



2008 Annual Development Banking Conference
November 6-7, 2008

Housing Finance – Opportunities for CDFI Banks
11:00 am – 12:15 pm

Panelists:

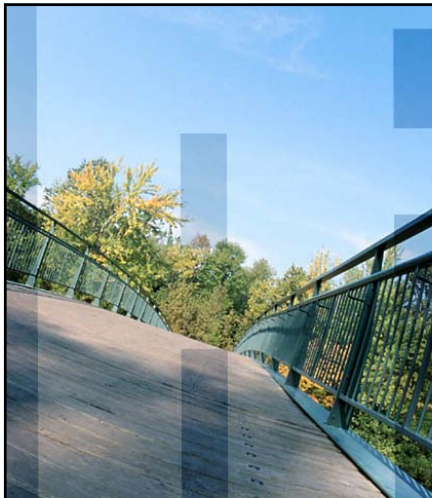
Mary Tingerthal
President, Capital Markets Companies, Housing Partnership Network
Trustee, National Community Investment Fund

David Reiling
Chief Executive Officer, Sunrise Community Banks, MN

Debbie Wright
Chairman and Chief Executive Officer, Carver Federal Savings Bank, NY

November 6, 2008

www.ncif.org

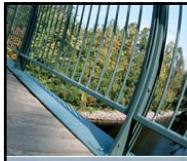


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Housing Finance Opportunities

Sunrise Homeownership Alliance

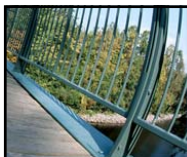
November 6, 2008 ~ NCIF Annual Conference



Sunrise Community Banks

- Three bank holding company
 - University Bank, Franklin Bank & Park Midway Bank
- Mission:
 - 'The Leader in Improving Our Urban Community'
- Total Assets: \$480 million
- Location:
 - Six locations - Urban core of St. Paul & Minneapolis
- All Certified CDFIs

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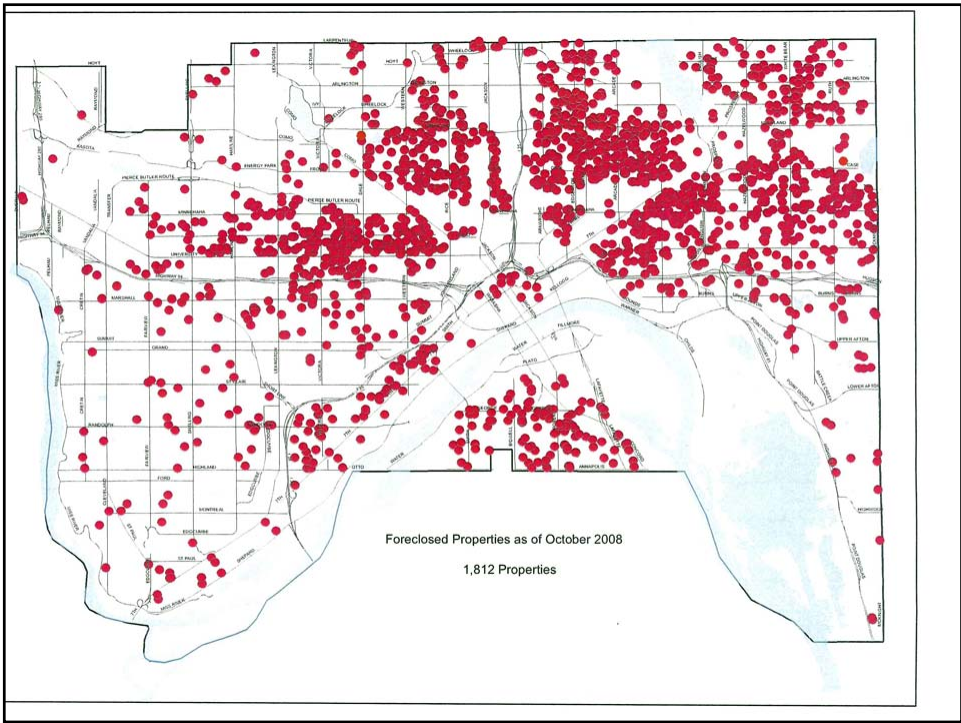
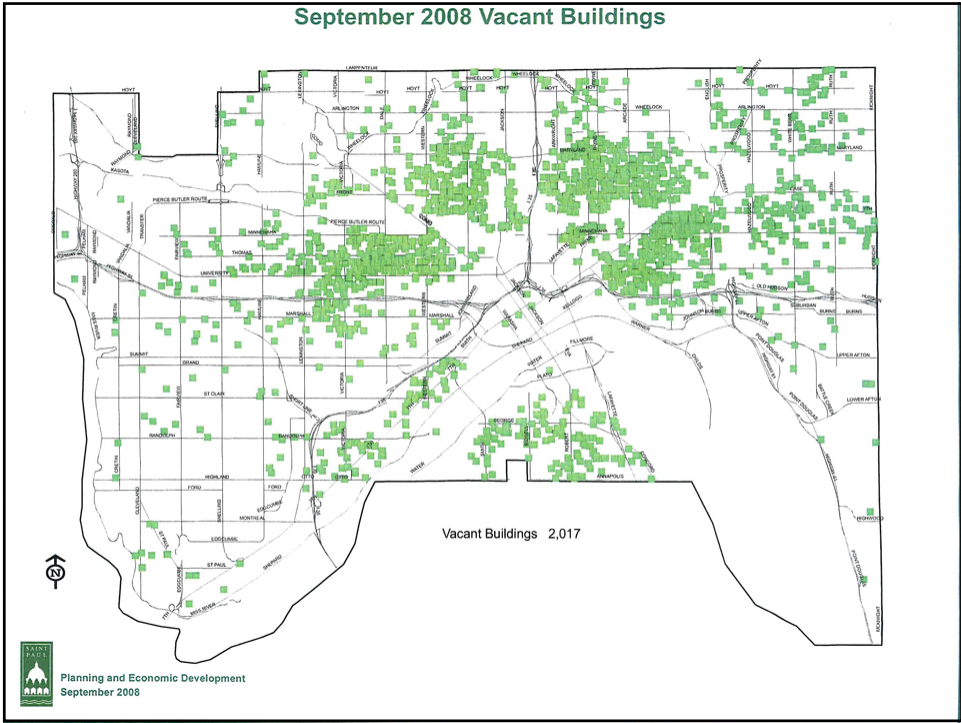
Foreclosures in Twin Cities metro area

- 2005-2007
 - 1:54 One mortgage foreclosed for every 54 households in Minnesota*
- In 2007
 - 64% of all Minnesota foreclosures were in the seven country metro area*
 - 12,974 foreclosures in Twin Cities Metro
 - Forecloses almost doubled from 2006 when there were 7,039 foreclosures
- Over 2,000 buildings are vacant in the City of Saint Paul alone.

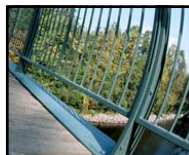
*Source: HousingLink, [Foreclosures in Minnesota: A Report Based on Sheriff's Sale Data](#), April 2008

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September 2008 Vacant Buildings



**677 Lawson Avenue
St. Paul MN 55106**

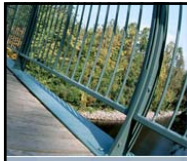


St. Paul Neighborhoods



- Let's make a deal
- The median sales price of homes in this neighborhood have dropped close to \$80,000 or 43% of their value since 2005
- Neighborhoods have become increasingly unsafe & unstable

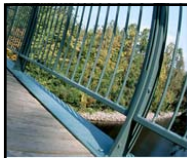
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Why Important?

- Financial and Social Cost
 - To cities
 - To taxpayers
 - To businesses
 - To communities
 - To families
 - To social sector
- Crime
- Local/Regional Economy

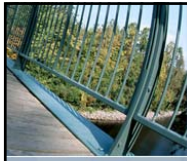
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The Sunrise Homeownership Alliance

- We approached two well established not-for-profit housing organizations (Mpls. & St. Paul)
- Idea: develop an acquisition and rescue program for foreclosed & vacant properties in the Twin Cities
 - Collectively we developed a contract-for-deed (seller financing) program in Minneapolis & St. Paul

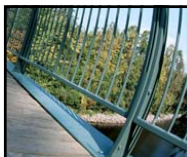
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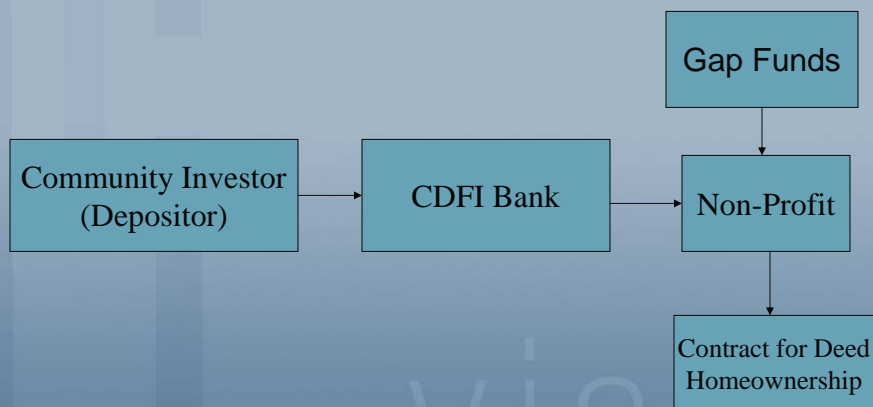
The Sunrise Homeownership Alliance

- Public/Private partnership:
 - Social Investors
 - CDFI Banks
 - Housing Not-for-Profit Organizations
 - Foundations
 - City governments
 - Qualified homeowners
 - Future: Faith Based & Citizen Sector
- The Quest is a model that is:
 - Scalable
 - Sustainable
 - Replicable
 - Affordable

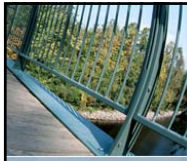
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The Sunrise Homeownership Alliance



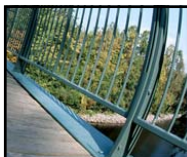
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Contract for Deed Program "Bridge to Success"

- Administered through housing non-profit alliance partners
- Contract Financing:
 - 80% from the bank (Loan)
 - 20% (GAP) from other partners (i.e. Family Housing Fund, City of Saint Paul)
 - Quasi-equity financing is the riskier portion of the contract for deed
 - The Gap is the resource we need to leverage (4:1)

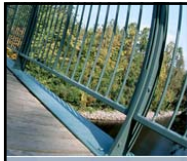
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Contract for Deed Program "Bridge to Success"

- Program Characteristics:
 - Pre & Post Purchase counseling
 - Homeowner Budget
 - Minimal down payment (\$2k or 1%)
 - 3 year contract period with possible 1 year extension
 - Competitive interest rate compared to the mortgage market
 - Access to capital is the primary objective; Open the flow of capital in these neighborhoods

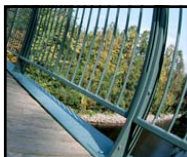
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The Sunrise Homeownership Alliance

- Program status – first contract for deed
 - Purchase price - \$80,000
 - Rehab & other costs - \$85,000
 - Total Cost to Non-Profit - \$165,000
 - Sale Price - \$134,900
 - Loss of \$30,000 covered by grant
 - Alternatives:
 - Demolition and reconstruction
 - Absentee landlord/investor buys home & rents
 - Creates a sense of hope in a neighborhood devastated by foreclosures

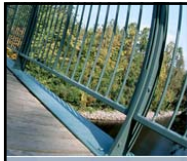
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The Sunrise Homeownership Alliance

- Investment/Deposit Status
 - Bank made commitment to fund the first \$2 million
 - Since then \$2 million in community investment deposits have been dedicated to the SHA pilot (10/30/08)
 - \$2 million pilot funds approximately 25 homes (assuming \$100,000 home value)
 - Additional \$2 million in soft commitments

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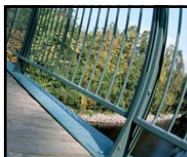


The Sunrise Homeownership Alliance

- Program Goals:
 - Scale to a tipping point – “the return of the capital markets to these communities”
 - Return depositor funds
 - Maintain credit quality & regulatory compliance
 - Offer affordable home financing to families

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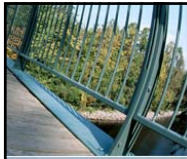


Challenges to scale

- Regulatory concerns
- Capital ratios
- Decreasing home values
- Not-for-profit infrastructure & capacity
- Community investment deposit generation

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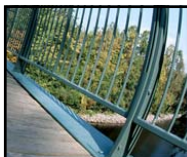
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Opportunities to scale

- Pilot mode:
 - Assess the risks in real time and work with our regulators to continuously stay abreast of credit quality/concentration issues
- Access to additional capital
 - Capital Magnet Fund
 - TARP
 - BEA
- Loan Participation Network
- Guarantees
- Refinance Partners - contracts
- Mortgage origination business
- Expand the housing NGO network
- Effectively tell the story of homeowner success

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Thank You!

David Reiling

CEO

Sunrise Community Banks

651-259-2220

david@sunrisebanks.com

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Carver Bancorp, Inc.

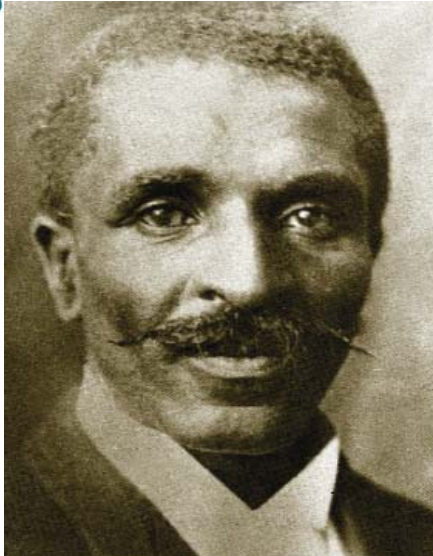
www.carverbank.com

"Leveraging Capital for Change"

National Community Investment Fund
Chicago, IL

November 6-7, 2008

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*"Where there is no
vision, there is no
hope"*

George Washington Carver

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Celebrating 60 Years!

Carver's Founders: 1948



Standing: Thomas B. Dyett Hawthorne E. Lee Joseph D. Gibson James Felt C. D. King
William R. Hudgins M. Moran Weston Charles A. Petioni
Sitting: Walter A. Miller A. George Daly Mable E. Beaud'Huy Joseph E. Davis

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Agenda

Who is Carver?

Customer and Community Impact

Community Preservation Corporation

Our Partnership: Opportunities, Risks and Returns

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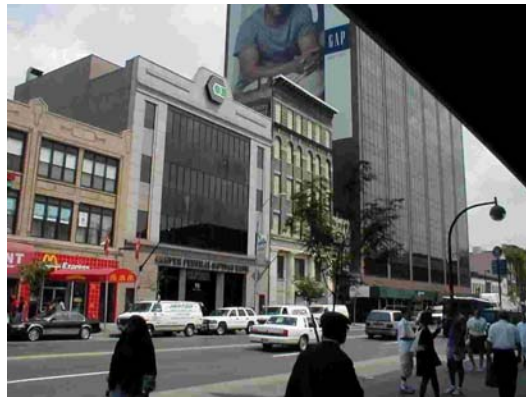
Who is Carver?

- A Community Bank
- Headquartered in Harlem with 10 branches and eleven 24/7 ATM centers in Harlem, Brooklyn, Queens
- Largest African- and Caribbean-American operated bank in America
- Business model: lend to local residents, non-profits and small businesses, utilizing core and other deposits
- \$788 million in assets (as of June 30, 2008)
- Over 45,000 retail & commercial accounts
- NASDAQ:CARV

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Carver's Headquarters on 125th Street



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Harlem Supermarket Branch at 145th & Bradhurst



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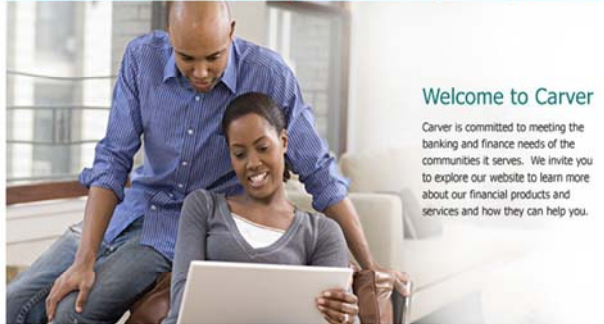


New Online Banking Platform

Home | Investor Relations | Branch/ATM Locator | Contact Us | Site Search



Consumer Banking | Business Banking | Non-Profit Banking | Loans | About Carver



Welcome to Carver

Carver is committed to meeting the banking and finance needs of the communities it serves. We invite you to explore our website to learn more about our financial products and services and how they can help you.

Consumer Online

[Register](#) [Demo](#) | [More Info](#)

User Name:

Password:

[Forgotten Password?](#)

Business Online

[Demo](#)



New Things Are Happening Everyday!
Since 1948, Carver has remained steadfast in service to underserved communities through innovative efforts such as the Opportunity NYC anti-poverty program. And there's more... [Learn More](#)



Investing. It's easier than you think... [Learn how](#)
Carver's innovative alliance with Merrill Lynch can help you reach your goals.



Non-Profit Banking
Carver is a leading banker to faith-based institutions, non-profit organizations, and foundations. [Learn More](#)

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Targeted Advertisement Strategy: Small Businesses

SMALL BUSINESS IS OUR BUSINESS. CARVER FEDERAL SAVINGS BANK

**Investing In Your Business.
Investing In Our Community.**

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Customer and Community Impact

Community Preservation Corporation

Our Partnership: Opportunities, Risks and Returns

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Customer and Community Impact

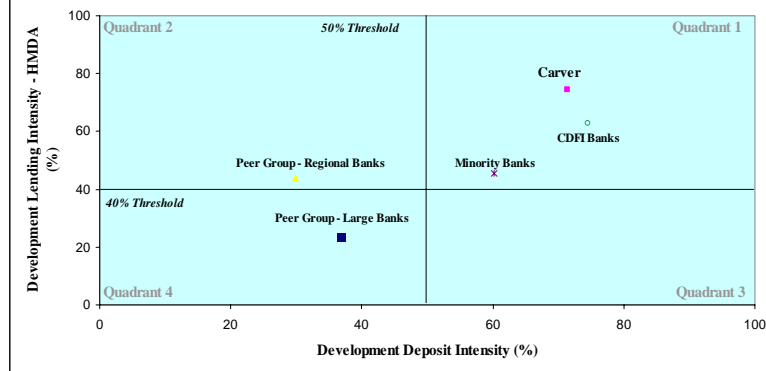
Carver Community Development Corporation was established to formalize and expand our community development, corporate giving and outreach efforts. Initial focus includes:

- **New Markets Tax Credit**
 - Will complete investment of \$59 Carver million in 2006 NMTC award, funding innovative commercial projects, this year.
- **School Construction Authority Mentor Program**
 - Loans provided to 35 minority and women owned contractors totaling over \$2.1 million.
- **Financial Empowerment Series/Financial Literacy Center**
 - Over 6,000 people attended our financial seminars, provided with our partners, Harlem Congregations for Community Improvement and Neighborhood Housing Services, last fiscal year.
- **Strategic Relationships with City Agencies and Corporate Partnerships Addressing the Unbanked/Under-banked**
 - Key partnerships with the Department of Homeless Services' Advantage Savers Program, Opportunity NYC and NYCHA Rent Collection Program.
 - "Pay Rent Build Credit": Carver will assist our customers with thin or no credit files to establish a credit history by registering timely rent and utility bill payments, thereby establishing a strong FICO score.



Customer and Community Impact

NCIF Social Performance Metrics - 2006 Data
Carver FSB, in Comparison to Peer Groups



Social Performance Metrics
Development Lending Intensity-HMDA - The % of an institution's HMDA reported originations and purchases, in dollars, that are located in low to moderate income census tracts.
Development Deposit Intensity - The % of an institution's branch locations that are located in low to moderate income census tracts.
Comparison Peer Groups
Large Banks - Banco Popular North America; Bank of America, NA; Capital One, NA; JPMorgan Chase, NA; Sovereign Bank; TD BankNorth, NA; Wachovia Bank, NA



Industry Benchmarks

- Residential lending portfolio includes substantial “Alt-A” loans; delinquency rates a fraction of industry benchmarks

NCIF Metrics

- Development Deposit Intensity
 - Carver rated greater than 2x score of large and regional competitors. Indicates branch location investment in inner city
- Development Lending Intensity
 - Carver rated over 3x average score for large competitors; 1.7x regional competitors in NYC



Who is Carver?

Customer and Community Impact

Community Preservation Corporation

Our Partnership: Opportunities, Risks and Returns



Who is the Community Preservation Corporation?

- A non-profit lender and developer launched in the 1970's by David Rockefeller and NYC headquartered banks
- Mission: stabilize, strengthen and sustain affordable housing in low and moderate income communities through construction, rehabilitation and permanent financing
- Business model: fill the void created by lack of mainstream lenders in the sector, focusing on small developers in emerging neighborhoods
- Initial source of buildings and subsidies from the City of New York
- Began development subsidiary in the 1990's
- Expansion throughout the Northeast region including Connecticut, New Jersey
- Since inception, CPC has invested over \$7 billion in 150,000 affordable housing units

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CPC Business Model

- Funding provided by credit facility from 90+ sponsoring banks and insurance companies, including Carver
- Liquidity enhanced by selling participation interests in loan pools and larger loans
- Developments are for-sale housing or affordable rentals. For rentals, permanent take out provided by pension funds (New York City 30 year financing)

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Who is Carver?

Customer and Community Impact

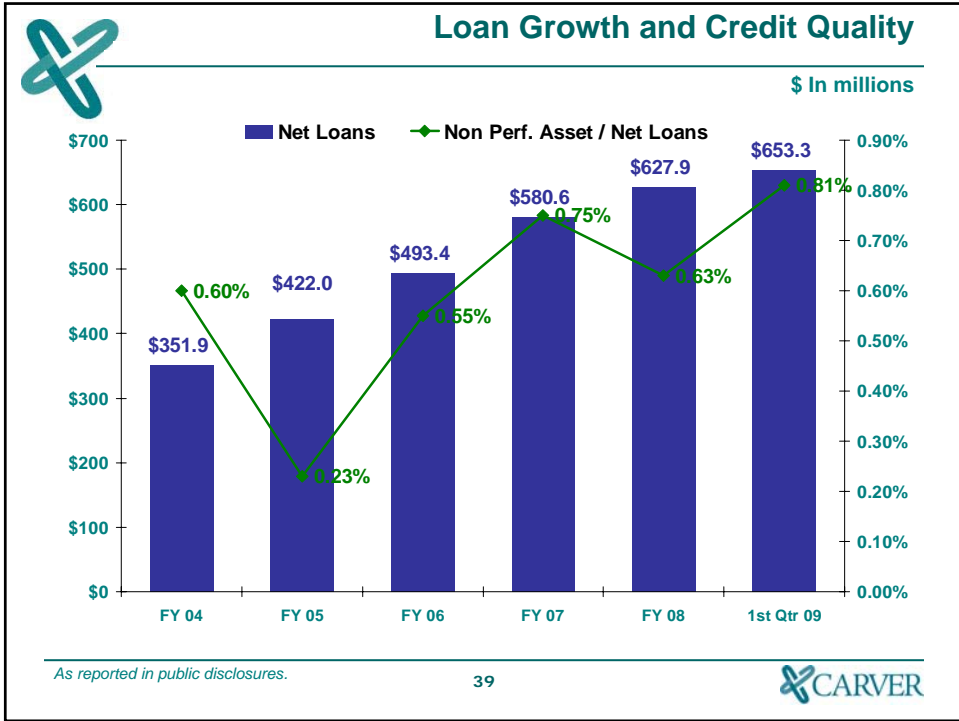
Community Preservation Corporation

Our Partnership: Opportunities, Risks and Returns



Motivations for Carver Participation

- Consistent mission
- Steady stream of loans in communities where Carver is present given long standing relationship with developers, City housing infrastructure
- Experienced construction management infrastructure
- Attractive Libor pricing in prior economic environment, minus servicing fee
- Excellent credit given City Pension take out; strong demand in emerging neighborhoods; top loss guarantee in earlier deals
- Currently represents 16% of Carver's loan portfolio, down from 30%



- ### Challenges
- Current economic climate reduced spread given lack of pricing floor underneath LIBOR
 - Slowing demand for home purchases given pricing and credit availability for borrowers
 - Some developers have less liquidity in economic crunch
 - Non-profit status means CPC is not subject to bank examination regulations and standards, requiring participants to provide higher level of oversight
 - Bureaucracy inherent in City government involvement in permanent conversions
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- CARVER



Learn More At
www.carverbank.com

Contact Me@
deborah.wright@carverbank.com

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