



# STRATEGIC PLAN

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## PUBLIC DISCLOSURE

**March 21, 2005**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**MetLife Bank, National Association  
Charter Number 23743**

**501 Route 22  
Bridgewater, NJ 08807**

**Comptroller of the Currency  
New York Metro-New Jersey-West  
830 Morris Turnpike Second Floor  
Short Hills, NJ 07078**

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution

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## **INSTITUTION'S CRA RATING**

This institution is rated **Satisfactory**. The rating is based on the following factors:

- The bank met its goals for originating community development loans and investments for the two years under review.
- The bank met its goal in the amended Strategic Plan for community development loans and investments outstanding for the year 2004.
- The bank met its community development service goals for the two years under review.

## **DESCRIPTION OF INSTITUTION**

MetLife Bank, N.A. is an intrastate bank headquartered in Bridgewater, New Jersey. The bank received its charter on February 23, 1999 and was acquired by MetLife, Inc. in February 2001. After MetLife, Inc., acquired the bank, the headquarters was moved from Monmouth Junction, NJ to Bridgewater, NJ, and the office in Monmouth Junction was closed in 2003. The closure of the office did not have a significant affect on the bank's ability to meet the needs of the AA. MetLife, Inc. is also the holding company for Metropolitan Life Insurance Company, one of the largest insurance companies in the United States. Through its numerous subsidiaries, MetLife, Inc. offers a full array of financial services to the general public. As of December 31, 2004 the bank had \$3.1 billion in total assets, \$2.7 billion in total deposits, \$1.7 billion in net loans, and \$1.4 billion in investments. The bank has grown rapidly, with total assets of \$1.5 billion at year-end 2003, and \$469 million at year-end 2002. The bank has one deposit-taking office, located at their headquarters at 501 Route 22, Bridgewater, NJ. This office primarily serves employees of MetLife Bank, N.A. and its affiliates. Most deposit activities are conducted by telephone, mail or through the Internet. Deposit accounts are solicited through nationwide advertising and by referrals from agents of the Metropolitan Life Insurance Company. Deposits are also obtained from employees of affiliated companies. The bank provides the following primary services: Money Market Deposit Accounts (MMDA), time deposits, savings accounts, Individual Retirement Accounts (IRA), and automated teller machines (ATM) at various MetLife locations. Several services have been discontinued, including checking accounts, overdraft lines of credit, and electronic bill payment. Loan products include commercial loans, agricultural loans, commercial real estate loans, and residential mortgage loans. Almost all of these loans are purchased from affiliated and non-affiliated parties, or co-originated with affiliated parties.

The previous CRA examination, under the small-bank examination procedures, as of February 22, 2000, rated the bank as "Satisfactory." There are no financial or legal impediments that would hinder the bank's ability to meet its CRA goals.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's Assessment Area (AA) consists of the entire Edison, NJ Metropolitan Division (20764) of the New York – Newark – Edison NY/NJ Metropolitan Statistical Area (35620). The AA consists of Middlesex, Monmouth, Ocean and Somerset counties, all in New Jersey. The assessment area meets applicable regulatory guidelines and does not arbitrarily exclude any areas. The bank amended its AA when the Strategic Plan was amended in 2004. This was done as a result of the closure of the bank's office in Monmouth Junction, NJ in 2003, along with the U.S. Office of Management and Budget's

(OMB) changes in the structure of Metropolitan Statistical Areas (MSA). The previous AA in the original Strategic Plan consisted of the Middlesex-Somerset-Hunterdon Primary Metropolitan Statistical Area (PMSA) and the Trenton PMSA, both in the New York/New Jersey Consolidated Metropolitan Statistical Area (CMSA). The Trenton PMSA was previously included in the AA as it was in close proximity to the Monmouth Junction office. After that office was closed, the bank decided to exclude that PMSA from the new AA. Our analysis included the bank's performance in the Trenton PMSA for 2003, but not for 2004.

Demographics for the AA are based on 2000 census data. The current AA consists of 496 census tracts. The classification of the census tracts by income levels are as follows: 23 low-income (4.64%); 91 moderate-income (18.35%); 256 middle-income (51.61%); 123 upper-income (24.80%); and 3 not classified (0.60%). The population of the AA is 2,173,869. The 2003 HUD adjusted median family income for the AA is \$82,800. Owner-occupied housing units comprise 68% of the housing stock. The median housing value was \$182,418 in 2000, but has increased substantially since then. The distribution of households in the AA by income levels is as follows: 4.53% classified as low-income; 18.17% classified as moderate-income; 52.15% classified as middle-income; and 25.15% classified as upper-income. There are no apparent gaps of coverage or exclusion of any low- or moderate-income census tracts within the AA.

Affordable housing is a need as house price appreciation has increased dramatically in the MD. Existing home prices in the metro area are advancing at a double-digit pace. In addition to affordable housing in general, affordable housing that is reserved for the elderly and supportive services for the elderly, including senior centers, have been identified as a high priority need. Affordable housing for renter households is also needed.

The economy in Monmouth and Ocean counties has had strong performance, boosted by strong population growth, a booming real estate market and a good level of consumer spending. The economic recovery has been more moderate in Middlesex and Somerset counties, held back by ongoing weaknesses in the telecom market, but bolstered by expansion in transportation and business services.

## **SCOPE OF EXAMINATION**

The bank will be evaluated under the Strategic Plan goals for the years 2003 and 2004. The Strategic Plan establishes measurable goals for a combination of Community Development Loans and Community Development Investments, both for originations or purchases, and for the maintained balance. In addition, measurable goals are listed for Community Development Services. In September 2002, the bank requested that it be designated under the CRA Strategic Plan option, and OCC approval was received in December 2002. The Strategic Plan was later amended, with OCC approval of the amended Plan received in June 2004, and with the effective date being as of January 1, 2004. The CRA Strategic Plan covers the period from January 1, 2003 to December 31, 2005. The goal of the Plan is to achieve a Satisfactory CRA rating. The examination did not consider any activities of any affiliates, at the bank's request.

## CONCLUSIONS

### Community Development Loans and Investments

#### Amount of New Originations and Purchases of Community Development Loans and Investments:

MetLife Bank, N.A. met its goals for new originations and purchases of community development loans and investments in 2003 and 2004. In 2003, the bank originated three qualified loans for \$4 million, and purchased 11 qualified investments for \$13 million. In 2004, the bank originated four qualified loans for \$5.7 million, and purchased seven qualified investments for \$12.5 million.

Community Development Loans and Investments – Annual New Originations and Purchases			
Year	Plan Goal for Year	Actual Originations/Purchases	Achievement Level
2003	\$10,045,000	\$17,049,000	Met
2004	\$8,199,000	\$17,208,000	Met

Examples of Community Development Loans include:

- A \$1 million loan to a nonprofit community development financial institution (CDFI) that makes loans for the development of affordable housing for low-and-moderate income individuals and communities, as well as loans for small businesses and community facilities. These loans are made throughout New Jersey, including the bank's AA.
- A \$1 million loan to a not-for-profit corporation that assists Community Development Corporations (CDCs) by providing low-cost loans and other financial assistance for transforming depressed neighborhoods. This is done through creation of affordable housing for low-and-moderate income individuals, commercial development, job creation, and community facilities. The loan was made to the New Jersey arm of this national organization, with its community development activities done statewide, including in the bank's AA.
- A \$2 million loan to a not-for-profit corporation that makes mortgage financing available for the development and preservation of low-and-moderate housing throughout New Jersey, including the bank's AA.
- A \$1 million loan to a not-for-profit financial services corporation that provides new capital for community-based development organizations. The proceeds are used to acquire and warehouse affordable housing and other loans that are originated by local community development lenders to primarily benefit low-and-moderate income individuals. The initial proceeds were used for a loan to a Charter School in a low-income neighborhood in the bank's AA that primarily serves low-and-moderate income families.
- A \$700 thousand loan to a not-for-profit organization that provides financial and technical assistance to nonprofit organizations engaged in the development of service-enriched housing primarily for individuals who are low or moderate income or have special needs. The loan to this national organization was earmarked for projects in New Jersey, including those in the bank's AA.
- A \$2 million loan to a limited partnership that has an equity investment in a Community Development Entity (CDE). The CDE has purchased community development loans from local community development lenders. The bank's portion of the investment has been identified with a loan to a Charter School in a low-income area of the bank's AA that primarily serves low-and-moderate income families.

- A \$2 million loan to a not-for-profit corporation that provides funds to nonprofit groups that engage in community development activities, such as development of affordable housing for low-and-moderate income individuals in a tri-state area that includes the bank's AA.

Examples of Community Development Investments include:

- A \$3 million investment in a fund that purchases residential mortgage loans specifically made to low-and-moderate income families in the bank's AA
- Fifteen investments totaling \$18.5 million in mortgage-backed securities consisting specifically of mortgage loans made to low-and-moderate income families in the AA.
- A \$3 million investment in a fund that purchases the federally guaranteed portion of Small Business Administration (SBA) program loans originated for small businesses in the bank's AA that are either in low-and-moderate income areas or support permanent job creation for low-and-moderate income individuals.

#### Amount of Community Development Loans and Investments Outstanding at Year-end:

MetLife Bank, NA met its goal for maintaining a level of community development loans and investments in 2004. This goal was incorporated in the amended Strategic Plan for 2004, and was not a part of the original Strategic Plan for 2003.

Community Development Loans and Investments – Amount Outstanding at Year-end			
Year	Plan Goal for Year	Actual Year-end Balance	Achievement Level
2004	\$24,596,000	\$30,931,000	Met

#### **Community Development Services**

MetLife Bank, NA met its goals for community development services for 2003 and 2004. The goal is to maintain representation on boards of non-profit or community-based organizations that serve the needs of the identified assessment area, including activities such as providing affordable housing, micro-lending in the small business community, community development lending, and community development services.

Community Development Services – Annual Representation On Community Development Organizations			
Year	Plan Goal for Year	Actual Performance	Achievement Level
2003	3 boards	5 boards	Met
2004	4 boards	5 boards	Met

The bank is represented on various boards of directors and advisory committees for organizations that perform a variety of community development activities. Examples of the bank's activities are as follows:

- A bank officer served on the Board of Trustees of a New Jersey based nonprofit community development and environmental organization, that provides at-risk youth job training, affordable housing development, financial literacy training, and homeownership counseling. These activities primarily benefit low-and-moderate income individuals.
- A bank officer serves on the New Jersey advisory board of a national not-for-profit corporation that assists Community Development Corporations (CDCs) throughout the United States,

including the bank's AA, in their efforts to transform distressed neighborhoods by marshaling private and public sector resources, extending financial assistance in the form of loans, lines of credit, grants, and loan guarantees, and providing technical support.

- A bank officer served on the New Jersey advisory board of a national nonprofit organization, whose purpose is to support the individual efforts of local nonprofits developing service-supported housing for those people coping with homelessness and extreme poverty, as well as chronic health conditions. The organization's focus has been on creating and strengthening a permanent supportive housing industry for the chronically homeless and in assisting with affordable housing production for low-and-moderate income households.
- A bank officer served as an advisory board member on a service agency in New Jersey that focuses exclusively on low and moderate-income households, including job skills training to teens, and guidance and advocacy for homeless families. The organization is also a New Jersey State Certified Housing Development Organization that has been developing a senior and disabled housing facility.
- Two bank officers served as board members and loan committee members of a New Jersey non-profit organization that provides financing to both new and existing small businesses within parts of New Jersey, including Hunterdon, Mercer, Middlesex, Monmouth, and Somerset Counties. The goal of the organization is to create jobs and foster community wide economic development.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

We found no evidence of illegal discrimination or other illegal credit practices.