

## **EQUAL CREDIT OPPORTUNITY - COMMUNITY REINVESTMENT - 2005**

WHEREAS our corporation has a significant mortgage lending operation, with originations of home purchase mortgages in 2003 representing \$\_\_ billion;

WHEREAS our company's performances on housing lending to minority and low-income borrowers were generally below the industry level as measured by aggregate Home Mortgage Disclosure Act (HMDA) reports:

The analysis of the 2003 HMDA data by CANICCOR for all corporate subsidiaries shows that lending to low-moderate income Black and/or Hispanic were \_\_% (and \_\_%) below the industry levels. Low-moderate income is defined as 80% or less of the median family income of the area, as estimated annually by the Department of Housing and Urban Development. (CANICCOR provides analysis of HMDA and CRA data to major institutional investors with social criteria and/or screened funds.)

WHEREAS the Equal Credit Opportunity Act (ECOA) prohibits lenders from discriminating in any aspect of a credit transaction with regard to race, national origin, sex, etc.

The Community Reinvestment Act (CRA) requires reinvestment in the community in which the depository subsidiaries operate; a lender can be in violation of the ECOA when it applies a policy or practice equally to credit applicants, but the policy or practice has a disproportionately adverse impact on applicants from a group protected against discrimination. Such a policy or practice is described as having a "disparate impact" and can only be justified on necessary business grounds.

WHEREAS, we believe our corporation has a duty and a business opportunity to incorporate its depository and other financial subsidiaries into a coherent corporate-wide program to raise its performance in lending to minority borrowers, low-moderate income borrowers and low-moderate income areas to help ensure its compliance with the Equal Credit Opportunity Act and the Community Reinvestment Act.

Whereas it is to our corporation's financial advantage to increase minority lending. The lower average age of minority households, especially Hispanic households, will provide a major segment of the purchase mortgage market as the baby boomers age, and our corporation should be prepared to be a major player in this new market.

*BE IT RESOLVED that the shareholders request the Board of Directors to develop an overall FAIR LENDING - COMMUNITY REINVESTMENT POLICY which includes all financial subsidiaries of the corporation with a general program goal for housing loans of achieving at least the industry level of lending in each major market area to each major disadvantaged group and to report annually to shareholders on its achievements.*