the institutions involved. In its evaluation of financial factors, the Board reviews public and supervisory information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations.¹⁵ In this evaluation, the Board considers a variety of information regarding capital adequacy and earnings performance, as well as public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively the proposed integration of the operations of the institution. In addressing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in light of their financial and managerial resources and the proposed business plan. The Board has consulted with the OCC and the Consumer Financial Protection Bureau ("CFPB") regarding this proposal.

Applicants and EFC are well capitalized, and the combined organization would remain so on consummation of the proposal. The proposed transaction is an SLHC acquisition that is structured as an exchange of cash for shares followed by a merger.¹⁶ The asset quality, earnings, and liquidity of Applicants, EFC, and their

¹⁵ As of the date of this order and based on information provided by Applicants, Applicants meet the requirements of section 10(c)(9)(c) of HOLA and therefore are not required to obtain the Board's prior approval to engage in any business activities resulting from the merger and acquisition of EFC and EverBank.

¹⁶ To effect the holding company merger, all outstanding shares of EFC will be converted into the right to receive cash from Applicants. Applicants have the resources to fund the proposed transaction.

subsidiary depository institutions are consistent with approval, and Applicants appear to have adequate resources to absorb the costs of the proposal and to complete the integration of the institutions' operations. In addition, future prospects are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization.¹⁷ This consideration included an evaluation of the competence, experience, and integrity of the officers, directors, and principal shareholders of Applicants and TIAA FSB; their record of compliance with laws and regulations; and the record of the Applicants and TIAA FSB and its affiliates of fulfilling any commitments to, and any conditions imposed by, the Board in connection with prior applications.¹⁸ The Board has reviewed the examination records of Applicants, EFC, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by Applicants; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; and the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws, as well as information provided by the commenters.

Applicants' existing risk-management program and their directors and senior management are considered to be satisfactory. The directors and senior executive officers of Applicants have knowledge of and experience in the banking and financial services sectors. Applicants have conducted comprehensive due diligence and are devoting significant financial and other resources to address all aspects of the post-integration process for this proposal.

The Board also has considered Applicants' plans for implementing the proposal. Applicants plan to leverage much of EverBank's existing risk-management

¹⁷ 12 CFR 238.15(b)(2).

¹⁸ See 12 U.S.C. § 1467a(e)(1)(B); 12 CFR 238.15(b)(2).

framework and program, compliance-management framework, and related corporate support functions, and these are considered satisfactory from a supervisory perspective. Applicants intend for EverBank's risk-management and compliance framework and program to serve as the operating framework and program at the resultant depository institution following the transaction. In addition, the management of Applicants, EFC, and their depository institution subsidiaries have the experience and resources to operate the combined organization in a safe and sound manner, and Applicants plan to integrate EverBank's existing management and personnel in a manner that augments Applicants' management.¹⁹

Based on all the facts of record, including the supervisory records of Applicants, EFC, and their subsidiary depository institutions; their managerial and operational resources; Applicants' plans for operating the institution after consummation; and the comments received on the proposal, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal, as well as the records of effectiveness of Applicants and EFC in combatting money laundering activities, are consistent with approval.

¹⁹ A commenter asserted that Applicants do not have sufficient banking experience to acquire EFC and EverBank. Applicants represent that management of the resultant depository institution would consist of banking professionals with extensive experience drawn from the current management of TIAA FSB and EverBank. For the reasons discussed above, management of both TIAA FSB and EverBank are considered satisfactory from a supervisory perspective.

The commenter also alleged that Applicants have improperly invested heavily in agricultural expansion in Brazil that contributed to the depletion of the Brazilian rainforest, which reflects poorly on management. Applicants represent that their investments in Brazil follow the U.N. Principles for Responsible Investment in Farmland. This allegation does not reflect on the competence, experience, or integrity of management with respect to the control and operation of a depository institution.

Convenience and Needs Considerations

In acting on a proposal under section 10(e) of HOLA, the Board considers the effect of the transaction on the convenience and needs of the communities to be served.²⁰ In its evaluation of the effect of the proposal on the convenience and needs of the communities to be served, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of the communities to be served. In this evaluation, the Board places particular emphasis on the records of the relevant depository institutions under the Community Reinvestment Act (“CRA”).²¹ The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation,²² and requires the appropriate federal financial supervisory agency to assess a depository institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) neighborhoods, in evaluating expansionary proposals.²³

In addition, the Board considers the institutions’ overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and comments received on the proposal. The Board also may consider the institutions’ business models, their marketing and outreach plans, the combined organization’s plans following consummation, and any other information the Board deems relevant.

²⁰ 12 U.S.C. § 1467a(e)(2); 12 CFR 238.15(b)(3).

²¹ 12 CFR 238.15(b)(3).

²² 12 U.S.C. § 2901(b).

²³ 12 U.S.C. § 2903.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of TIAA FSB and EverBank, the fair lending and compliance records of both savings associations, the supervisory views of the OCC and the CFPB, confidential supervisory information, information provided by Applicants, and the public comments received on the proposal.

Summary of Public Comments on Convenience and Needs

A commenter objected to the proposal alleging that, based on data reported under the Home Mortgage Disclosure Act (“HMDA”) for 2015, TIAA FSB lent only to white borrowers in the St. Louis, Missouri-Illinois Metropolitan Statistical Area (“St. Louis MSA”). The commenter also criticized the rate at which EverBank denied applications by African Americans in the Miami-Fort Lauderdale-West Palm Beach, Florida Metropolitan Statistical Area (“Miami MSA”) and the Tampa-St. Petersburg-Clearwater, Florida Metropolitan Statistical Area (“Tampa MSA”), based on 2015 HMDA data.

The Board also received comments from 10 community groups and nonprofit organizations in support of the proposal. Supporting commenters praised the community outreach efforts of both TIAA FSB and EverBank and expressed confidence that the proposal would allow the combined organization to expand its community development activities.

Businesses of Involved Institutions and Response to Comments

TIAA is a New York life insurance company focusing on consumers that work in not-for-profit fields, including academia, research, medicine, and government. TIAA is wholly owned by Overseers, a New York not-for-profit, non-stock membership corporation. TCT is a wholly owned subsidiary of TIAA and has no operations outside its ownership of TIAA FSB. TIAA FSB is a federal savings association that does not operate physical branches but offers deposit products, investment management and trust

services, and residential real estate lending throughout the United States through an Internet platform under the brand name “TIAA Direct.”

EFC, a publicly traded Delaware corporation, operates primarily through EverBank. EverBank is a federal savings association that serves customers in Florida through 10 branches and customers throughout the United States through a nationwide Internet platform. EverBank offers consumer products including deposit services, loans, residential lending, and loan servicing, as well as products targeted primarily to business customers, such as business deposit services, commercial real estate lending, lender finance, equipment finance and leasing, and mortgage warehouse financing. EverBank operates a home lending network in all 50 states and markets to customers nationwide through its Internet platform.

Applicants assert that the allegations in the comment letter with respect to TIAA FSB do not fully represent TIAA FSB’s lending record, which consists of nationwide activity. Applicants noted that TIAA FSB does not operate any physical branches and markets to consumers nationwide through its Internet platform and other broad-based distribution channels, and therefore argue that lending data focused on a single market do not reflect TIAA FSB’s broader lending record or strategy. Applicants assert that the denial rates cited by the commenter are based on a small number of originations and do not take into account factors, such as credit history and existing debt levels, that TIAA FSB uses to underwrite loans.

With respect to the allegations related to EverBank, Applicants similarly assert that the denial rates cited by the commenter are based on a small number of applications and do not take into account legitimate underwriting factors, such as credit history and existing debt levels. Applicants assert that the denials underlying the data cited by the commenter were properly made because the applications did not satisfy EverBank’s underwriting criteria. Applicants also assert that lending data focused on

operations in a small number of specific markets do not reflect EverBank's broader lending record or strategy.

Records of Performance Under the CRA

In evaluating the convenience and needs factor and CRA performance, the Board considers substantial information in addition to information provided by public commenters and the response to comments by the applicant. In particular, the Board evaluates an institution's performance in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions, as well as information and views provided by the OCC and the CFPB.²⁴

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.²⁵ An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply lending, investment, and service tests to evaluate the performance of a large insured depository institution in helping to meet the credit needs of the communities it serves. The lending test specifically evaluates the institution's home mortgage, small business, small farm, and community development lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution's data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending

²⁴ See Interagency Questions and Answers Regarding Community Reinvestment, 81 Fed. Reg. 48506, 48548 (July 25, 2016).

²⁵ 12 U.S.C. § 2906.

activities with respect to borrowers and geographies of different income levels. The institution's lending performance is based on a variety of factors, including (1) the number and amount of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's assessment areas; (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's loans in its assessment areas and the number and amount of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of such loans based on borrower characteristics, including for home mortgage loans the number and amount of loans to low-, moderate-, middle-, and upper-income individuals;²⁶ (4) the institution's community development lending, including the number and amount of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions is not available from HMDA data.²⁷ Consequently, HMDA data disparities must be evaluated in the context of other information regarding the lending record of an institution.

²⁶ Examiners also consider the number and amount of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less; small business and small farm loans by loan amount at origination; and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

²⁷ Other data relevant to credit decisions could include credit history, debt-to-income ratios, and loan-to-value ratios. Accordingly, when conducting fair lending examinations, examiners analyze such additional information before reaching a determination regarding an institution's compliance with fair lending laws.

CRA Performance of TIAA FSB

TIAA FSB was assigned an overall “Satisfactory” rating by the OCC at its most recent CRA performance evaluation, as of January 13, 2014 (the “TIAA FSB Evaluation”).²⁸ TIAA FSB received “Low Satisfactory” ratings for the Lending Test and the Service Test and a “High Satisfactory” rating for the Investment Test.

Examiners found that TIAA FSB’s lending levels reflected adequate responsiveness to the credit needs of TIAA FSB’s assessment area. Examiners also noted that the geographic distribution of home mortgage loans reflected good penetration and that the distribution of home mortgage loans among borrowers of different income levels reflected excellent penetration. Examiners also found that TIAA FSB’s geographic distribution of home refinance loans was excellent. Examiners further found that TIAA FSB had a relatively high level of community development loans, including loans to a low-income credit union focused specifically on meeting the financial service needs of underserved communities. Examiners noted that TIAA FSB’s loan-product offering was varied and that TIAA FSB made use of several community development financial institutions that supported affordable housing and community development projects in order to provide innovative and flexible credit products to address credit needs in its assessment area.

Examiners noted that TIAA FSB purchased a significant level of qualifying mortgage-backed securities and that its parent company, TIAA, had a significant level of qualified investments to minority-owned institutions and community development

²⁸ The TIAA FSB Evaluation was conducted using Large Bank CRA Examination Procedures. The Lending Test evaluation period was January 1, 2012, through December 31, 2013, for home mortgage loans originated and purchased. Examiners reviewed community development activities from August 21, 2010, through June 2, 2014. The assessment area reviewed was defined as the city of St. Louis, St. Charles, St. Louis, and Warren counties in Missouri, and Madison and St. Clair counties in Illinois. These five counties and the city of St. Louis are contiguous geographies located within the St. Louis MSA.

financial institutions. In addition, examiners noted that TIAA FSB made a donation to a St. Louis credit union that met an identified community need.

Examiners concluded that TIAA FSB's delivery systems were accessible to geographies and individuals of different income levels. Examiners noted that TIAA FSB was an Internet-based depository institution with no traditional banking offices or deposit-taking ATMs, instead relying on the Internet, mobile banking, and telephone banking for loans and deposit accounts. Examiners stated that it was unproven whether or not these alternative delivery systems specifically met the need of LMI families in TIAA FSB's assessment area. Examiners found that TIAA FSB provided an adequate level of community development services. Examiners noted that TIAA FSB's community development services included credit and homebuyer seminars primarily targeted toward LMI individuals residing in its assessment area and financial literacy training to LMI students within its assessment area.

TIAA FSB's Efforts Since the 2014 CRA Evaluation

TIAA FSB represents that since the TIAA FSB Evaluation, it has originated or renewed high-impact community development loans and has developed partnerships with a variety of community organizations in its assessment area to facilitate affordable housing and other loans to LMI individuals. TIAA FSB also represents that it has purchased mortgage-backed securities collateralized by mortgages to LMI individuals and is participating in a five-year Enterprise Community Impact note.

CRA Performance of EverBank

EverBank was assigned an overall "Satisfactory" rating by the OCC at its most recent CRA performance evaluation, as of October 14, 2015 (the "EverBank Evaluation").²⁹ EverBank received "High Satisfactory" ratings for the Lending, Investment, and Service Tests.

²⁹ The EverBank Evaluation was conducted using Large Bank CRA Examination Procedures. The Lending Test evaluation period was January 1, 2012, through December 31, 2014, for home mortgage loans and small business loans. Examiners reviewed

Examiners found that EverBank had an overall adequate dispersion of loans in geographies of different income levels. Although the examiners considered EverBank's geographic distribution of home purchase loans to be good and its geographic distribution of home improvement loans to be excellent, they found EverBank's geographic distribution of home refinance loans to be poor. Examiners noted that EverBank had a good distribution of loans to borrowers of different income levels. Examiners further found a good level of geographic distribution of lending for loans to small businesses and a good level of overall lending activity and community development lending. Examiners noted that EverBank's community development loans supported affordable housing initiatives, economic development in EverBank's assessment area, and the revitalization or stabilization of LMI census tracts.

Examiners found EverBank to have community development investments that exhibited excellent responsiveness to community development needs within its assessment area. Examiners noted that EverBank's investments included government-sponsored mortgage-backed securities, in which the underlying mortgages were to LMI borrowers. Investments also included grants to the local Habitat for Humanity and other affordable housing organizations as well as a contribution to a financial literacy program targeted to high school students in LMI communities.

Examiners noted that telephone and Internet are the primary means used by EverBank to deliver services to its customers. Examiners found that EverBank's physical branches were reasonably accessible to people and geographies of different income levels and that no significant differences in hours existed among branches located in geographies of different income levels. Examiners found that EverBank offered an adequate level of services through alternate delivery systems. Examiners also found that EverBank's record of opening or closing offices had not adversely impacted access to banking services. Examiners stated that EverBank provided an excellent level of

community development activities from May 1, 2012, through August 31, 2015. The assessment area receiving a full-scope review for the EverBank Evaluation was defined as Duval County, Florida, within the Jacksonville, Florida Metropolitan Statistical Area.

community development services that were highly responsive to community needs. Examiners specifically highlighted EverBank's efforts to provide technical assistance on financial and banking-related matters to community groups, which represented an excellent responsiveness to the affordable housing and community development needs within EverBank's assessment area.

EverBank's Efforts Since the 2015 CRA Evaluation

Applicants represent that since the EverBank Evaluation, EverBank has continued to provide products and services tailored to the convenience and needs of LMI individuals. Applicants represent that EverBank continues to originate and purchase community development loans within its assessment area. Applicants also represent that EverBank has made qualified investments within its assessment area, including investments in affordable housing units, scholarship programs serving low-income students, and grants to community organizations that provide affordable housing, community services, and education opportunities. Applicants represent that EverBank continues to participate in affordable lending programs and that EverBank supports the mission of Habitat for Humanity both by originating loans for the program and providing continuing mortgage-servicing support for loans owned by Habitat for Humanity organizations, as well as for loans sold by Habitat for Humanity organizations to other investors. EverBank also offers banking products, such as affordable savings and checking accounts, designed to provide an array of services throughout its assessment area at a minimal cost, as well as additional lending products and services aimed at extending banking services to smaller savers and borrowers and an online business-payroll service for small businesses.

Views of the OCC and the CFPB

In its review of the proposal, the Board consulted with the OCC regarding the CRA, consumer compliance, and fair lending records of TIAA FSB and EverBank. The Board also consulted with the CFPB regarding EverBank's record of compliance with consumer protection laws. The OCC approved the bank merger underlying this

proposal. The OCC was provided with the comments on the proposal received by the Board and considered them in connection with its review of the bank merger application.

The Board has considered the results of a recent consumer compliance examination of TIAA FSB conducted by OCC examiners, which included a review of TIAA FSB's policies and procedures for complying with fair lending and other consumer compliance laws.

The Board also has considered the results of a recent consumer compliance examination of EverBank conducted by OCC examiners, which included reviews of EverBank's consumer compliance policies and procedures, internal controls, compliance testing, monitoring, training, and the compliance-risk assessment process. Examiners also reviewed third-party risk management; management in response to changes in laws, regulations, systems, and products; due diligence for new products and services; and areas of potential unfair or deceptive acts or practices.

The Board has taken these consultations into account in evaluating this proposal, including in considering whether Applicants have the experience and resources to ensure that the organization would effectively implement policies and programs that would allow the combined organization to effectively serve the credit needs of all the communities within the firm's assessment areas.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. Applicants represent that the resultant depository institution will leverage the strengths of TIAA FSB and EverBank to focus on meeting community needs throughout the geographic footprint of the combined savings association. Planned efforts include, but are not limited to, financing for acquisition, renovation, or construction of affordable housing for sale or rent to LMI individuals or families; revolving loan funds for nonprofit organizations for the purpose of acquiring, rehabilitating, and selling affordable homes; financing for the acquisition, renovation, or construction of affordable multifamily housing; loans for owner-occupied,

nonresidential properties owned by community development organizations; investments in pre-development or permanent financing for affordable housing and community development projects that benefit LMI geographies; working capital lines of credit to community development corporations; financial literacy programs related to credit repair and foreclosure alternatives; and direct investments in nonprofit programs and related community services. Applicants represent that as a result of the proposed transaction, the resultant depository institution will have the capability to offer a wider array of banking products through expanded distribution channels. These banking products include credit cards and small business loans, which TIAA FSB does not currently offer to its customers, as well as broader residential lending and commercial lending operations.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of TIAA FSB and EverBank under the CRA; their records of compliance with fair lending and other consumer protection laws; consultations with the OCC and the CFPB; confidential supervisory information; information provided by Applicants; the public comments on the proposal; and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board concludes that the convenience and needs factor is consistent with approval.

Effect of the Transaction on the Savings Association and Insurance Risk to the Deposit Insurance Fund

In acting on a proposal under section 10(e) of HOLA, the Board considers the likely effect of the transaction on the savings association and any insurance risk to the Deposit Insurance Fund.³⁰ As discussed above, the financial and managerial resources and the future prospects of the combined organization are consistent with approval. The Board has considered the likely effect of the transaction on the resultant depository

³⁰ 12 U.S.C. § 1467a(e)(2).

institution and believes that it is consistent with approval. In view of Applicants' and EFC's current resources, capital, and future prospects; the significant financial and other resources being devoted to support the proposed combined organization; the managerial resources of Applicants, EFC, TIAA FSB, and EverBank; and the likely effect of the transaction on the proposed combined organization, the Board, after consulting with the Federal Deposit Insurance Corporation, believes that the proposal would not appear likely to have any material effect on the insurance risk to the Deposit Insurance Fund.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved.³¹ In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under HOLA. The Board's approval is specifically conditioned on compliance by Applicants with all the conditions imposed in this order, including receipt

³¹ A commenter requested that the Board hold public hearings or meetings on the proposal. Under its rules, the Board may, in its discretion, hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately represent their views. 12 CFR 238.14(e) and 262.3(e). The Board has considered the commenter's request in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted written comments that the Board has considered in acting on the proposal. The commenter's request did not identify disputed issues of fact material to the Board's decision that would be clarified by a public meeting. In addition, the request did not demonstrate why written comments do not present the commenter's views adequately or why a hearing or meeting otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the request for a public hearing or meeting on the proposal is denied.

In addition, a commenter requested an extension of the comment period for the proposal. The Board's rules contemplate that the public comment period will not be extended absent a clear demonstration of hardship or other meritorious reason for seeking additional time. The commenter's request for additional time to comment does not identify circumstances that would warrant an extension of the public comment period for this proposal. Accordingly, the Board determines not to extend the comment period.

of all required regulatory approvals, and on the commitments made to the Board in connection with the application. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated later than three months after the effective date of this order unless such period is extended for good cause by the Board or the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors,³² effective June 7, 2017.

Ann E. Misback (signed)

Ann E. Misback
Secretary of the Board

³² Voting for this action: Chair Yellen, Vice Chairman Fischer, and Governors Powell and Brainard.