

Citizens Redevelopment Corp., Inc.

A Not-For-Profit Equity Group

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To: Federal Banking Regulators

Re: Community Reinvestment Act Comment Period

As you review the revised CRA passed in 1995, please consider the challenges we confront in the state of New Jersey. The state is relatively small geographically, but has many large densely populated urban areas in close proximity to one another. Asbury Park, Atlantic City, Camden, Jersey City, Newark, Paterson and Trenton are all urban areas in need of redevelopment. Investment capital is needed to refurbish housing and help to small businesses. A joint Federal Reserve Bank study (New York and Philadelphia) conducted in 1999 identified over 225,000 urban housing units on the verge of being blighted if rehabilitation was not imminent.

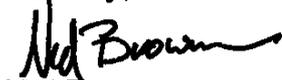
Here is just one example. Asbury Park provides 25 percent of the subsidized housing in the county in a city where 24% of the residents are living below the poverty level and 42% of the children are. Unemployment hovers near 9 percent and is increasing. 85% of the housing stock is rental. The owner occupied housing rate is one of the lowest in the state. Much of the rental housing stock is absentee owned and maintenance on the majority of properties is very poor. Small business lending is nearly nonexistent. Yet the city is surrounded on all sides by some of the wealthiest communities in the country. Asbury Park's racial composition is 75% minority while the surrounding towns on average are less than 3 percent. During 2000, there were 429 residential transfers of title (source: Asbury Park Building Department). Many of these were single or two family owner-occupied houses. Yet the major banks represented in the community or with nearby branches originated just 10 loans. Those banks are Fleet, PNC, First Union, Sovereign, Bank of New York and Dime - all banks with multiple branches in Asbury Park or adjacent communities. And in 1999, these banks originated just 11 mortgages. The area is clearly not being serviced by the major lenders.

Attached is a copy of the New Jersey State Assembly Resolution No. 213, proposing the creation of a Community Reinvestment Task Force. It was introduced on June 21, 2001 just prior to the summer recess. Action on the bill will resume on November 7 just after the elections. What makes this bill of interest is that its sponsors are Assemblymen Tom Smith- Republican and Assemblyman Christopher Bateman-Republican, Chairman of the Assembly Banking and Insurance Committee. The purpose of the task force is to study the impact of the CRA on economic development and housing construction in certain large urban communities in the State. Assemblyman Smith and Chairman Bateman, both Republicans, are concerned that the banks are not

meeting their lending obligations of the CRA. The poor home mortgage lending results in Asbury Park is just one urban example.

The likelihood of the bill be passed through the legislative branch, signed by the next Governor and passed into law is very high. The need for more urban lending by the banks in New Jersey is not a partisan issue. It is an issue affecting many citizens. Hearings will most likely begin during early 2002. While you as federal regulators may file your comments during this period, we encourage you to participate during the hearings throughout New Jersey. Citizens Redevelopment Corp is pleased to play a role to help initiate and push this important piece of regulation. The resolution reaffirms the need for strengthening the CRA and holding banks more accountable to their fiduciary responsibilities.

Sincerely,

A handwritten signature in cursive script that reads "Ned Brown".

Ned Brown
President