



## **CRA PLAN**

**May 9, 2016**

First Federal Bank has a long history of giving back to the communities it serves. The Bank's focus on savings and residential lending provides a number of opportunities to reinvest in the communities' it serves by providing financial education, savings products and loans that assist people of all ethnicities, education and income levels in saving for and owning a home.

The management team and the employees take pride in the Bank's long record of on a prospective basis meeting the needs of its Assessment Area. The bank accomplishes this through a variety of ways. First and foremost the bank listens to the community to determine what the needs are. The bank accomplishes this via its CRA officer who attends multiple seminars locally throughout the year that are targeted at reaching the underbanked. The Bank's CRA officer also has partnerships with local community leaders and non-profits whose mission is to serve individuals and families located in low and moderate income census tracts. Additionally the bank hosts an annual housing symposium designed to increase the communities' awareness of the Bank's products and services and to allow the community a forum to share their needs. Management then takes all that information and assesses its current product offerings to determine how these products can meet the community's needs. If the bank does not have the products available the community desires it will investigate new product offerings and if they can be delivered in a safe and sound manner will begin to offer them. Once the community needs are determined and a product offering is matched management will determine the most effective and efficient manner in which to deliver the product or service. This may be via partnerships with local community groups and housing organizations, in-branch promotions, direct mail, internet, radio and/or newspaper advertising or any combination of the above.

On April 19, 2016 the Bank held its first annual Housing Symposium. Members of the public from within the Bank's assessment area were invited to participate in a discussion about what the current housing needs of the community are and how the Bank might better meet those needs. Input from that meeting was utilized in the development of this plan.

## **Lending**

It is the intent of the bank to provide home loan products that support the housing needs of the entire assessment area of the bank that are consistent with safe and sound banking practices. The Bank originates loans via retail locations within its assessment area as well as via the internet. The marketing for these two delivery channels is very different. For loans originated via the internet the Bank purchases both home purchase and refinance loan leads from lead aggregators such as Lending Tree. These internet leads come from all fifty states and from within and outside of the Bank's assessment area. The loans originated via the Bank's retail locations are sourced much differently. The vast majority of these loans are generated from relationships the individual loan officer has with realtors, accountants, investment professionals, other referral partners, and previous borrowers. It was evident at the Bank's Housing Symposium that many potential borrowers in the low and moderate income census tracts within the Bank's assessment area were not aware of the Bank's home purchase and refinance products. In addition many of them still do not trust Banks. The first step towards penetrating this market will be for the Bank to partner with community groups and housing organizations to form a relationship and gain credibility in these communities. This will be the responsibility of the Bank's CRA Officer and will be the CRA Officer's focus throughout the first year of this plan. While the CRA Officer reaches out to local community groups to increase awareness and trust the Bank will undertake a marketing campaign to increase the communities' general awareness of the Bank and its commitment to home ownership. Once a relationship is formed the CRA Officer will work late in the first year of the plan and annually thereafter with these groups to hold educational workshops and programs to educate current and potential homeowners of the requirements and responsibilities of home ownership. The CRA Officer will be working in tandem with these new partners to educate them on the Bank's home purchase and refinance products and their requirements, so they can act as referral partners. Late in the first year of this plan and for the subsequent two years the Bank will increase its marketing and advertising via a combination of some or all of the following; direct mail, targeted newspaper ads and radio ads. The CRA Committee will on a semi-annual basis review its marketing and advertising plan to ensure there is no unintentional discrimination or redlining taking place. Further, the CRA Committee will on a semi-annual basis review its distribution of loans to ensure its marketing efforts and partnerships are yielding a reasonable distribution of loans when considering the location of physical branches, market conditions, and the number of lending opportunities in each census tract. The Bank recognizes there are individuals in its assessment area that will not qualify for loans made in a safe and sound manner. For these borrowers, the Bank will partner with organizations such as Neighborhood Housing and Habitat for Humanity and others who have programs designed to meet the needs

of these potential borrowers. Additionally the Bank may support these types of organizations with monetary contributions as well as with its staff's time and talent.

## **Community Development**

Giving back to the communities the Bank serves is a core belief of First Federal. The Bank encourages its employees to give back with volunteer time and to provide their financial expertise when possible. The Bank's commitment to giving back is memorialized in the Bank's Corporate Giving and Volunteer Statement. The Bank's CRA officer is charged with maintaining a record of all volunteer time.

The Bank recognizes that small business and community development lending is essential to the success of any community. However this type of lending does not align with strategic mission of the Bank and is outside the expertise of current staff. As such this type of lending could not be done in a safe and sound manner. To help facilitate this type of lending the Bank has placed a CD with Central Bank of Kansas City which is a certified Community Development Financial Institution within the Bank's assessment area. The Bank will actively seek out new partnerships with organizations like Alt-Cap and LISC that support this type of lending specifically in LMI and Minority census tracts.

The Bank's Chief Financial Officer is tasked with seeking out investments in Mortgage Backed Securities that are made to low to moderate income and minority borrowers within the Bank's assessment area in addition to community development bonds and investments in income tax credits that may further support LMI and Minority census tracts.

## **Community Development Services**

Financially the Bank supports a number of organizations such as Hillcrest Transitional Housing and Bright Futures Fund which specifically support the financial, housing and educational needs of minority and low and moderate income individuals and families. It is the primary responsibility of the Bank's CRA officer to maintain these relationships and seek out new opportunities for the Bank to invest in its communities. The Bank also offers a wide variety of depository products that promote savings and financial security for individuals of all income ranges. In addition the Bank offers access to these products both online, in branch and on mobile devices to allow individuals to bank when and where it is most convenient for them. Annually the Bank hosts a number of first time homebuyer workshops in various locations throughout its assessment area. These are promoted via the Bank's branch network, website, and through the Bank's various referral partners.

## **Community Development Officer**

The Board of Directors has appointed a Community Development Officer (CDO) to assist in the implementation and tracking of the CRA Plan. The CDO will focus at least 50% of their time on issues directly relating to the Bank's service to low-to-moderate income census tracts, specifically focusing on how the bank can improve home refinance activity in these tracts.

## **Community Outreach**

The Bank believes it is essential to reach out to, and meet and work with organizations and small community groups that serve individuals in LMI and majority minority census tracts within the Bank's assessment area and KC MSA. On April 19, 2016 the Bank hosted its first annual Housing Symposium at the Bruce R. Watkins Cultural Heritage Center & Museum. At the symposium the Bank engaged in a discussion with local neighborhood groups, civic leaders, clergy, and regulators surrounding housing and how the Bank can better deliver its products and services to all census tracts within its assessment area. The Bank has and will continue to work with its existing partners as well as seek new partners to provide or support financial education and loan workshops. The Bank will also continue to provide subsidy funds for home loans including home refinance loans. Lastly the bank will work to develop relationships that will yield community development and investment opportunities.

## **Public Reporting**

The Bank believes that an effective CRA Plan includes public communication of programs offered and goals accomplished. The Bank will post this CRA Plan on its public website and in its CRA file as a means to provide and inform the public, and organizations and community groups of the Bank's progress being made in its various initiatives.

## **Governance**

The Board of Directors has established the CRA Committee to oversee the implementation of the Bank's CRA Plan. The CRA Officer will serve as Chairman of the Committee and other members are President and CEO, Chief Lending Officer, Chief Risk Officer, Compliance Officer, CDO, Marketing Officer, and a Senior Underwriter. The committee will hold semi-annual meetings to review lending activity, marketing strategies, investments, goal achievement and community activities for compliance with the CRA Plan. On an annual basis the CRA Committee will submit a report to the board summarizing the Bank's progress relating to the goals outlined in the CRA Plan. A copy of this annual report will be made part of the Bank's public CRA file and forwarded to the Office of Comptroller of Currency.

## **Measurable Goals**

The bank will host an annual housing symposium and invite community groups, regulators, non-profits and civic leaders to engage in a discussion about how the bank can help to improve home ownership as well as increase availability to credit, specifically home refinance, in all census tracts.

For the next three years, the Bank will commit \$35,000 annually to Alt-Cap to assist in capitalizing a revolving loan pool designed to finance the rehabilitation of vacant, blighted homes in distressed areas of Kansas City.

Annually for the next three years the Bank will commit \$10,000 to fund workshops and educational programs targeted at increasing financial literacy in LMI census tracts. These workshops will be done in conjunction with groups such as El Centro specifically targeted to increase consumer awareness of home ownership and home refinance opportunities.

The Bank will spend at least \$15,000 a year for the next three years to increase consumer awareness of the Bank's deposit products as well as home purchase, home refinance and home improvement loans. The bank currently has three branches in majority minority census tracts that are also LMI census tracts. The bank will initiate four direct mail campaigns a year to households surrounding its branches currently in majority minority census tracts specifically targeted to increase customer awareness of home refinance and home improvement loans.

The bank will commit \$25,000 a year for the next three years in loan subsidies to improve access to credit for individuals earning up to 120% of the median income in LMI census tracts. The bank will work with local civic, housing and community groups to educate the community on the availability of these funds and the requirements to receive them.