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PUBLIC DISCLOSURE

October 12, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NexBank
Certificate Number: 29209

2515 McKinney Avenue, Suite 1100
Dallas, Texas 75201

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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 RATING

INSTITUTION’S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			
* The Lending Test receives heavier weighting than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated Low Satisfactory.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- A very small percentage of loans are made in the institution’s assessment area.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size.
- The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution has made a relatively high level of community development loans.

The Investment Test is rated High Satisfactory.

- The institution has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution makes significant use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are accessible to limited portions of the assessment area.
- The institution did not open or close any branches since the prior evaluation; therefore, this did not adversely affect the accessibility of the bank's delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals.
- The institution is a leader in providing community development services.

Discriminatory or Other Illegal Credit Practices

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs. Therefore, this consideration did not affect the institution's overall CRA rating.

DESCRIPTION OF INSTITUTION

Background

NexBank, headquartered in Dallas, Texas, began operations in 1934, as Terrell Federal Savings and Loan Association, Terrell, Texas. In October 1999, the institution changed its name to Heritage Savings Bank. Following the conversion from a mutual savings bank to a stock-held form of ownership in February 2002, the bank officially changed its name to Heritage Bank, SSB, in March 2002. In August 2004, the main office relocated from Terrell, Texas, to Dallas, Texas. Heritage Bank, SSB officially changed its name to NexBank, SSB in August 2005. Effective July 1, 2020, the institution converted to a commercial bank and dropped the SSB from the bank's name.

NexBank Capital, Inc., Dallas, Texas, wholly owns the bank. No affiliates or subsidiaries exist relevant to this CRA evaluation since the institution did not ask for consideration of any activities from such. However, NexBank formed a new subsidiary, the Government Loan Holding Trust, in October 2020, to buy, sell, and hold residential mortgage loans. NexBank received a Satisfactory rating at its previous performance evaluation, dated November 5, 2018, based on Federal Financial Institutions Examination Council (FFIEC) Large Institution CRA Examination Procedures, as performed by the Federal Deposit Insurance Corporation (FDIC).

Operations

NexBank functions as a retail bank with a primary business focus, unchanged since the last evaluation, on residential lending. The bank's lending strategy consists of nationwide lending through avenues such as wholesale, warehouse, and correspondent lending. The bank currently maintains 302 mortgage lending relationships throughout the United States, an increase of 78 relationships since the prior CRA evaluation.

The bank did not participate in any merger or acquisition activity since the prior evaluation. The institution technically operates three full-service offices, all located in the State of Texas. Although the corporate office and one other location both operate on separate floors of the same building, the corporate office is a staffed banking facility authorized as a branch that can receive deposits, process checks, or lend money; therefore, examiners consider the location a full-service office, although these activities typically do not occur at this office location.

The bank did not open or close any full-service offices since the prior evaluation. The Description of Assessment Area section lists the offices' specific locations, and the Service Test describes any effects on low- or moderate-income geographies.

The bank offers a variety of loan products, including residential and commercial loans. Those loan products include, through its mortgage lending relationships, a variety of mortgage products including Federal National Mortgage Association (FNMA or Fannie Mae) and Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) conventional loans, Fannie Mae HomeReady loans, Federal Housing Administration (FHA) loans, and Veterans Administration (VA) loans. Those loan products also involve the bank's continuing partnership with the Dallas Habitat for Humanity's Dallas Neighborhood Homes to expand the Dreambuilder Loan Program, an affordable housing program to low-income families in the South Dallas area.

The bank also offers a variety of deposit service for individuals and businesses. The bank continues to offer the E-Free personal checking account, an account with a low opening minimum balance and no monthly minimum requirements or monthly fees. Service hours remain consistent with area and industry norms. Alternative delivery systems include access to free debit cards, online banking, mobile banking, and bill pay features. The bank no longer maintains any ATMs.

Ability and Capacity

As of the June 30, 2021, Report of Condition, or Call Report, assets totaled over \$9.2 billion, total loans equaled over \$6.0 billion, and deposits totaled over \$7.2 billion. Since the last evaluation, on average per year, total assets grew 5.0 percent, total loans grew 8.2 percent, and total deposits grew 13.9 percent.

The bank recorded an 88.6 percent average, net loan-to-deposit ratio for the 11 quarters since the previous evaluation, December 31, 2018, to June 30, 2021. The ratio suggests a somewhat more limited ability to fund future loan growth through core deposits.

The following table from the June 30, 2021, Call Report, which reflects outstanding loans, shows a distribution supportive of the institution's primary focus, with residential loans representing 67.6 percent of the dollar volume of total loans, followed by commercial loans at 14.0 percent.

Loan Portfolio Distribution		
Loan Category	\$(000s)	%
Construction & Land Development	130,353	2.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential	3,119,556	51.7
Secured by Multi-Family Residential	962,847	15.9
Secured by Commercial Real Estate	698,612	11.6
Agricultural Production	0	0.0
Commercial and Industrial	147,590	2.4
Consumer	18,443	0.3
Obligations of States & Political Subdivisions	0	0.0
Other Loans	958,195	15.9
Total Loans	6,035,596	100.0
<i>Source: Report of Condition (6/30/21).</i>		

Based on the information discussed in this section, as well as other regulatory data, the institution's financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the assessment area's credit needs.

DESCRIPTION OF ASSESSMENT AREA

NexBank designates one assessment area, the Dallas Metropolitan Division Assessment Area (Dallas MD AA). The bank did not add any new or eliminate any assessment areas since the prior evaluation. The assessment area conforms to CRA regulatory requirements. The following discussion provides information on the area.

DALLAS MD AA

The Dallas MD AA, unchanged since the prior evaluation, consists of the following 897 contiguous census tracts (CTs) in the following contiguous counties. These represent all seven counties that make up the Dallas-Plano-Irving, TX Metropolitan Division, one of two metropolitan divisions that make up the Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area located in North Central Texas.

- Collin County – all 152 CTs
- Dallas County – all 529 CTs
- Denton County – all 137 CTs
- Ellis County – all 31 CTs
- Hunt County – all 19 CTs
- Kaufman County – all 18 CTs
- Rockwall County – all 11 CTs

As noted, the Dallas MD AA accounts for all of the bank's loans, deposits, and offices considered in this evaluation. Examiners performed a full-scope review of this area since it is the bank's sole assessment area.

The following table shows that the bank operates from three full-service offices in this area. The McKinney Avenue locations operate on different floors of the same building. The main office location houses the bank’s corporate office. NexBank no longer maintains any ATMs. As noted, the bank did not open or close any full-service offices since the prior evaluation. In addition, the bank did not participate in any merger or acquisition activity in this area since the prior evaluation.

Full-Service Office Locations Dallas MD AA					
County/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
Dallas County:					
Dallas - Luther Ln	Branch	0073.01	Upper	No	No
Dallas - McKinney Ave, 11 th Floor	Main Office	0018.00	Upper	No	No
Dallas - McKinney Ave, 17 th Floor	Branch	0018.00	Upper	No	No
<i>Source: Bank data; American Community Survey (ACS) Census data (2015).</i>					

Economic and Demographic Data

The assessment area’s 897 census tracts reflect the following income designations based on the 2015 ACS (American Community Survey) Census data: 121 low-, 235 moderate-, 229 middle-, 306 upper-income tracts, and 6 tracts with no income designation. With the exception of Hunt County, the assessment area received a major disaster declaration in February 2021 from the Federal Emergency Management Agency (FEMA) due to severe winter storms.

Moody’s Analytics describes the area’s economy as recovering from the reaction to COVID-19 but not quite as quickly as previously expected. The area benefits from a diverse economy that includes aerospace and aviation, business and financial services, food processing, information technology, manufacturing, and telecommunications. Home to 24 Fortune 500 and 43 Fortune 1000 companies, major employers include AT&T, BAE Systems, Capital One Finance, Celanese, American Airlines, Baylor Scott & White Health, JP Morgan Chase, and Texas Instruments.

Based on August 31, 2021, data from the U.S. Bureau of Labor Statistics, the Dallas MD AA posted an annual unemployment rate of 4.7 percent, lower than the State of Texas rate of 5.9 percent and the national average of 5.2 percent during the same period. These rates suggest a relatively stronger economy for the Dallas MD AA.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Dallas MD AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	897	13.5	26.2	25.5	34.1	0.7
Population by Geography	4,519,004	11.8	26.1	27.4	34.5	0.2
Housing Units by Geography	1,721,065	12.5	24.5	27.8	34.9	0.3
Owner-Occupied Units by Geography	930,164	5.4	20.4	28.9	45.2	0.1
Occupied Rental Units by Geography	519,150	7.0	17.5	27.0	47.6	0.9
Vacant Units by Geography	8,866	5.2	17.0	31.7	45.5	0.6
Businesses by Geography	1,098,880	23.7	16.5	17.6	42.2	0.0
Farms by Geography	1,591,741	24.0	16.5	17.5	42.0	0.0
Family Distribution by Income Level	897	23.7	16.5	17.6	42.2	0.0
Household Distribution by Income Level	4,519,004	24.0	16.5	17.5	42.0	0.0
Median Family Income - 19124 Dallas-Plano-Irving, TX		\$71,149	Median Housing Value			\$156,846
Families Below Poverty Level		12.4%	Median Gross Rent			\$784

Source: ACS Census data (2015); D&B data (2020).
 (*) The NA category consists of geographies that have not been assigned an income classification.

Examiners used the applicable FFIEC median family income (MFI) levels to analyze home mortgage loans under the borrower profile performance factor. As an example, the following table shows the applicable income ranges based on the 2020 FFIEC-estimated MFI of \$86,200 applicable to the Dallas MD.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Dallas-Plano-Irving, TX MD Median Family Income (19124)				
2020 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <\$103,440	≥\$103,440

Source: FFIEC (2020).

Competition

The area contains a low level of competition from other chartered banks based on the total assessment area population, with each of the 1,108 offices from their 145 institutions serving approximately 4,078 people on average. Mortgage companies, credit unions, and finance companies also compete for loans in the area, thus adding to the competition level. NexBank ranks 9th in deposit market share by capturing 1.0 percent of the area’s deposits based on the June 30, 2021, FDIC Deposit Market Share Report data. The institution’s deposit strategy does not rely on gathering consumer-based deposits. Overall, the competition level allows for lending opportunities.

While all deposits are in the State of Texas, the bank's deposit structure consists of non-consumer based deposits. Approximately 12 mortgage servicing companies hold escrow account funding with the bank; deposits from the companies represent approximately 40.0 percent of the bank's deposit base. Another 37.0 percent of the deposits come from bank holding companies, public funds, and other institutional deposits. The remaining 23.0 percent includes consumer and commercial deposits. Given the concentrated mortgage servicing segment, NexBank faces minimal competition in lieu of the deposit strategy but faces significantly high competition for consumer-based deposits.

Community Contact

Examiners reviewed two prior contacts with community members knowledgeable of the area's economic, demographic, and housing environments to help assess the area's current economic conditions, community credit needs, and potential opportunities for bank involvement in the area. The contacts represent nonprofit housing and community service organizations that target their services to lower income individuals and families, as well as depressed communities in the area.

The first contact noted that, although the Dallas area is experiencing solid growth, affordable housing, particularly in low- and moderate-income areas, continues to represent a primary need. As well, heightened needs relating to financial literacy and services to schools in distressed areas exist, particularly in the southern portions of Dallas County. The contact suggested the creation of a CRA holding fund that can distribute funds, as needed, to Community Development Corporations. The contact further feels that a greater presence of physical bank locations would allow local financial institutions to better participate in improving southern Dallas County.

The second contact stated that, while the overall Dallas economy continues to grow, growth is primarily concentrated in northern Dallas County, although some pockets of prosperity also exist in the southern sector. The contacted added that, throughout Dallas proper, there is a crisis of affordable housing due to an overall increase in housing prices driven by the increased cost of building materials and demand.

In addition, the contact noted that most areas in South Dallas County remain depressed and unstable. Federal Housing Finance Agencies state that housing prices rose nearly 20.0 percent since 2014 and 6.3 percent in the last year alone, thus pricing many low- and moderate-income individuals out of the market. In addition, despite the record homebuilding pace in the Dallas MD AA, according to Moody's economic reports, the inventory of affordable homes continues to drop due to the high demand that pushes prices higher.

Credit and Community Development Needs and Opportunities

Consistent with most metropolitan areas, the Dallas MD AA creates ample loan demand for a variety of loan products. Considering information obtained from the community contact, bank management, and demographic and economic information, examiners conclude that residential and commercial loans represent the area's primary credit needs.

With respect to the area's CD needs, the community contacts' comments and rising home prices suggest a high need for activities that provide affordable housing for low- and moderate-income families. In addition, demographic data showing that 39.7 percent of the area's census tracts received low- or moderate-income designations and the federal disaster designations suggest a high need for activities that revitalize or stabilize qualifying geographies.

Demographic data showing that 40.2 percent of the area's families reported low or moderate incomes further suggests a need for activities that benefit projects or organizations that provide community services targeted to these families, including financial education.

SCOPE OF EVALUATION

General Information

Examiners evaluated performance based on FFIEC Large Institution CRA Examination Procedures, which include the Lending, Investment, and Service Tests. This evaluation covers the period from November 5, 2018, to October 12, 2021, the date of the previous evaluation to this evaluation's date.

Activities Reviewed

Lending Test

Loan Products Reviewed

For the Lending Test, CRA Large Bank procedures require examiners to consider the institution's reported home mortgage, small business, and small farm loans, as well as all reported community development (CD) loans, for all full calendar years since the prior evaluation, including the year of the prior evaluation unless that evaluation considered partial year data from that year.

Consequently, since Home Mortgage Disclosure Act (HMDA) and CRA Data Collection reporting requirements apply to NexBank, this evaluation considers all home mortgage and small business loan data collected and reported on the bank's HMDA Loan Application Registers (LAR) and CRA Data Collection reports for all full calendar years since the prior evaluation, including the year of that evaluation, 2018-2020, since the prior evaluation did not consider partial 2018 data:

HMDA Loans:

2018 – 4,487 loans totaling \$1,242,644,000
2019 – 15,124 loans totaling \$4,400,897,000
2020 – 13,098 loans totaling \$4,439,226,000

Small Business Loans:

2018 – 9 loans totaling \$2,466,000
2019 – 17 loans totaling \$5,150,000
2020 – 6 loans totaling \$1,633,000

Small Farm Loans:

The bank reported no small farm loans for 2018, 2019, or 2020.

Community Development Loans:

November 5, 2018, to October 12, 2021: 15 loans totaling \$176,850,800

As indicated by the above figures, equally considering the number and dollar volume, home mortgage loans account for 99.9 percent of the loan categories reviewed for all years considered, while small business loans represent 0.1 percent and small farm loans represent 0.0 percent. The percentages for only loans originated inside the assessment area reflect similar levels, 99.6 percent, 0.4 percent, and 0.0 percent for home mortgage, small business, and small farm loans, respectively.

Since small business and small farm loans represent very small percentages of the bank's lending activities, this evaluation does not present them for the loan distribution factors. Given the very limited number of such loans, this performance evaluation does not include that data. Similarly, since consumer loans do not represent a majority of the bank's loans by dollar volume and number, this evaluation does not consider them.

Since no trends exist between the different years' data that materially affect applicable conclusions or ratings, unless otherwise noted, this evaluation only presents loan data for 2020, the most recent year for which aggregate data exists as of this evaluation date. Reported aggregate data for the applicable years and American Community Survey (ACS) Census data for 2015 supply the sources of comparable data for the home mortgage loans.

Loan Category Weighting

Examiners considered the universes of the dollar volume and number of loans originated in 2020 for the loan categories reviewed as well as management's stated business strategy to determine the weighting applied to those categories when evaluating the applicable performance factors. As noted, examiners only considered the bank's home mortgage loans; therefore, home mortgage loans received all of the weighting when arriving at applicable conclusions.

Investment and Service Tests

The scopes for the Investment and Service Tests consider applicable current period community development (CD) activities, including qualified investments (QIs) and CD services. Current period activities, including CD loans considered under the Lending Test, involve those generated since the previous evaluation. The Investment Test's scope further encompasses all prior period QIs. Prior period QIs involve those purchased prior to the previous evaluation, but that remain outstanding as of the current evaluation date. Examiners use the book value as of the current evaluation date for all prior period qualified investments.

Under the Service Test, examiners also reviewed delivery systems for providing retail banking services, including branches and alternative delivery systems, and the impact of any branch openings or closings during the evaluation period. In addition, examiners also reviewed the

bank's retail banking products and services targeted toward low- and moderate-income individuals or small businesses that meet specific needs within the assessment area.

The totals for all CD activities, including CD loans, QIs, and CD services, as appropriate, include activities benefitting a broader statewide or regional area since examiners concluded that the institution proved responsive to CD needs and opportunities inside its assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

NexBank demonstrated a low satisfactory record for the institution as a whole regarding the Lending Test. Examiners concluded that the very small percentage of loans originated inside the bank's assessment area does not currently warrant downgrading the overall Lending Test record. Consequently, adequate borrower profile and geographic loan distributions, insufficiently lifted by a relatively high level of community development loans, primarily support this conclusion. The bank further demonstrated an excellent record regarding its lending activity and its extensive use of innovative and/or flexible lending practices.

For the CRA Large Bank Lending Test, typically, examiners will first determine whether the presence of any weaker lending activity or assessment area concentration performance warrants downgrading the overall Lending Test rating. Absent any such downgrading, examiners will then place more weight on the bank's borrower profile and geographic loan distributions, as well as on its CD loans, when arriving at the overall Lending Test rating.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. An excellent record in the Dallas MD AA supports this conclusion. An excellent record regarding home mortgage loans supports the record in the Dallas MD AA. Examiners considered the bank's size, business strategy, and capacity relative to the assessment area's needs when arriving at conclusions.

Home Mortgage Loans

The bank's level of home mortgage lending activity reflects an excellent record for the Dallas MD AA. An excellent record regarding NexBank's market rank and market share among institutions reporting home mortgage loans in the Dallas MD AA supports this conclusion.

For 2020, the institution ranks 54th out of the 990 total lenders reporting originated home mortgage loans per HMDA in the Dallas MD AA. The ranking, based on the number and dollar volume of loans, places the bank in the top 5.5 percent of lenders. The bank originated 1,216 reportable home mortgage loans totaling \$375,551,000 inside its assessment area. The bank captured a 0.4 percent market share by number volume and a 0.5 percent market share by dollar volume.

Assessment Area Concentration

A very small percentage of loans are made in the institution’s assessment area. A very small percentage of home mortgage loans originated inside the bank’s assessment area supports this conclusion. Examiners considered the bank’s asset size and office structure, as well as the loan category reviewed relative to the area’s size and economy, when arriving at this conclusion.

Home Mortgage Loans

The institution originated a very small percentage of its home mortgage loans inside its assessment area. The following table shows that, for the subtotal of home mortgage loans by both measures, the percentages of the number and dollar volume of loans, the bank originated very small percentages inside its assessment area, reflective of very poor levels. Combined, they show that the bank originated a very small percentage of its home mortgage loans inside its assessment area.

The performance context for this institution includes the actual number of loans originated in the bank’s assessment area, as well as the expansion of activity in other states. As seen in the following table, the bank increased the number and dollar volume of loans originated in its assessment area for each subsequent year reviewed, reaching over 1,000 home mortgage loans inside its assessment area during 2020. The figures achieved reflect a sufficient number for a reasonable review under the loan distribution performance factors.

As noted under Description of Institution, the bank expanded its mortgage lending relationships nationally, including in states such as California, Colorado, Georgia, and Washington. While this notably broader reach of the bank’s activities naturally serves to substantially decrease the percentages of the bank’s loans inside its assessment area, it does not affect the actual levels, as illustrated by the actual increases in the number and dollar volume for each subsequent year, as seen in the table.

However, despite the performance context considerations, the institution originated a very small percentage of home mortgage loans inside its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2018	547	12.2	3,940	87.8	4,487	156,398	12.6	1,086,246	87.4	1,242,644
2019	818	5.4	14,306	94.6	15,124	225,278	5.1	4,175,619	94.9	4,400,897
2020	1,216	9.3	11,882	90.7	13,098	375,551	8.5	4,063,675	91.5	4,439,226
Total	2,581	7.9	30,128	92.1	32,709	757,227	7.5	9,325,540	92.5	10,082,767

Source: HMDA data (2018-2020).

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. An adequate record in the Dallas MD AA supports this conclusion. Adequate records regarding home mortgage loans supports the overall record in the Dallas MD AA.

Examiners consider the bank's performance relative to the available comparative data and any performance context issues. They focus on the percentages by the number of loans in low- and moderate-income geographies, if possible, when arriving at conclusions. This factor only considered loans originated inside the bank's assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects an adequate record for the Dallas MD AA. Adequate performances in low- and moderate- income census tracts support this conclusion. Examiners weighed performance in moderate-income tracts heavier compared to low-income areas given the relative lending opportunities illustrated by the corresponding aggregate figures. Examiners focused on the comparisons to aggregate data when arriving at conclusions.

The following table shows that, in low-income census tracts in the Dallas MD AA, the bank's level lands within an adequate range of the aggregate figure, given the ratios' overall levels. The bank's level falls 0.4 percentage points lower, thereby reflecting an adequate level. The table further shows that, in moderate-income census tracts, the bank's level again lands within an adequate range of the aggregate figure, given the ratios' overall levels. The bank's level falls 3.0 percentage points lower, thereby reflecting an adequate level.

Thus, given the relative performances and weightings for the discussed income levels, the geographic distribution of home mortgage loans reflects an adequate record for the Dallas MD AA.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Dallas MD AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	5.4	2.8	29	2.4	19,840	5.3
Moderate	20.4	10.4	90	7.4	19,973	5.3
Middle	28.9	29.5	306	25.2	75,402	20.1
Upper	45.2	57.1	788	64.8	259,406	69.1
NA	0.1	0.2	3	0.2	930	0.2
Totals	100.0	100.0	1,216	100.0	375,551	100.0

Source: ACS Census data (2015); HMDA data (2020).

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size. An adequate record in the Dallas MD AA supports this conclusion. An adequate record regarding home mortgage loans supports the overall record in the Dallas MD AA.

Examiners consider the bank’s performance relative to the available comparative data and any performance context issues. They focus on the percentages by the number of loans when arriving at conclusions. This factor only considered loans originated inside the bank’s assessment area.

Home Mortgage Loans

The distribution of home mortgage loans based on the borrowers’ profiles reflects an adequate record for the Dallas MD AA. Adequate performances to low- and moderate-income borrowers support this conclusion.

Examiners weighed performance to moderate-income borrowers more heavily compared to low-income borrowers given the relative lending opportunities illustrated by the corresponding aggregate figures. Examiners focused on the comparisons to aggregate data, when arriving at conclusions. The borrowers’ income designations define the borrowers’ profiles for this review.

The following table shows that, to low-income borrowers in the Dallas MD AA, the bank’s level lands within an adequate range of the aggregate figure. The bank’s level falls 1.0 percentage points lower, reflecting an adequate level. The table further shows that, to moderate-income borrowers, the bank’s level again lands within an adequate range of the aggregate figure. The bank’s level falls 2.7 percentage points lower, thereby reflecting an adequate level.

Thus, given the relative performances and weightings for the discussed income levels, the borrower profile distribution of home mortgage loans reflects an adequate record for the Dallas MD AA.

Borrower Profile Distribution of Home Mortgage Loans						
Assessment Area: Dallas MD AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	23.7	3.0	24	2.0	3,746	1.0
Moderate	16.5	12.1	114	9.4	23,107	6.2
Middle	17.6	19.0	210	17.3	50,729	13.5
Upper	42.2	48.8	642	52.7	224,967	59.9
Not Available	0.0	17.1	226	18.6	73,002	19.4
Totals	100.0	100.0	1,216	100.0	375,551	100.0

Source: ACS Census data (2015); HMDA data (2020).

Innovative or Flexible Lending Practices

The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs. These practices' excellent success, as primarily measured by the dollar volume of such loans, insufficiently lowered by their good degree of serving low- or moderate-income creditworthy borrowers and smaller sized businesses, supports this conclusion. The appendices list the criteria considered under this performance factor.

The following table shows that, since the prior evaluation, the bank originated 1,294 innovative or flexible loans totaling more than \$340.4 million. This dollar figure equates to 3.7 percent of average total assets of \$9.103 billion and 5.5 percent of average total loans of \$6.157 billion since the prior evaluation. These levels increased over the 2.1 percent of average total assets and 3.6 percent of average total loans indicated in the prior evaluation. The current levels reflect an excellent level.

Besides their level of success, the bank's innovative or flexible lending practices reflect a good degree of serving low- or moderate-income creditworthy borrowers and smaller sized businesses. As noted in the following table, the bank uses several loan programs to provide innovative or flexible means to address home mortgage loan needs.

Innovative or Flexible Lending Programs		
Institution		
Type of Program	Totals	
	#	\$(millions)
Habitat for Humanity Dreambuilder Loans	47	6.4
VA Loans	326	111.8
FHA Loans	276	73.3
Home Ready/Possible Loans	645	148.9
Totals	1,294	340.4
<i>Source: Bank data (10/5/18 – 10/12/21).</i>		

Examiners also noted that the bank provided relief to borrowers as a result of the COVID-19 pandemic. The bank offered modifications, payment deferrals, or forbearance on current loans in an effort to help provide some relief to borrowers due to the response to COVID-19. In all, the bank modified or deferred 3,185 loans nationwide, with pre-modification loan balances totaling approximately \$523.3 million.

The bank's innovative or flexible lending practices, with the exception of its COVID-19 modifications/deferments, benefited the following areas:

- Dallas MD AA – 243 loans totaling \$61.6 million
- State of Texas – 521 loans totaling \$125.9 million
- Nationwide – 530 loans totaling \$152.9 million

The following points provide additional details regarding innovative and/or flexible lending programs with originations or modification activities offered institution wide.

Dreambuilder Loan Program – NexBank originated 34 such loans totaling over \$4.9 million in South Dallas through its continued collaboration with the Dallas Area Habitat for Humanity to provide the Dreambuilder Loan, designed to meet the needs of low- and moderate-income borrowers in South Dallas. NexBank is one of only two lenders in the area that provide direct lending for this product. The loan provides 100 percent financing for low- and moderate-income individuals. The bank expanded its efforts in August 2020, to include the Houston Area Habitat for Humanity, with which it originated 13 loans totaling \$1.5 million.

Veterans Administration (VA) Loans – Through its secondary market activity, NexBank provides VA loans, which require strict underwriting criteria and thus special expertise to qualify borrowers for this flexible lending product. Since the prior evaluation, the bank originated 60 VA loans totaling \$19.0 million in the Dallas MD AA, and an additional 68 such loans totaling \$28.2 million in the State of Texas.

Federal Housing Authority (FHA) Loans – Through its secondary market activity, NexBank provides FHA loans. FHA loans generally have low down payments, low closing costs, and credit requirements that benefit low- and moderate-income buyers. Since the prior evaluation, the bank originated 80 such loans totaling \$21.9 million in the Dallas MD AA and an additional 79 such loans totaling \$18.8 million in the State of Texas.

Home Ready/Home Possible Loans – NexBank offers these loan products that include underwriting flexibilities regarding income that serve to help borrowers qualify for home mortgages with low down payments. Since the prior evaluation, the bank originated 69 such loans totaling \$15.8 million in the Dallas MD AA and an additional 118 such loans totaling \$22.2 million in the State of Texas.

Community Development Loans

The institution has made a relatively high level of community development loans. A good level of community development (CD) loans insufficiently lowered by an adequate responsiveness to the area's CD needs primarily supports this conclusion. The appendices define community development and list the criteria considered under this performance factor.

Regarding the overall level of CD loans, the following table shows that, since the previous evaluation, the bank originated 15 CD loans totaling over \$176.8 million. This level equates to 1.9 percent of average total assets of \$9.103 billion since the prior performance evaluation and to 2.9 percent of average net loans of \$6.157 billion for the same period. These levels reflect an increase over the 1.8 percent of average total assets recorded at the prior evaluation and a decrease from the 2.9 percent of average net loans recorded at the prior evaluation. The current levels reflect a good level of CD loans.

Furthermore, the CD loans reflect adequate responsiveness to the assessment area's CD needs. As seen in the following table, 55.9 percent of the dollar volume and 33.3 percent of the number of the bank's total CD loans benefit affordable housing activities, while 26.9 percent of the dollar volume and 40.0 percent of the number benefit activities that revitalize or stabilize qualifying geographies. Combined, these activities represent 82.8 percent of the dollar volume and 73.3

percent of the number of the bank’s total activities. As discussed in the description of the assessment area section, these activities represent the primary CD needs in the bank’s assessment area.

Examiners also considered the activities’ qualitative characteristics. Those qualitative aspects include the institution’s leadership role or any heightened level of expertise or effort in initiating or developing the bank’s activities, as well as the activities’ levels of benefitting low- or moderate-income individuals or qualifying geographies. As noted, the Dreambuilder and Home Ready/Home Possible loan programs required a level of leadership and a heightened level of effort. In addition, examiners noted a high level of benefitting low- or moderate-income individuals or qualifying geographies.

Therefore, relative to the bank’s capacity and the extent of CD lending opportunities and needs in its assessment areas, the institution has made a relatively high level of CD loans.

Community Development Loans Institution										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018*	0	0	0	0	0	0	0	0	0	0
2019	0	0	2	12,080	2	18,515	2	10,500	6	41,095
2020	1	14,750	0	0	0	0	2	15,500	3	30,250
YTD 2021	4	84,025	0	0	0	0	2	21,481	6	105,506
Total	5	98,775	2	12,080	2	18,515	6	47,481	15	176,851

*Source: Bank data. *Since the prior evaluation.*

The bank’s CD loans benefited the following areas:

- Dallas MD AA – 9 CD loans totaling \$57,910,000
- Broader Statewide or Regional Area – 6 CD loans totaling \$118,940,800

The following points provide examples of the bank’s CD loans.

- **Revitalize or Stabilize** – In 2020, the bank originated a loan totaling \$14.2 million to purchase a 118-unit multifamily development located in a low-income census tract, surrounded by low- and moderate-income census tracts. The development provides housing for local residents. Thus, the activity revitalizes or stabilizes a qualifying geography by helping to attract new or retain existing businesses or residents.
- **Economic Development** – In 2019, the bank originated two separate hotel loans totaling \$18.5 million providing permanent financing and employing 44 low- or moderate-income workers out of 46 total employees. In recognition of the reaction to COVID-19’s severe effect on the hospitality industry, the bank initially deferred principal and interest payments for 120 days and subsequently deferred principal for an additional nine months.

Thus, the activity promotes economic development by financing entities that meet the size eligibility standards of the regulation and that support permanent job creation, retention, or improvement for low- or moderate-income persons.

- **Affordable Housing** – In 2021, the bank originated two loans for affordable housing primarily for low- and moderate-income individuals. One \$7.9 million loan was for the purchase and renovation of a 108-unit multifamily property located in a low-income tract in Dallas. The bank originated another loan for \$32 million to refinance and renovate a 544-unit multifamily property in a low-income tract in Houston. Both properties primarily house low- or moderate-income individuals and families, with rents as low as \$521 in Dallas and \$550 in Houston.

INVESTMENT TEST

NexBank demonstrated a high satisfactory record regarding the Investment Test. The adequate record of qualified investments and grants, sufficiently lifted by the good responsiveness to the credit and community development needs of the assessment area, primarily supports this conclusion. The significant use of innovative and complex investments further supports the overall record. The appendices list the criteria considered under this test.

Investment and Grant Activity

The institution has an adequate level of qualified investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

The following table shows that the bank made use of 86 qualified investments (QIs) totaling over \$40.5 million. The total dollar amount equates to 0.4 percent of the bank’s average total assets of \$9.103 billion since the prior performance evaluation and 2.4 percent of the bank’s average total securities of 1.702 billion since the prior evaluation. These levels reflect slight decreases from the 0.5 percent of average total assets and 2.6 percent of average total securities reported at the previous evaluation. Despite the decreases, the current levels still reflect adequate QI levels.

Qualified Investments Institution										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	610	0	0	1	610
2018*	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	2	4,813	0	0	0	0	2	4,813
YTD 2021	0	0	0	0	0	0	2	33,662	2	33,662
<i>Subtotal</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>4,813</i>	<i>1</i>	<i>610</i>	<i>2</i>	<i>33,662</i>	<i>5</i>	<i>39,085</i>
Qualified Grants	23	494	40	463	3	42	15	421	81	1,420
Total	23	494	42	5,276	4	652	17	34,083	86	40,505

Source: Bank data. *Since the prior evaluation.

The bank's QIs benefitted the following areas:

- Dallas MD AA – 79 QIs totaling \$35,645,000 (including 76 grants totaling \$1,373,000)
- Statewide Area – 7 QIs totaling \$4,860,000 (including 5 grants totaling \$47,000)

The following points provide examples of the bank's QIs:

- **Community Services** – The bank provided grants totaling \$55,000 from 2019 through 2021 to an organization that promotes financial literacy in Dallas area public schools. A majority of the students at the schools in this program received free or reduced cost lunches. Thus, the activities benefit organizations or projects that provide community services primarily to low- and moderate-income individuals.
- **Affordable Housing** – The bank donated \$221,000 to a local non-profit housing origination that provides affordable homeownership opportunities to low- and moderate-income individuals. Thus, the activities benefit an organization that provides affordable housing to low- and moderate-income individuals and families.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community economic development needs. The previous table shows that 1.2 percent of the dollar volume and 26.7 percent of the number of all QIs help providing affordable housing to low- and moderate-income families, while 84.2 percent of the dollar volume and 19.8 percent of the number serve to revitalize or stabilize qualifying geographies. Combined, these activities represent 85.4 percent of the dollar volume and 46.5 percent of the number of QIs. As noted under Description of the Assessment Area, these activities represent CD needs in the bank's assessment area.

Examiners also considered the activities' qualitative characteristics. Those qualitative aspects include the institution's leadership role or any heightened level of expertise or effort in initiating or developing the bank's activities, as well as the activities' levels of benefitting low- or moderate-income individuals or qualifying geographies. While examiners did not identify many of these qualitative aspects, they did note a high level of QIs benefitting low- or moderate-income individuals or qualifying geographies.

Community Development Initiatives

The institution makes significant use of innovative and/or complex investments to support community development initiatives. While most of the institution's QIs use either instruments routinely provided through the securities' markets or grants and donations, they often tie to more innovative activities. For example, while the institution provided routine grants to the Dallas Area Habitat for Humanity, the grants tie to the institution's more innovative Affordable Home Loan Program. The funds paid borrowers' closing costs associated with the program. Likewise, NexBank provided nearly \$210,000 in grants in an innovative way by paying for the borrowers' costs of title services and certain additional closing costs.

Further, the bank proved instrumental in establishing a childcare facility in a lower income area in Pleasant Grove, consistent with the Federal Reserve Board's Healthy Communities initiatives, and committed to providing \$50,000 annually in support of the facility. While these activities do not use innovative or complex instruments, they do benefit qualifying projects or organizations in innovative ways or amounts not routinely used.

SERVICE TEST

NexBank demonstrates a high satisfactory record regarding the Service Test. Although the bank is a leader in providing CD services, delivery systems are accessible to limited portions of the assessment area. In addition, services do not vary in a way that inconveniences portions of the assessment area. The institution did not open or close any branches since the prior evaluation; therefore, this did not adversely affect the accessibility of the bank's delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

The appendices list the criteria considered under this test.

Accessibility of Delivery Systems

Delivery systems are accessible to limited portions of the assessment area. In consideration of the bank's relatively large assessment area as compared to its branching structure, examiners considered the accessibility of alternative delivery systems and the branch distribution in forming conclusions for this factor.

Branch Distribution

NexBank's branch distribution is accessible to limited portions of the assessment area. A very poor full-service office distribution, based on the bank's records in low- and moderate-income geographies, slightly lifted by performance context considerations, supports this conclusion. Examiners placed more weight on the level in moderate-income tracts compared to low-income areas given the larger opportunities illustrated by the relative population percentages.

The following table shows that, in low-income census tracts, the bank's lack of full-service offices lands clearly below the population percentage. The bank's level falls 11.8 percentage points lower, thereby reflecting a poor level. The table further shows that, in moderate-income census tracts, the bank's lack of full-service offices lands substantially below the population percentage. The bank's level falls 26.1 percentage points lower, thereby reflecting a very poor level. As seen, all of the institution's full-service offices operate in upper-income geographies.

However, part of the performance context for this institution involves the very low total number of full-service offices operated by the institution. The very low number creates an elevated affect, well over double digits at over 33 percentage points, which one office location has on the percentages used for comparison purposes.

Overall, however, the branch distribution is accessible to limited portions of the assessment area.

Full-Service Office and ATM Distribution by Geography Income Level								
Institution								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	121	13.5	535,272	11.8	0	0.0	0	0.0
Moderate	235	26.2	1,178,015	26.1	0	0.0	0	0.0
Middle	229	25.5	1,237,912	27.4	0	0.0	0	0.0
Upper	306	34.1	1,559,553	34.5	3	100.0	0	0.0
NA	6	0.7	8,252	0.2	0	0.0	0	0.0
Totals	897	100.0	4,519,004	100.0	3	100.0	0	0.0

Source: ACS Census data (2015); Bank data.

Alternative Delivery Systems

The bank’s alternative delivery systems display are accessible to limited portions of the assessment area. Access to ATM systems and limited other alternative delivery systems support this conclusion.

The previous table shows that the bank does not currently operate any bank-owned ATMs. Since the last evaluation, the bank sold its three cash-dispensing ATMs, two located in upper-income tracts and one located in a tract with no income designation.

The bank belongs to the Pulse and Cirrus ATM nationwide networks, typically located in Walgreens, QuikTrips, and various other locations, which allows bank customers surcharge free access to these ATMs. However, NexBank customers cannot make deposits at these locations. In addition, the bank will automatically rebate up to \$10 in fees charged by other banks for using their ATMs for NexBank’s E-Free Checking Account holders, and up to \$20 for its Platinum One Checking Account holders.

Besides the access to ATMs, the bank offers other alternative delivery systems that may aid in delivering the institution’s retail banking services in low- and moderate-income geographies or to low- or moderate-income individuals. These other delivery systems involve online banking, telephone banking, and mobile banking for smart phones.

The mobile banking application allows the account holder to make mobile deposits, pay bills, and access accounts similar to online banking. Online banking services include the ability to pay bills, transfer funds, view balances, view transactions, and make deposits. However, the online banking service only allows new customers to open personal CD accounts. All other deposit accounts require customers to visit a branch location.

Further, the bank maintains two websites: one targeting commercial customers and the other targeting consumer customers. The consumer website address, which offers consumer products and services, is not readily accessible by new users. Additionally, of the bank’s mobile banking customers who reside inside the bank’s assessment area, residents in low- and moderate-income census tracts make up about 12.5 percent of the users. As noted, 37.9 percent of the assessment area’s population reside in low- or moderate-income tracts.

Therefore, despite the reliance on electronic banking technology to serve the assessment area, the use of these alternative delivery systems by low- and moderate-income areas, individuals, and small businesses in the bank's assessment area is limited.

Changes in Branch Locations

The institution did not open or close any branches since the prior evaluation; therefore, this did not adversely affect the accessibility of the bank's delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Accessibility to a variety of services, including low-cost checking accounts, mobile banking, and online banking, primarily supports this conclusion.

The bank maintains hours and services generally typical for the area served and the industry, with lobby hours of 9 a.m. to 4 p.m., Monday through Friday. The range of services covers a variety of products and services, including consumer checking, savings, and certificates of deposit, as well as several mortgage loan options. For businesses, products and services include checking accounts, as well as merchant services, remote deposit capture, and lock box services.

Community Development Services

The institution is a leader in providing community development services. An excellent extent of CD services and an excellent responsiveness of CD services to available opportunities primarily support this conclusion. The appendices list the criteria considered under this performance factor.

The following table shows that the bank provided 75 CD services since the prior evaluation. This number equates to an average of 8.8 CD services per full-service office per year since the last evaluation and to an average of 12.5 CD services per full-service office per year when adjusting the calculation for the months impacted by the reaction to COVID-19. The unadjusted figure decreased over the 11.9 CD services per full-service office per year recorded at the prior evaluation. Despite the decrease, the current unadjusted level, further solidified by the adjusted figure, reflects excellent performance regarding the extent or number of CD services provided.

The services all involve bank personnel's use of their technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations.

Beyond their extent, the following table shows that 42.7 percent of the number of total community development services benefit affordable housing to low- or moderate-income families, while 5.3 percent help revitalize or stabilize qualifying geographies. Combined, these activities represent 48.0 percent of the bank's CD services. As noted, under Description of Assessment Area, such activities represent significant CD needs in the bank's assessment area.

The remaining 52.0 percent of the bank’s CD services benefitted organizations or projects providing community services primarily to low- or moderate-income individuals, a CD need in the area as noted under Description of Assessment Area.

Examiners also considered the activities’ qualitative characteristics. Those qualitative aspects include the institution’s leadership role or any heightened level of expertise or effort in initiating or developing the bank’s activities, as well as the activities’ particularly high levels of benefitting low- or moderate-income individuals or qualifying geographies.

Many of the bank’s CD services involve taking a leadership role or exhibiting a heightened level of effort in providing technical assistance, such as assistance to non-profit organizations that provide affordable housing to low- or moderate-income families in the bank’s assessment area. In addition, the institution’s CD services reflect a high level of benefitting low- or moderate-income individuals or qualifying geographies.

Community Development Services Institution					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018*	3	4	0	0	7
2019	11	25	0	2	38
2020	14	7	0	2	23
YTD 2021	4	3	0	0	7
Total	32	39	0	4	75
<i>Source: Bank data. *Since the prior evaluation.</i>					

The bank’s CD services benefitted the following areas:

- Dallas MD AA – 70 CD services
- Statewide Area – 5 CD service

The following points provide examples of the bank’s CD services:

- **Affordable Housing** – Several bank employees provided ongoing lending and marketing assistance to an affordable housing organization in Dallas. Employees provided varied marketing assistance, such as reviewing and providing input on the organization’s social media pages, brainstorming various marketing initiatives, and creating certain marketing materials for borrowers.

Bank employees also provided technical expertise in loan processing and underwriting, allowing the community development organization to become more efficient in providing affordable home mortgage loans. Thus, the activities aid organizations that provide affordable housing to low- and moderate-income individuals and families.

- ***Revitalize or Stabilize*** – An employee logged approximately 65 hours over 2019 to 2020 while serving on the Board and Loan Committee for The Real Estate Council (TREC) Community Fund. The organization offers access to capital and technical assistance to nonprofit and for-profit organizations in Dallas and Collin County for commercial real estate projects benefiting qualifying geographies in the bank’s assessment area. Thus, the activity revitalizes or stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- ***Community Services*** – During the evaluation period, bank employees taught 12 Money Smart classes at two schools in the Dallas Independent School District. More than 70.0 percent of the students at each school receive free or reduced-cost lunches. Thus, the activities benefit organizations or projects that provide community services primarily to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

NEXBANK	
Scope of Examination: Full-scope reviews were performed on the following assessment area: <ul style="list-style-type: none"> • Dallas MD AA No Limited-scope reviews were performed.	
Time Period Reviewed:	11/5/2018 to 10/12/2021
Products Reviewed: Home Mortgage Loans: 2018, 2019, and 2020 Small Business Loans 2018, 2019, and 2020 Small Farm Loans: 2018, 2019, and 2020	

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
Rated Area/Assessment Area	Type of Evaluation	Branches Visited	Other Information
STATE OF TEXAS: Dallas MD AA	Full Scope	None	

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors.

An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.



Branch Locations

Headquarters

2515 McKinney Avenue,
Suite 1100
Dallas, Texas 75201
Main: 972.934.4700
Toll Free: 1.800.827.4818

MSA/MD Code: 19124
State Code: 48
County Code: 113
Tract Code: 0018.00
MSA: Dallas-Fort Worth, TX
State Name: Texas
County Name: Dallas County

Branch Location – Preston Center

6121 Luther Lane
Dallas, Texas 75225
Main: 214.234.7280

MSA/MD Code: 19124
State Code: 48
County Code: 113
Tract Code: 0073.01
MSA: Dallas-Fort Worth, TX
State Name: Texas
County Name: Dallas County

Branch Location – McKinney Avenue

2515 McKinney Avenue,
Suite 1700
Dallas, Texas 75201
Main: 972.934.4700
Toll Free: 1.800.827.4818

MSA/MD Code: 19124
State Code: 48
County Code: 113
Tract Code: 0018.00
MSA: Dallas-Fort Worth, TX
State Name: Texas
County Name: Dallas County

Branch Hours: 9:00 am - 4:00 pm (Monday through Friday)



Branches Opened and Closed

NexBank opened the McKinney Avenue Branch located at 2515 McKinney Avenue, Dallas, Texas 75201 on April 14, 2016.

NexBank has not closed any branches since it closed the Granite Park Branch at 5601 Granite Parkway, Suite 120, Plano TX, 75240 on June 30, 2013.



Services

NexBank Capital, Inc. is a fully-integrated financial services organization that includes a commercial and investment bank. As a leading regional financial services provider, the group delivers commercial banking, mortgage banking, investment banking, and corporate advisory services to large corporations, real estate investors, middle-market companies, small businesses, and banks, as well as some of the largest institutional clients in the capital markets.

Commercial Banking

- Real Estate Lending
- Corporate Lending
- Specialty Financing
- Treasury Management

Institutional Services

- Syndicated Commercial Loan Servicing
- Customized Deposit Services
- Commercial Correspondent Banking

Mortgage Banking

- Warehouse Lines
- Wholesale and Correspondent Channels
- Jumbo Solutions

Investment Banking

- Mergers & Acquisitions
- Corporate Finance
- Restructuring
- Operational Improvement
- Real Estate Investment
- Property Management

Personal Banking

- Savings
- Checking
- Certificates of Deposit
- Mortgages

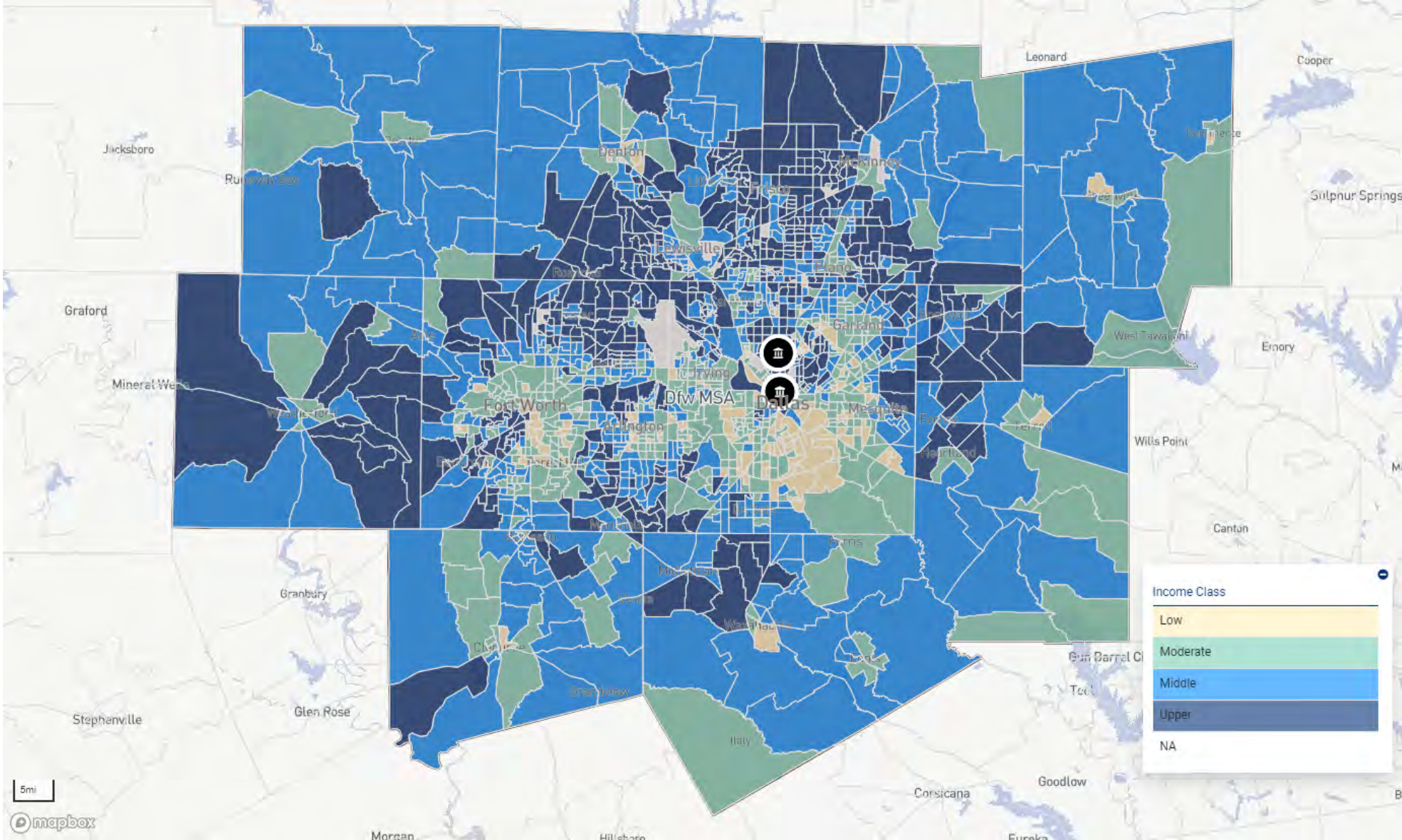
Hours: 9:00 am - 4:00 pm (Monday through Friday)

**NEXBANK
COMMON FEE SCHEDULE**

Account Closing (within 90 days)	\$10.00
Account Reconciliation (per hour)	\$25.00
Account Research (per hour)	\$25.00
ATM Card Replacement	\$ 5.00
Automated Teller Machine (ATMs):	
NexBank	FREE
Balance Inquiry	FREE
Banker Assisted	FREE
Cashiers Check:	
Customer (per item)	\$ 3.00
Non-Customer (per item)	\$10.00
Check Printing	varies by style
Coin Counting/Rolling (NA for non-customer)	10%
Collection Items (per item)	\$20.00
Deposited Item Returned (per item)	\$ 3.00
Duplicate Statement (per statement)	\$ 3.00
Statement (printout)	\$ 2.00
Item Photocopy (per item)	\$ 1.00
Legal Process (garnishment, tax levy, etc.) (per item)	\$30.00
Special Handling Statement (Hold Statement) (per month)	\$ 5.00
Special Statement Cycle (Cut-off fee) (per statement)	\$10.00
Stop Payment (per item)	\$25.00
Telephone Transfer:	
First Direct Automated Transfer	FREE
Banker Assisted Telephone Transfer (per transfer)	\$ 2.00
Temporary Checks (limit 10)	FREE
Wire Transfer:	
Incoming (customer) (per transfer)	\$15.00
Outgoing (customer) (per transfer)	\$15.00
International	Pricing available upon request
Courier/Cash Pickup Services:	
Courier/Cash Pickup Service (per regular scheduled pickup)	\$50.00
Off Schedule Pickup (per pickup)	\$75.00
Additional Bag in excess of 3 (per bag)	\$ 1.00
Additional Minute on Premises in excess of 5 (per minute)	\$ 2.00
Remote Deposit:	
Remote Deposit Scanner (per scanner per month)	\$90.00
Remote Deposit Station (per scanner per month)	\$125.00
Safe Deposit Fees:	
Lost Key Fee:	\$25.00
Drill Fee:	\$150.00

Assessment Set: 2023 CRA STRATEGIC PLAN ASSESSMENT AREA

2023 CRA Strategic Plan Assessment Area



TRACTS BY GEOGRAPHY

Institution: NEXBANK Assessment Set: 2023 CRA STRATEGIC PLAN ASSESSMENT AREA (2023)

GEOGRAPHY	In Geography						In Area					
	Total	Low Income	Moderate Income	Middle Income	Upper Income	NA	Total	Low Income	Moderate Income	Middle Income	Upper Income	NA
ASSESSMENT AREA												
DFW MSA	1,704	154	445	522	559	24	1,704	154	445	522	559	24
COUNTY												
TEXAS (48), COLLIN COUNTY	220	2	19	62	132	5	220	2	19	62	132	5
TEXAS (48), DALLAS COUNTY	645	107	223	160	144	11	645	107	223	160	144	11
TEXAS (48), DENTON COUNTY	193	5	28	64	93	3	193	5	28	64	93	3
TEXAS (48), ELLIS COUNTY	36	1	7	20	8	0	36	1	7	20	8	0
TEXAS (48), HUNT COUNTY	21	2	6	12	1	0	21	2	6	12	1	0
TEXAS (48), JOHNSON COUNTY	39	1	13	21	4	0	39	1	13	21	4	0
TEXAS (48), KAUFMAN COUNTY	27	1	9	12	5	0	27	1	9	12	5	0
TEXAS (48), PARKER COUNTY	29	0	5	11	13	0	29	0	5	11	13	0
TEXAS (48), ROCKWALL COUNTY	29	0	2	8	19	0	29	0	2	8	19	0
TEXAS (48), TARRANT COUNTY	449	35	130	140	139	5	449	35	130	140	139	5
TEXAS (48), WISE COUNTY	16	0	3	12	1	0	16	0	3	12	1	0
MSA												
DALLAS-PLANO-IRVING TX	1,171	118	294	338	402	19	1,171	118	294	338	402	19
FORT WORTH-ARLINGTON-GRAPEVINE TX	533	36	151	184	157	5	533	36	151	184	157	5
STATE												
TEXAS (48)	6,896	559	1,743	2,391	2,025	178	1,704	154	445	522	559	24
TOTAL												
TOTAL	0	0	0	0	0	0	1,704	154	445	522	559	24

Sources: 2020 Census Data with 2020 ACS-5 Updates and 2023 FFIEC/ACS-1 Updates



CRA Disclosure Statement Notice

The CRA Disclosure Statement pertaining to the bank, its operations subsidiaries, and its other affiliates, if applicable, may be obtained on the FFIEC's website at: <https://www.ffiec.gov>. CRA Disclosure Statements for many other financial institutions are also available at this website.



Home Mortgage Disclosure Act (HMDA) Notice

The HMDA data regarding NexBank's residential mortgage lending is available online for review. HMDA data shows geographic distribution of loans and applications; ethnicity, race, sex, age and income of applicants and borrowers; and information about loan approvals and denials. HMDA data is available online at the Consumer Financial Protection Bureau's website at www.consumerfinance.gov/hmda. HMDA data for many other financial institutions is also available at this website.



February 28, 2024

Mr. James McGee
President/Chair
Southern Dallas Progress Community Development Corporation
1402 Corinth, Suite 147
Dallas, Texas 75215

RE: NexBank Correspondence

Dear Mr. McGee:

We are in receipt of your letter dated February 15, 2024 stating that NexBank is not meeting the credit needs in our community which includes low- and moderate-income areas in south Dallas. It should be noted that we have received a number of letters from you on this topic and we have responded to your letters with many examples of ways we do strive to meet credit needs in our assessment area, including Southern Dallas. Our letters to you are dated February 13, 2024 and January 19, 2024.

NexBank is proud of the affordable housing lending and community support we have given our Dallas and Southern Dallas areas and we have received a Satisfactory rating for our Community Reinvestment Act performance for many years. You have the most current copy of our CRA Public File, which was provided to you in our February 13, 2024 letter. We will add this letter and our response the next time we update the Public File.

Sincerely,

A handwritten signature in black ink, appearing to read 'S Lahr', with a long horizontal stroke extending to the right.

Sharon Lahr
SVP and Chief Compliance Officer



Improving Lives, One Community at a Time

February 15, 2024

NexBank, SSB
2515 McKinney Avenue, Suite 1100
Dallas, Texas 75201

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office
1601 Bryan Street, Suite 1410
Dallas, Texas 75201

RE: COMPLAINT AGAINST NEXBANK DALLAS

Dear Federal Regulator,

This correspondence serves as a response to the letter issued by NexBank on 2/13/2024. As highlighted in my prior letter dated 12/26/2023 and 1/23/2024, **NexBank is not meeting the credit needs of our community, which specifically includes low- and moderate-income neighbor located in Southern Dallas.**

The Community Reinvestment Act (CRA) of 1977 was introduced to address the discriminatory practice of redlining, in which banks and government entities restricted access to credit in communities based on the race and socioeconomic status of residents. Enacted by Congress in 1977 (12 U.S.C. 2901) and enforced through Regulations 12 CFR parts 25, 228, 345, and 195, the CRA is designed to encourage depository institutions to actively engage in meeting the credit needs of the communities they serve, particularly in low- and moderate-income (LMI) neighborhoods.

NexBank's banking and mortgage services have been notably absent in predominantly Black and Hispanic neighborhoods in Southern Dallas. Instead, NexBank has concentrated its lending activities predominantly in white areas of Dallas. Meanwhile, other lenders have been processing applications in majority-Black and Hispanic neighborhoods at rates four to five times higher than NexBank. Similarly, although NexBank operates several branches in Dallas, it has never established a branch in a majority-Black and Hispanic neighborhood situated in Southern Dallas.

Per NexBank's 2015, 2018, & 2021

Performance Evaluation The Lending Test is rated: **Low Satisfactory.**

https://crares.fdic.gov/publish/2021/29209_211012.PDF

https://crares.fdic.gov/publish/2018/29209_181105.PDF

https://crares.fdic.gov/publish/2015/29209_150831.PDF

Conclusion

Representing the Southern Dallas Community, we have formally requested that the FDIC downgrade NexBank's Community Reinvestment Act (CRA) rating to "Needs Improvement." Furthermore, we urge for our concerns to be given closer scrutiny during NexBank's upcoming Fair Lending Exam.

We hope that NexBank will become more attentive to the needs of our community and take a proactive stance in addressing inequalities within the Dallas-Fort Worth Metropolitan Statistical Area (MSA).

Sincerely,

James McGee

James McGee

President/Chair

JMcGee@SouthernDallasProgress.com

Southern Dallas Progress Community Development Corporation



February 13, 2024

Mr. James McGee
President/Chair
Southern Dallas Progress Community Development Corporation
1402 Corinth, Suite 147
Dallas, Texas 75215

RE: NexBank CRA Correspondence

Dear Mr. McGee:

We are in receipt of your email dated February 7, 2024 containing a letter from you dated January 23, 2024. It should be noted that we have received a number of letters from you on the topic of meeting the credit needs of our community, and we have responded to your letters with many examples of ways we do meet credit needs in our assessment area, including Southern Dallas. We appreciate your input regarding the Community Reinvestment Act ("CRA") and have provided you with information below to show the credit needs and community service support NexBank has given to the southern Dallas Community over the last few years. Also, please refer to our response to you on January 19, 2024 involving a similar letter you sent us on December 26, 2023.

You have indicated that NexBank has failed to conduct a community needs assessment for low- and moderate-income residents of Southern Dallas. On the contrary, NexBank performed a community needs assessment in Spring 2023, which included consideration for Southern Dallas, as we indicated in our January 19, 2024 letter to you. We conducted our needs assessment when we formulated our CRA Strategic Plan for FDIC approval. In fact, we provided you a copy of our Strategic Plan, which included content on our community's needs assessment, on May 1, 2023. The FDIC has since approved our CRA Strategic Plan, which is contained in the attached CRA Public File attached. Our CRA Strategic Plan focuses on affordable housing and not small business loans, because we are not considered a small business lender.

NexBank has a long history of helping to service the credit needs of the Dallas-Ft. Worth area, and areas throughout the State of Texas. In our October 2021 CRA Public Evaluation ("PE") from the FDIC, we received a Satisfactory CRA rating with a statement from the FDIC that "lending levels reflect excellent responsiveness to the assessment area credit needs". During this 2021 PE period, the FDIC recognized that we made 119 single-family residential mortgage loans to low- and moderate-income persons in our assessment area totaling \$39.8 million with 138 loans totaling \$26.9 million in low-and moderate census tracts in our assessment area. For multi-family affordable housing for the combined 2018 and 2021 PE periods, we have provided over 27 loans totaling \$273.4 million for work force housing for low-and moderate-income persons and families.

February 13, 2024

Page 2

As this shows, single- and multi-family housing is a primary focus of lending at NexBank. Our lending since 2021 continues to follow this same lending pattern as described above. Additionally, we have partnered with Dallas Area Habitat for Humanity since 2020 and have made dozens of grants and originations for new homes to 46 low-and moderate-income families totaling \$8.3 million in southern Dallas neighborhoods, with nearly all of these home loans located in the list of zip codes you provided in your letter. On the multi-family housing front, since 2021 we have originated another 21 loans totaling \$459 million in affordable housing in Dallas Ft. Worth and broader state of Texas area. Our lending record recognized by the FDIC in our PEs contradicts information you presented in your letters that we have made no loans in southern Dallas.

In your January 23, 2024 letter, you listed and highlighted a number of other comments showing that we did not respond to every item in that letter. While we have made great efforts to address the community needs assessment issues, we did not address every single item in your letter as they are not requirements of the CRA regulation or our CRA PE, or are presented as newspaper or media articles.

NexBank is proud of the affordable housing lending and community support we have given our Dallas and Southern Dallas for years. Also, with our newly approved CRA Strategic Plan focusing on affordable housing, and not small business lending, we believe we can make a difference and the information in this letter, and previous letters to you, will provide you with a clearer picture of our CRA efforts.

Your letter will be added to our CRA Public file.

Sincerely,

A handwritten signature in black ink, appearing to read 'S Lahr', with a stylized flourish at the end.

Sharon Lahr
SVP and Chief Compliance Officer

Attachments:
CRA Public File



Improving Lives, One Community at a Time

January 23, 2024

NexBank, SSB
2515 McKinney Avenue, Suite 1100
Dallas, Texas 75201

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office
1601 Bryan Street, Suite 1410
Dallas, Texas 75201

RE: COMPLAINT AGAINST NEXBANK DALLAS

Dear Federal Regulator,

This correspondence serves as a response to the letter issued by NexBank on 1/22/2024. As highlighted in my prior letter dated 12/26/2023, NexBank is not meeting the credit needs of our community, which specifically includes low- and moderate-income neighbor located in Southern Dallas.

It is concerning to note that in 2023, NexBank fell short in meeting the needs of our community, specifically the low- and moderate-income residents in Southern Dallas. Of particular concern is the bank's failure to provide small business and/or consumer lending services in the majority African American/Hispanic communities in Southern Dallas. This deficiency raises questions about the bank's compliance with the Community Reinvestment Act.

The 1977 Community Reinvestment Act was established to counter the practice of redlining, where banks and the government would limit credit access in communities deemed "risky" based on the race and background of the residents. Enacted by Congress in 1977 (12 U.S.C. 2901) and implemented through Regulations 12 CFR parts 25, 228, 345, and 195, the Community Reinvestment Act (CRA) aims to incentivize depository institutions to actively contribute to meeting the credit needs of the communities in which they operate, with a specific focus on low- and moderate-income (LMI) neighborhoods.

Community Credit Needs Assessment (NexBank did not include a response to this matter in their written correspondence)

NexBank failed to conduct a Community Credit Needs Assessment for majority-Black and Hispanic census tracts within the DFW MSA, specifically Southern Dallas.

A Community Credit Needs Assessment is a research-based market study to help a lender identify the needs for financial services in an area.

This assessment should include the following information about majority-Black and Hispanic census tracts within Covered Lending Area: (1) an evaluation (to include market research and interviews) of residential mortgage credit needs and current lending opportunities available in the area; (2) recent demographic and socioeconomic data; (3) potential strategies for NexBank to provide residential mortgage lending services in these census tracts; (4) a review of loan products offered by other lenders and their success in the market; (5) an overview of federal, state, and local programs that are available to residents seeking and obtaining residential mortgage loans;

Community Development Partnership Program (NexBank did not include a response to this matter in their written correspondence)

NexBank does not have a written description of how proposed partnership(s) will be used to meet the credit needs identified in the Community Credit Needs Assessment.

Products available for the Underserved/Minority Communities (NexBank did not include a response to this matter in their written correspondence)

Access to affordable credit is a key component of an individual's ability to cultivate a strong financial position and participate fully in the DFW economy. The Equal Credit Opportunity Act of 1974 was passed to protect all consumers, yet the effects of the discrimination endure today.

NexBank failed to offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA.

- https://household-survey.fdic.gov/place-data?type=msa&area=Dallas_Fort_Worth_Arlington_TX
 - The underbanked/unbanked information is available on the FDIC website.

NexBank failed to Adopt Bank On standards.

- <https://joinbankon.org/accounts/>
- <https://2wvkof1mfraz2etgea1p8kiy-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/Bank-On-National-Account-Standards-2021-2022.pdf>
- <https://www.aba.com/about-us/press-room/press-releases/aba-urges-americas-banks-to-offer-bank-on-certified-accounts>

NexBank does not have any special-purpose credit programs to address disparities in small business & mortgage lending in underserved high minority communities like Southern Dallas.

- <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>
- https://www.hud.gov/sites/dfiles/GC/documents/Special_Purpose_Credit_Program_OGC_guidance_12-6-2021.pdf
- [12 CFR § 202.8 - Special purpose credit programs.](#)
 - <https://www.ffiec.gov/PDF/fairlend.pdf>

NexBank fails to offer Credit Builder Loans or Credit Builder Loans to help Rebuild Southern Dallas LMI residents' Credit History.

- <https://www.dallasfed.org/cd/cct/18cctdallas>

Activities under the CRA since the most recent CRA Performance Evaluation *(NexBank did not include a response to this matter in their written correspondence)*

NexBank failed to describe any significant **Southern Dallas CRA initiatives** undertaken, particularly with respect to credit and deposit products and retail banking services targeted toward low- and moderate-income geographies, African American/Hispanic geographies, and individuals, identifying key elements of the products and services, the approximate date introduced, and results achieved to date.

NexBank failed to provide any details current community outreach and marketing efforts to residents and businesses throughout Bank's low-income census tracts, moderate-income census tracts, and major minority census tracts, **specifically in Southern Dallas.**

Fair Lending Concerns *(NexBank failed to address the disparity in lending to African Americans)*

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the home purchase and small business lending of NexBank in Dallas. This is what NCRC found.

- According to the Home Mortgage Disclosure Act (HMDA) data from 2017 to 2018, NEXBANK made a total of **39 home loans to Blacks (African Americans).**
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, NEXBANK made a total of **16 home loans to Blacks (African Americans).**
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2019 to 2020, NEXBANK made a total of **12 home loans to Blacks (African Americans).**
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas

- According to the Home Mortgage Disclosure Act (HMDA) data from 2020 to 2021, NEXBANK made a total of 15 home loans to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2021 to 2022, NEXBANK made a total of 15 home loans to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- Small Business Lending
 - SDPCDC compared NexBank small business lending to other non-credit card small business lenders in Dallas and found that NexBank trailed in lending to businesses with less than \$1 million in annual revenue from 2017 to 2022.
 - Extremely low amount of small business loans were made in Southern Dallas

Low-Income Housing Tax Credit (LIHTC) in the News

The Fair Housing Act, which is part of the Civil Rights Act of 1968, prohibits discrimination in lending to individuals in neighborhoods based on their racial composition. The Fair Housing Act can affect lending in two ways. First, it prohibits discrimination in any aspect of housing. This includes not only mortgages on single family homes, but also loans for acquisition or construction of any kind of dwelling, including apartment buildings and housing developments.

The investments into Low-Income Housing Tax Credit (LIHTC) should be closely monitored as it may violate the *Disparate Impact* and *Disparate Treatment* rules under HUD regulations.

‘You’re only crippling us’: Banks own many of Dallas' low-income, high-crime apartments — and they're rewarded for it

<https://www.wfaa.com/article/news/local/investigates/banking-below-30-banks-own-dallas-low-income-high-crime-housing-incentives/287-e49aa69d-9bd1-4072-aaa8-c50f47ac0af2>

Feds consider a proposal to end incentives for banks that own low-income housing in high-crime neighborhoods

<https://www.wfaa.com/article/money/feds-consider-proposal-to-end-incentives-for-banks-that-own-low-income-housing-in-high-crime-neighborhoods/287-67c1f91a-ddbf-43b3-b43e-fcf791b38513>

Modern Federal Neighborhood Segregation

<https://www.danielbesharalawfirm.com/modern-federal-neighborhood-segregation>

U.S. Supreme Court Upholds Fair Housing Disparate Impact Principle

<https://nlihc.org/resource/us-supreme-court-upholds-fair-housing-disparate-impact-principle>

Feds consider proposal to end incentives for banks that own low-income housing in high-crime neighborhoods

<https://www.wfaa.com/article/money/feds-consider-proposal-to-end-incentives-for-banks-that-own-low-income-housing-in-high-crime-neighborhoods/287-67c1f91a-ddbf-43b3-b43e-fcf791b38513>

NexBank lacks Product Innovation and Flexibility (NexBank did not include a response to this matter in their written correspondence)

Failed to invest in BIPOC Small Business Accelerator – People Fund

https://peoplefund.org/bipoc-business-accelerator/?gclid=Cj0KCQjwuuKXBhCRARIsAC-gM0iouy3e3IN66yehV5YQ25VcHQY7uV7DoK9WgkXcZ3VzRzsXo2iZWlkaAjXUEALw_wcB

Failed to form a Subsidiary Community Development Corporation

<https://www.occ.gov/topics/consumers-and-communities/community-affairs/resource-directories/public-welfare-investments/formation-of-subsiary-cdc.html#q3>

Failed to invest in Growth by NCRC

<https://growthbyncrc.com/>

Failed to invest in Dallas College Bankwork\$ Program.

<https://www.dallascollege.edu/cd/ce/training/business-mgmt/pages/bankworks.aspx>

Lack of Staff and Board Diversity (NexBank did not include a response to this matter in their written correspondence)

NexBank does not have any African Americans on the Board of Directors.

<https://www.nexbank.com/about#directors>

NexBank does not have any African Americans on the DFW MSA Leadership Team.

<https://www.nexbank.com/about#executive-management>

NexBank does not have any Commercial Loans Officers in the DFW MSA that are African Americans.

<https://www.nexbank.com/service/commercial-banking>

NexBank does not participate in the Dodd-Frank Act Section 342(b)(2)(C) Diversity self-assessment.

<https://www.fdic.gov/about/diversity/pdf/rtc-4-10-23.pdf>

NexBank failed to share this diversity opportunity with staff.

<https://www.mba.org/industry-resources/diversity-equity-and-inclusion/path-to-diversity-scholarship-program>

NexBank is not a member of any of the Minority Trade Organizations below: (NexBank did not include a response to this matter in their written correspondence)

<https://www.namcdfw.org/>

<https://blackcontractors.org/>

NexBank is not a member of any of the Minority Chambers below: (NexBank did not include a response to this matter in their written correspondence)

<https://dallasblackchamber.org/>

<https://arlingtonblackchamber.org/>

NexBank is not a member of any of the Minority Real Estate Trade Organizations below: (NexBank did not include a response to this matter in their written correspondence)

<https://www.varep.net/index.php/dallas-chapter>

<https://narebnorthtexas.org/nareb-north-texas>

<https://wcdallas.com/>

<https://www.narebdallas.org/>

Conclusion

On behalf of the Southern Dallas Community, we asked that the FDIC take the rare action of downgrading NexBank's CRA rating to "Needs Improve".

We would look forward to NexBank being more responsive to our community needs and be a leader in addressing inequality in the DFW MSA.

Sincerely,

James McGee

James McGee
President/Chair

JMcGee@SouthernDallasProgress.com

Southern Dallas Progress Community Development Corporation

From: James McGee <jmcgee@southerndallasprogress.com>
Sent: Sunday, April 23, 2023 3:39 PM
To: Sharon Lahr <sharon.lahr@nexbank.com>; melissa.bailey@nexbank.com
<melissa.bailey@nexbank.com>; tammy.roberts@nexbank.com <tammy.roberts@nexbank.com>;
Compliance <compliance@nexbank.com>
Subject: Re: NCRC GROWTH and NexBank

Hello,

Just a reminder that I am pending a response to this email.

Thanks

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation
Improving Lives, One Community at a Time
1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487

From: James McGee <jmcgee@southerndallasprogress.com>
Sent: Friday, March 17, 2023 8:07 AM
To: Sharon Lahr <sharon.lahr@nexbank.com>; melissa.bailey@nexbank.com
<melissa.bailey@nexbank.com>; tammy.roberts@nexbank.com <tammy.roberts@nexbank.com>
Subject: Re: NCRC GROWTH and NexBank

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1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487

From: James McGee
Sent: Wednesday, April 6, 2022 11:15 AM
To: Sharon Lahr <sharon.lahr@nexbank.com>; melissa.bailey@nexbank.com
<melissa.bailey@nexbank.com>
Subject: NCRC GROWTH and NexBank

Hello,

I hope all is well.

Would you be interested in meeting with Ed Gorman from NCRC to discuss opportunities for investment in their Growth Fund?

The Fund builds "For Sale" Affordable Single Family Residences.

Attached is the Media kit from the Growth Fund.

I had the privilege of attending this event in person a few weeks ago. It was great to see the smile on these homeowners' faces.

Birmingham Mayor Woodfin, public-private partnership delivers affordable homeownership

<https://alabamane.wscenter.com/2022/03/17/birmingham-mayor-woodfin-public-private-partnership-deliver-affordable-homeownership/>

The City of Dallas is next on their list.

Thanks

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation
Improving Lives, One Community at a Time
1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487

From: James McGee <jmcgee@southerndallasprogress.com>
Sent: Thursday, December 30, 2021 10:03 AM
To: melissa.bailey@nexbank.com <melissa.bailey@nexbank.com>
Cc: Sharon Lahr <sharon.lahr@nexbank.com>
Subject: Re: SNAP Enrollment Application-NB

Hello,

The funds are replenished.

<https://www.fhfb.com/community-programs/special-needs-assistance-program>

Did you get a chance to complete the sign-up for this program?

We have several applications that we are ready to send over to you.

Thanks

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation
Improving Lives, One Community at a Time
1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487

From: James McGee <jmcgee@southerndallasprogress.com>
Sent: Tuesday, October 26, 2021 6:51 AM
To: melissa.bailey@nexbank.com <melissa.bailey@nexbank.com>
Cc: Sharon Lahr <sharon.lahr@nexbank.com>
Subject: Re: SNAP Enrollment Application-NB

Hello,

Just a friendly reminder that I am still pending a response to the email below.

Thanks

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation

Improving Lives, One Community at a Time
1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487

From: James McGee <jmcgee@southerndallasprogress.com>
Sent: Wednesday, October 6, 2021 7:28 AM
To: melissa.bailey@nexbank.com <melissa.bailey@nexbank.com>
Cc: Sharon Lahr <sharon.lahr@nexbank.com>
Subject: Re: SNAP Enrollment Application-NB

Hello,

Just a friendly reminder that I am still pending a response to the email below.

Thanks

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation
Improving Lives, One Community at a Time
1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487

From: James McGee <jmcgee@southerndallasprogress.com>
Sent: Wednesday, September 15, 2021 8:12 AM
To: melissa.bailey@nexbank.com <melissa.bailey@nexbank.com>
Subject: SNAP Enrollment Application-NB

Hello,

Is your bank signed up for this program?

<https://www.fhfb.com/community-programs/special-needs-assistance-program/snap-application>

If not, would you be willing to sign up?

We have some seniors in the community that are need of repairs.

Thanks

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation
Improving Lives, One Community at a Time
1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487

From: James McGee <jmcgee@southerndallasprogress.com>

Sent: Thursday, May 11, 2023 10:34 AM

To: Sharon Lahr <sharon.lahr@nexbank.com>; melissa.bailey@nexbank.com
<Melissa.Bailey@nexbank.com>; Tammy Roberts <tammy.roberts@nexbank.com>; Compliance
<compliance@nexbank.com>

Subject: Re: DALLAS Homeownership Fair 2023-NexBank

Hello,

Did you get a chance to review this email?

If so, will your bank join us in educating the community on homeownership?

Thanks

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation
Improving Lives, One Community at a Time
1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487

From: James McGee <jmcgee@southerndallasprogress.com>

Sent: Sunday, April 23, 2023 3:40 PM

To: Sharon Lahr <sharon.lahr@nexbank.com>; melissa.bailey@nexbank.com
<Melissa.Bailey@nexbank.com>; Tammy Roberts <tammy.roberts@nexbank.com>; Compliance
<compliance@nexbank.com>

Subject: DALLAS Homeownership Fair 2023-NexBank

Dear Prospective Dallas Homeownership Fair Sponsor:

Southern Dallas Progress Community Development Corporation is proud to announce the 3rd Annual Homeownership Fair, and we want to invite you to partner with us in sponsoring this event. The Fair is an important next step in our work developing affordable housing opportunities and increasing homeownership. We are proud of our accomplishments in these areas, and your participation will make all the difference as we continue to move forward. We hope you will sponsor the Fair and join us on Saturday, June 10, 2023, at the Dallas County Community College District's Bill J. Priest Institute for Economic Development.

The Homeownership Fair will provide a valuable service to the community and your participation as a sponsor will help tremendously in our efforts. At the Fair, homebuyers will

have an opportunity to speak with lenders, realtors, counseling agencies and other key players directly about the benefits of owning a home, and the buying and lending process. We will also offer current homeowners' information on home repair grants and programs.

Please join us in our efforts by committing to a sponsorship. We have attached the sponsorship guide with detailed information on sponsorship benefits.

2019 Southern Dallas Progress CDC Housing Fair

<https://www.youtube.com/watch?v=rYbRIMOS-hY&feature=youtu.be>

2022 Homeownership Fair - Dallas

<https://www.youtube.com/watch?v=ErR0yRvFX-o&t=11s>

Thanks

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation
Improving Lives, One Community at a Time
1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487

From: James McGee <jmcgee@southerndallasprogress.com>

Sent: Monday, January 15, 2024 9:33 AM

To: Sharon Lahr <sharon.lahr@nexbank.com>; Compliance <Compliance@nexbank.com>; Mark Little <mark.little@nexbank.com>

Subject: BLZ-2024-00023829 - Banking Depository Services

Sharing this opportunity!

<https://dallascityhall.bonfirehub.com/opportunities/117362>

James McGee
President/Chair
JMcGee@SouthernDallasProgress.com
Southern Dallas Progress Community Development Corporation
Improving Lives, One Community at a Time
1402 Corinth St #147
Dallas, Texas 75215
Phone: 469-371-5487



January 19, 2024

Mr. James McGee
President/Chair
Southern Dallas Progress Community Development Corporation
1402 Corinth, Suite 147
Dallas, Texas 75215

RE: FDIC and NexBank CRA Correspondence

Dear Mr. McGee:

NexBank ("Bank") is in receipt of your correspondence dated December 26, 2023, addressed to the Federal Deposit Insurance Corporation ("FDIC") and to NexBank. The two letters are almost identical in that you stated that NexBank is not meeting the credit needs of low- and moderate-income neighborhoods located in the southern Dallas community per the Community Reinvestment Act ("CRA"). We appreciate your input and have provided you with additional information below to show the credit needs and community service support NexBank has given to the southern Dallas Community over the last few years. It should be noted that one of your letters mentioned two other banks that NexBank has no affiliation with, "Pavillion Dallas" and "American National Bank of Texas".

NexBank has a long history of helping to service the credit needs of the Dallas Ft. Worth area, and areas throughout the State of Texas. In our November 2018 CRA Public Evaluation ("PE"), NexBank was rated Satisfactory for CRA with the FDIC's written PE stating, "lending levels reflect excellent responsiveness to the credit needs of the assessment area". In our October 2021 CRA PE, we continued to receive a Satisfactory CRA rating from the FDIC with a similar statement that "lending levels reflect excellent responsiveness to the assessment area credit needs". During this 2021 PE period, the FDIC recognized that we made 119 single-family residential mortgage loans to low- and moderate-income persons in our assessment area totaling \$39.8 million with 138 loans totaling \$26.9 million in low-and moderate census tracts in our assessment area. For multi-family affordable housing for the combined 2018 and 2021 PE periods, we have provided over 27 loans totaling \$273.4 million for work force housing for low-and moderate-income persons and families.

As this shows, single- and multi-family housing is a main focus of lending at NexBank. Our lending since 2021 continues to follow this same lending pattern as described above. Additionally, we have partnered with Dallas Area Habitat for Humanity since 2020 and have made dozens of grants and originations for new homes to 46 low-and moderate-income families totaling \$8.3 million in southern Dallas neighborhoods, with nearly all of these home loans located in the list of zip codes you provided in your letter. On the multi-family housing front, since 2021 we have originated another 21 loans totaling \$459 million in affordable housing in

January 19, 2024

Page 2

Dallas Ft. Worth and broader state of Texas area. Our lending record recognized by the FDIC in our PEs contradicts information you presented in your letters that we have made no loans in southern Dallas. While it is true that we also focus on multi-family lending as well to provide affordable housing to low- and moderate-income persons and families in all of Dallas County, including southern Dallas, we are generally not a small a business lender given our focus on housing.

NexBank recently applied to and received approval from the FDIC to become a CRA Strategic Plan bank. We conducted our needs assessment during this process. By being a Strategic Plan bank, this will allow us to continue to focus on single- and multi-family housing lending and investments, plus community volunteer services.

Your letter also indicated that NexBank failed to open a branch at 3701 S Walton Walker Blvd Dallas, TX 75236. However, NexBank has had no plans to open a branch at this location and believes our current footprint is sufficient for continuing to serve the credit needs of the Dallas Ft. Worth market.

In regard to fair lending, the Equal Credit Opportunity Act and Fair Housing Act, NexBank has a positive track record of lending to minorities, including African Americans, within southern Dallas, the Dallas Ft. Worth metroplex and the state of Texas. Within your letter, you indicated that NexBank has made 97 loans between 2017 and 2022. However, NexBank made more than 218 loans to African American Borrowers in our assessment area, including southern Dallas. We also offer flexible credit products that allow low-income and minority-borrowers to apply for loans with limited cash down payment such as HomeReady and HomePossible loans. In the last 3 years alone, we have made 184 loans totaling \$47.5 million in HomePossible products and 451 loans totaling \$116.4 million in HomeReady products.

While we appreciate your input, we believe our information in this letter will provide you with a clearer picture of our lending record in recent years. NexBank is committed to serving the credit needs of the Dallas community. Your letter will be added to our CRA Public file.

Sincerely,



Sharon Lahr
SVP and Chief Compliance Officer



Improving Lives, One Community at a Time

December 26, 2023

NexBank, SSB
2515 McKinney Avenue, Suite 1100
Dallas, Texas 75201

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office
1601 Bryan Street, Suite 1410
Dallas, Texas 75201

RE: COMPLAINT AGAINST NEXBANK DALLAS

Dear Federal Regulator,

The undersigned community organization is submitting this letter to file a complaint against NexBank.

The passing of the 1977 Community Reinvestment Act aimed at reversing the practice of redlining when banks and the government would restrict credit in communities deemed “risky” — based on the race and background of that community’s residents.

The Community Reinvestment Act (CRA), enacted by Congress in 1977 (12 U.S.C. 2901) and implemented by Regulations 12 CFR parts 25, 228, 345, and 195, is intended to encourage depository institutions to help meet the **credit needs** of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods.

NexBank is not meeting the credit needs of our community, which specifically includes low- and moderate-income neighbor located in Southern Dallas.

Southern Dallas Zip Codes (LMI/High Minority Areas)

75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

NexBank Dallas County Bank Locations:

2515 McKinney Ave Ste 1100 Dallas, TX 75201; Located in an upper-income census tract and in a white majority community. MSA-State-County-Tract: 19124-48-113-0018.02

6121 Luther Ln Dallas, TX 75225; Located in an upper-income census tract and in a white majority community. MSA-State-County-Tract: 19124-48-113-0073.01

2515 McKinney Ave Ste 1700 Dallas, TX 75201; Located in an upper-income census tract and in a white majority community. MSA-State-County-Tract: 19124-48-113-0018.02

NexBank failed to open a banking branch at the following available location in Southern Dallas:

3701 S Walton Walker Blvd Dallas, TX 75236; Location in a Moderate-Income census tract and in a majority minority community. MSA-State-County-Tract: 19124-48-113-0165.34

Community Credit Needs Assessment

NexBank failed to conduct a Community Credit Needs Assessment for majority-Black and Hispanic census tracts within the DFW MSA, specifically Southern Dallas.

A Community Credit Needs Assessment is a research-based market study to help a lender identify the needs for financial services in an area.

This assessment should include the following information about majority-Black and Hispanic census tracts within Covered Lending Area: (1) an evaluation (to include market research and interviews) of residential mortgage credit needs and current lending opportunities available in the area; (2) recent demographic and socioeconomic data; (3) potential strategies for NexBank to provide residential mortgage lending services in these census tracts; (4) a review of loan products offered by other lenders and their success in the market; (5) an overview of federal, state, and local programs that are available to residents seeking and obtaining residential mortgage loans;

Community Development Partnership Program

NexBank does not have a written description of how proposed partnership(s) will be used to meet the credit needs identified in the Community Credit Needs Assessment.

Products available for the Underserved/Minority Communities

Access to affordable credit is a key component of an individual's ability to cultivate a strong financial position and participate fully in the DFW economy. The Equal Credit Opportunity Act of 1974 was passed to protect all consumers, yet the effects of the discrimination endure today.

NexBank failed to offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA.

- https://household-survey.fdic.gov/place-data?type=msa&area=Dallas_Fort_Worth_Arlington_TX

- The underbanked/unbanked information is available on the FDIC website.

NexBank failed to Adopt Bank On standards.

- <https://joinbankon.org/accounts/>
- <https://2wvkof1mfraz2etgea1p8kiy-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/Bank-On-National-Account-Standards-2021-2022.pdf>
- <https://www.aba.com/about-us/press-room/press-releases/aba-urges-americas-banks-to-offer-bank-on-certified-accounts>

NexBank does not have any special-purpose credit programs to address disparities in small business & mortgage lending in underserved high minority communities like Southern Dallas.

- <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>
- https://www.hud.gov/sites/dfiles/GC/documents/Special_Purpose_Credit_Program_OGC_guidance_12-6-2021.pdf
- [12 CFR § 202.8 - Special purpose credit programs.](#)
 - <https://www.ffiec.gov/PDF/fairlend.pdf>

NexBank fails to offer Credit Builder Loans or Credit Builder Loans to help Rebuild Southern Dallas LMI residents' Credit History.

- <https://www.dallasfed.org/cd/cct/18cctdallas>

Activities under the CRA since the most recent CRA Performance Evaluation

NexBank failed to describe any significant **Southern Dallas CRA initiatives** undertaken, particularly with respect to credit and deposit products and retail banking services targeted toward low- and moderate-income geographies, African American/Hispanic geographies, and individuals, identifying key elements of the products and services, the approximate date introduced, and results achieved to date.

NexBank failed to provide any details current community outreach and marketing efforts to residents and businesses throughout Bank's low-income census tracts, moderate-income census tracts, and major minority census tracts, **specifically in Southern Dallas.**

Fair Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the home purchase and small business lending of NexBank in Dallas. This is what NCRC found.

- According to the Home Mortgage Disclosure Act (HMDA) data from 2017 to 2018, NEXBANK made a total of **39 home loans to Blacks (African Americans).**
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, NEXBANK made a total of **16 home loans to Blacks (African Americans).**

- Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
- No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2019 to 2020, NEXBANK made a total of **12 home loans to Blacks (African Americans)**.
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2020 to 2021, NEXBANK made a total of **15 home loans to Blacks (African Americans)**.
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- According to the Home Mortgage Disclosure Act (HMDA) data from 2021 to 2022, NEXBANK made a total of **15 home loans to Blacks (African Americans)**.
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
 - No loans were made in Southern Dallas
- Small Business Lending
 - SDPCDC compared NexBank small business lending to other non-credit card small business lenders in Dallas and found that NexBank trailed in lending to businesses with less than \$1 million in annual revenue from 2017 to 2022.
 - Extremely low amount of small business loans were made in Southern Dallas

Equal Credit Opportunity Act (ECOA) and Fair Housing Act (FHA)

NexBank violates Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA) by discriminating against African Americans and other minority consumers. The Equal Credit Opportunity Act (ECOA) prohibits lenders from discriminating based on race and other characteristics.

In terms of the discrimination, we assert that NexBank does engage in the following:

- All NexBank branches are in white-majority neighborhoods, compared to having none in majority-minority neighborhoods.
- NexBank's marketing initiatives showed a significant lower level of marketing efforts toward minority areas and media/intermediaries that tend to reach minority areas when compared to majority-white areas.
- Does not employ any African American mortgage or commercial loan officers in the DFW MSA
- NexBank significantly underperformed its "peer lenders" in generating loan applications from majority-Black and Hispanic neighborhoods;

- The geographic distribution of loans from 2017 through 2022 is poor, with a small number of loans in low-income areas that are not proportional to the number of households in Southern Dallas

Regulation B, the ECOA's implementing regulation, provides that a creditor shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application. But the ECOA itself does not set forth such a prohibition.

NexBank lacks Product Innovation and Flexibility

Failed to invest in BIPOC Small Business Accelerator – People Fund

https://peoplefund.org/bipoc-business-accelerator/?gclid=Cj0KCQjwuuKXBhCRARIsAC-gM0iouy3e3IN66yehV5YQ25VcHQY7uV7DoK9WgkXcZ3VzRzsXo2iZWikaAjXUEALw_wcB

Failed to form a Subsidiary Community Development Corporation

<https://www.occ.gov/topics/consumers-and-communities/community-affairs/resource-directories/public-welfare-investments/formation-of-subsiary-cdc.html#q3>

Failed to invest in Growth by NCRC

<https://growthbyncrc.com/>

Failed to invest in Dallas College Bankwork\$ Program.

<https://www.dallascollege.edu/cd/ce/training/business-mgmt/pages/bankworks.aspx>

Community Development Lending

NexBank made a significant lower level of Community Development loans in minority areas (Southern Dallas) when compared to majority-white areas (Northern Dallas).

Small Business/Commercial Lending

NexBank made a significant lower level of Small Business/Commercial loans in minority areas (Southern Dallas) when compared to majority-white areas (Northern Dallas).

Mortgage Lending

NexBank made a significant lower level of mortgage loans in minority areas (Southern Dallas) when compared to majority-white areas (Northern Dallas).

Lack of Staff and Board Diversity

NexBank does not have any African Americans on the Board of Directors.

<https://www.nexbank.com/about#directors>

NexBank does not have any African Americans on the DFW MSA Leadership Team.

<https://www.nexbank.com/about#executive-management>

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<https://blackcontractors.org/>

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<https://arlingtonblackchamber.org/>

NexBank is not a member of any of the Minority Real Estate Trade Organizations below:

<https://www.varep.net/index.php/dallas-chapter>

<https://narebnorthtexas.org/nareb-north-texas>

<https://wcdallas.com/>

<https://www.narebdallas.org/>

Conclusion

On behalf of the Southern Dallas Community, we asked that the Federal Reserve take the rare action of downgrading NexBank's CRA rating to "Needs Improve".

Sincerely,

James McGee

James McGee
President/Chair

JMcGee@SouthernDallasProgress.com

Southern Dallas Progress Community Development Corporation

Research on Dallas Community Needs

Dallas has a *housing* shortage of approximately 20,000 units.

<https://dallascityhall.com/departments/housing-neighborhood-revitalization/DCH%20Documents/Adopted%20Housing%20Policy.pdf>

North Texas Regional Housing Assessment

<https://dhantx.com/report/north-texas-regional-housing-assessment/>

Dallas' Small Business Ecosystem Assessment

<https://www.dallasecodev.org/DocumentCenter/View/2789/Dallas-Small-Business-Ecosystem-Report-PDF>

Report on Housing Affordability and Vulnerability in Dallas, Texas

<https://nalcab.org/nalcab-releases-report-on-housing-affordability-and-vulnerability-in-dallas-texas/>

FINDING G: MINORITY OWNED BUSINESSES ACCESS TO CREDIT/CAPITAL ANALYSIS (CHAPTER 6)

<https://dallascityhall.com/departments/public-affairs-outreach/DCH%20Documents/availability-disparity-study.pdf>



May 1, 2023

James McGee
Southern Dallas Progress
1402 Corinth, #147
Dallas, TX 75215

RE: April 23, 2023 Comments on NexBank's Public Notice of Community Reinvestment Act ("CRA")
Strategic Plan

Dear Mr. McGee:

NexBank ("Bank") is in receipt of your correspondence dated April 23, 2023 related to our CRA Strategic Plan public notice in the Dallas Morning News on April 1, 2023. On April 4, 2023, we received a request from you asking for a copy of our Strategic Plan, which we provided to you via email at jmcgee@southerndallasprogress.com on April 5, 2023. We welcome comments from our Dallas communities and organizations which we serve and take seriously the need to provide feedback to our communities regarding our historical and future CRA performance. The abundance of reading materials you referenced in your letter as well as a few of the organizations and/or projects you named shows you have performed an extensive amount of research on the Dallas community. By the same token, NexBank management has spent a significant amount of time identifying community needs and providing resources and funding to help meet our communities' needs. This letter serves to thank you for your input and to respond to various comments in your letter, including a few items that are not factually accurate.

NexBank works closely with dozens of organizations and entities that support low-to-moderate income families and communities in Texas, but especially the Dallas market, including the southern Dallas sector. We **are** responsible to organizations that we serve in several capacities, including grants, loans, volunteerism, and leadership. While NexBank is not a retail consumer bank, we do concentrate our CRA efforts and performance in four pillars of need in our communities: 1) affordable housing, 2) essential services, 3) financial literacy, and 4) education. While no single bank can meet all the needs of its communities, NexBank is proud of its Satisfactory CRA performance in the past and has outlined specific key performance indicators and goals within our Strategic Plan, that will continue to enable us to meet community needs and improve our reach and impact. While NexBank does not generally offer small business loans or consumer loans other than residential mortgages, we use our expertise in sectors we do lend in to stay focused on affordable housing, which includes community development multi-family properties and single-family properties for low-to-moderate income families. Staying focused on community needs of low-to-moderate persons/families and areas is the heart of CRA.

A few examples of how we meet our responsibilities to our communities start with leadership. NexBank staff sit on the Board of Directors of Dallas Habitat for Humanity, Dallas Neighborhood Homes, The Real Estate Counsel ("TREC") and Legacy Cares, plus Bank staff have memberships and/or serve in other leadership roles with TREC, Texas Women's Foundation Grant Committee, and the XIX Society.

When laying the foundation for our CRA Strategic Plan, NexBank staff met with leadership from a number of non-profits,

May 1, 2023

Page 2

city government and other community professionals to discuss community needs. These include:

- The Real Estate Counsel (“TREC”)
- Federal Home Loan Bank of Dallas (“FHLB”)
- Texas Christian University Center for Real Estate
- City of Dallas Housing Department
- Innovan Neighborhoods, Affordable Housing & Community Needs
- City of Dallas
- Human Systems and Strategies
- Dallas Area Habitat for Humanity
- City of Dallas Integrated Community Development Project

Please note that while your letter incorrectly states that we did not meet with TREC or the FHLB, we did meet with staff from these groups and have a historical relationship with LIFT Fund.

As far as lending, NexBank has made over \$527 million in community development multi-family housing loans and investments, which is affordable housing for low-to-moderate persons in the Dallas and Texas markets since October 2021 and our last CRA Public Evaluation. This is three times the volume that we did during the 2018 – 2021 CRA Public Evaluation cycle of \$170 million. Also, in the last 16 months, we have funded 18 single-family low-to-moderate income borrowers over \$3.1 million specifically in south Dallas, with most borrowers being Black or Hispanic. In summary, NexBank has invested over a half of billion dollars in affordable multi-family properties in Dallas and the broader state-wide area while financing single-family dwellings for minority borrowers in south Dallas.

NexBank also provides grant money to several organizations that provide essential services to underserved families and individuals in the Dallas and south Dallas market including health screenings and access to medical care, childcare, and food banks.

To help support financial literacy and strengthen education within the community, NexBank continues to play a leadership role in a number of non-profits and provides free financial literacy and education to dozens of North Texas ISD schools where a majority of students are on free-or reduced lunch programs. We also have provided work-study skills and education to eight Cristo Rey Dallas students, from low-to-moderate income areas in south Dallas, over each of the past two years for a total of 24 students in the last four years. We have contributed over \$194,464 to Cristo Rey for the current and future college education expenses of these students, who are virtually all minority. These children are being educated to make a difference.

Once again Mr. McGee, we appreciate your input and consideration. In short, NexBank has demonstrated its continued commitment to providing non-discriminatory banking and lending services to improve and empower the lives of low-to-moderate income persons and families in our geographic footprint. These activities are the foundation of our CRA Strategic Plan being proposed - affordable housing, essential services, financial literacy, and education.

Sincerely,



Sharon Lahr

SVP and Chief Compliance Officer



April 23, 2023

NexBank
2515 McKinney Avenue, Suite 1100
Dallas, Texas 75201

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office
1601 Bryan Street, Suite 1410
Dallas, Texas 75201

RE: Comment on NexBank Community Reinvestment Act Strategic Plan (the “Strategic Plan”)

This letter responds to the Strategic Plan Proposed by NexBank.

The passing of the 1977 Community Reinvestment Act aimed at reversing the practice of redlining when banks and the government would restrict credit in communities deemed “risky” — based on the race and background of that community’s residents.

The Community Reinvestment Act (CRA) is a law intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods.

NexBank is not responsible to community organizations in Southern Dallas. NexBank is not meeting the needs the needs of our community, which specifically includes low- and moderate-income neighbor located in Southern Dallas. *NexBank fails* to provide small business and/or consumer lending services in Southern Dallas’ majority African American communities.

Southern Dallas Zip Codes (LMI/High Minority Areas)

75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

DALLAS CREDIT NEEDS

On page 5 of this Federal Reserve report, the map colors depict areas of greater Dallas County according to credit score and income. The light and dark orange regions reveal that lower credit scores are largely in the southern reaches of the city where lower median household incomes are found.

<https://www.dallasfed.org/-/media/Documents/cd/cct/18cct.pdf?la=en>

Fair Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the small business lending of NexBank in the DFW MSA. This is what NCRC found.

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2021, NexBank made a total of 929 in Dallas County. This data demonstrated that 33.15% (308) of all home loans in Dallas went to minorities however only 9.36% (87) of NexBank home loans were extended to Blacks (African Americans).
 - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
- Small Business Lending
 - We compared NexBank small business lending to other non-credit card small business lenders in Dallas and found that NexBank trailed in lending to businesses with less than \$1 million in annual revenue.
 - Less than 5% of those loans were made in Southern Dallas

Gaps in lending to people of color, borrowers with LMI, and small businesses are usually the result of a lack of products that meet particular credit needs, gaps in marketing, or a lack of partnerships.

Per NexBank's 2015, 2018, & 2021 Performance Evaluation

The Lending Test is rated: Low Satisfactory.

https://crares.fdic.gov/publish/2021/29209_211012.PDF

https://crares.fdic.gov/publish/2018/29209_181105.PDF

https://crares.fdic.gov/publish/2015/29209_150831.PDF

Products available for the Underserved/Minority Communities

Access to affordable credit is a key component of an individual's ability to cultivate a strong financial position and participate fully in the DFW economy. The Equal Credit Opportunity Act of 1974 was passed to protect all consumers, yet the effects of the discrimination endure today.

NexBank does not offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA.

- [https://household-survey.fdic.gov/place-data?type=msa&area=Dallas Fort Worth Arlington TX](https://household-survey.fdic.gov/place-data?type=msa&area=Dallas_Fort_Worth_Arlington_TX)
 - The underbanked/unbanked information is available on the FDIC website.
- <https://www.aba.com/about-us/press-room/press-releases/aba-urges-americas-banks-to-offer-bank-on-certified-accounts>

NexBank does not have any special-purpose credit programs to address their disparities in small business lending in underserved high minority communities in Southern Dallas.

- <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>
- https://www.hud.gov/sites/dfiles/GC/documents/Special_Purpose_Credit_Program_OGC_guidance_12-6-2021.pdf
- [12 CFR § 202.8 - Special purpose credit programs.](#)
 - <https://www.ffiec.gov/PDF/fairlend.pdf>

NexBank Dallas County Bank Locations:

2515 McKinney Ave Ste 1100 Dallas, TX 75201; Located in a middle-income census tract and in a white majority community.

6121 Luther Ln Dallas, TX 75225; Located in an upper income census tract and in a white majority community.

2515 McKinney Ave Ste 1700 Dallas, TX 75201; Located in a middle-income census tract and in a white majority community.

PERFORMANCE CONTEXT FOR THE DFW AA

The Dallas–Fort Worth–Arlington metropolitan statistical area's population was 7,637,387 according to the U.S. Census Bureau's 2020 US Census, making it the most populous metropolitan area in both Texas and the Southern United States, the fourth-largest in the U.S., and the tenth-largest in the Americas. The Dallas–Fort Worth metroplex has over one million African-American and the second-largest metro population of African-Americans in Texas.

Of the 306 majority lower-income census tracts in the Dallas-Fort Worth area, 83% are predominantly non-white. Meanwhile, 95% of the 108-majority upper-income tracts are predominantly non-Hispanic white. Majority of middle- and mixed-income tracts that are predominantly non-Hispanic white account for 52% of the Dallas metropolitan tracts, located mostly in suburban areas.

Bank Presence and Market Competition

The DFW AA contains CRA “hot spots” and “banking deserts.” The CRA hot spots are in areas with majority upper-income tracts that are predominantly white. The Banking deserts are in areas with a

majority lower-income census that is predominantly African American and Hispanic/Latino. Despite the lack of banks in communities of color throughout the metroplex, there is no shortage in these same communities of check-cashing stores and predatory payday lenders. Not only does this mean that African Americans and Hispanics/Latinos in these “banking deserts” have no access to standard checking accounts and financial services, but it also means that they are much more likely to have to rely on predatory lenders who charge exorbitant interest rates and fees, all because they are the only “banking” or “lending” services available in these communities. Also, according to a 2019 FDIC’s DFW MSA Survey of Unbanked and Underbanked, 6.2% of adults are either unbanked or underbanked.

Community Development in the Dallas Fort Worth MSA

Grant and Services Opportunities

Volunteer Now (formerly the Volunteer Center of North Texas) serves as the hub of volunteerism in North Texas. As a national thought leader in volunteerism and one of the largest volunteer centers in the country, Volunteer Now provides a wide range of programs and services that build capacity for nonprofits and community organizations.

<https://www.volnow.org/about>

The purpose of Serve Southern Dallas, sponsored by The State Fair of Texas, is to highlight nonprofits who support the most vulnerable families, individuals, and businesses in Southern Dallas, who have been hard hit by the current crisis.

<https://servesouthdallas.org/about-us/>

Racial Equity In Philanthropy

<https://www.bridgespan.org/special-collections/racial-equity-in-philanthropy>

Lending Opportunities

There are several CDFI's that services the DFW AA. For your convenience they are listed below:

PeopleFund; Texas Mezzanine Fund, Inc.; TREC Community Investors; William Mann, Jr. Community Development Corporation; Lift Fund; Business & Community Lenders (BCL) of Texas; National Association For Latino Community Asset Builders; Community Loan Center of Dallas

Investment Opportunities.

In the Low-Income Housing Tax Credit (“LIHTC”) investment space, banks should comply with the 42 U.S.C. § 3608(d) statutory duty to prevent the perpetuation of racial and ethnic segregation. *President Biden’s January 26, 2021, Memorandum on Redressing Our Nation’s and the Federal Government’s History of Discriminatory Housing Practices and Policies explains that federal agencies must administer their programs and activities relating to housing to comply with 42 U.S.C. § 3608(d).*

City of Dallas Affordable Housing Revolving Loan

The Affordable Housing Revolving Loan Program is part of the Community Regeneration Fund. The fund falls under the city's Community Transformation Action Roadmap, which calls for an increased focus on private partnerships. This new program is just one of several initiatives in the roadmap that aim to provide the city with more housing.

<https://www.liscstrategicinvestments.org/dallas-housing-opportunity-fund-dhof>

Corner Square Community Capital

Corner Square Community Capital is a partner and resource for the CDFI and MDI sector that is designed to significantly increase investment in communities through small businesses and entrepreneurs that have seen decades of underinvestment.

<https://www.cornersquare.org/>

GROWTH

The Generating Real Opportunities for Work Through Housing (**GROWTH**) initiative and Enterprise Community Partners are being recruited to Dallas to increase the development of affordable housing in the DFW Metroplex.

GROWTH is an initiative of the National Community Reinvestment Coalition (NCRC), designed to create pathways to homeownership for low- and moderate-income (LMI) individuals and families while improving property values for LMI communities.

<https://growthbyncrc.com/>

C3 Fund

The C3 Fund, a minority led CDFI, will place capital into low to moderate-income census tracts. C3 is filling the gap in community development by providing flexible financing solutions to local investors with a focus on revitalizing low to moderate-income communities in a way that is beneficial for the borrower and the community.

<https://www.c3.fund/>

History, Demographic, Geographic, Economic, and Housing Information

The need in Southern Dallas is well documented. HUD has designated Southern Dallas as a racially or ethnically concentrated area of poverty (R/ECAP) since at least 1990, meaning that since 1990 the population of Southern Dallas has had a poverty rate of at least 40%. That poverty rate is more than

double the 16.6% poverty rate for Dallas County as a whole.¹ The Urban Institute looked at economic trends, data on income segregation, housing affordability, job availability, and racial disparities in 274 large US cities from 1980 to 2013 and found that Dallas was the least economically and racially inclusive.² Increased obstacles to economic opportunity in Southern Dallas has a negative impact on Dallas as a whole. Numerous studies show that high levels of inequality stunt economic growth as it prevents economies from performing to their full potential.³ Economies with less inequality not only maximize their productive potential, but also minimize the significant fiscal and social costs of inequality. Childhood poverty—one outcome of insufficiently inclusive growth—costs the U.S. economy an estimated \$500 billion a year, or four percent of GDP, due to lost productivity, higher crime and incarceration, and larger health expenditures. Cities end up bearing these costs, at the expense of other important investments in growth and opportunity.⁴ Heightened inequality also creates resentments and hostilities that damage social and political cohesion, which also negatively affects economic growth.

According to estimates from the North Central Texas Council of Governments, Fort Worth has more than 70,000 acres of vacant, developable land. This exceeds every other city in the Dallas-Fort Worth metro area.

It more than doubles Dallas, which has less than 30,000 acres of vacant land. The city also has more acreage than the four largest cities in Collin County of Frisco, McKinney, Plano, and Allen combined.⁵

City of Fort Worth Housing Programs

Neighborhood Empowerment Zones (NEZ) Promote housing, economic development, and quality services in Fort Worth central city.

<https://www.fortworthtexas.gov/departments/neighborhoods/services/nez>

City of Dallas Housing Programs

The Department of Housing & Neighborhood Revitalization is charged with investing in the development and preservation of mixed-income housing.

¹ “Percent of Population Below the Poverty Level in Dallas County, TX.” 2018 Poverty Rate for Dallas County TX. Federal Reserve Bank of St. Louis Economic Research. Available online at <https://fred.stlouisfed.org/series/S1701ACS048113>.

² “Inclusive Recovery in US Cities.” Urban Institute. April 2018. Available online at https://www.urban.org/sites/default/files/publication/97981/inclusive_recovery_in_us_cities.pdf.

³ “Introduction: Inequality of Economic Opportunity.” Katharine Bradbury and Robert K. Triest. RSF: The Russell Sage Foundation Journal of the Social Sciences, Vol. 2, No. 2, Opportunity, Mobility, and Increased Inequality (May 2016), pp. 1-43. Available online at https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata_info_tab_contents

⁴ “Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies.” Brookings Institution. Joseph Parilla. September 28, 2017. Available online at <https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/>.

⁵ <https://www.nbcdfw.com/news/local/fort-worth-has-most-vacant-developable-land-in-metrplex/51282/>
<https://www.brookings.edu/wp-content/uploads/2016/06/paganofinal.pdf>

https://dallascityhall.com/departments/housing-neighborhood-revitalization/Pages/About_Housing.aspx

North Texas Regional Assessment of Fair Housing

In 2016, a consortium of more than 20 Dallas-Fort Worth (DFW) cities and housing authorities (“regional working group”) formed to respond to the U.S. Department of Housing and Urban Development’s (HUD) requirement to complete an Assessment of Fair Housing (AFH) pursuant to the new rule on “Affirmatively Furthering Fair Housing (the “AFFH Rule”).

Under the lead of the City of Dallas, the regional working group retained the University of Texas at Arlington¹ (UTA) as a consultant to conduct the assessment. The North Texas Regional Housing Assessment (NTRHA) launched in January 2017 and entailed three integrated phases: community outreach, data analysis, and the formulation of fair housing goals to address the issues identified.

For the purpose of the assessment, HUD provided data and analytical tools, which the UTA researchers supplemented with local knowledge and local data obtained through outreach activities and additional data collection and analysis.

This report documents the AFH process and findings for the City of Dallas and the North Texas region; it intends to provide meaningful, data-driven insight for the City to develop strategies that affirmatively further fair housing.

<https://dhantx.com/wp-content/uploads/2019/03/North-Texas-Regional-Housing-Assessment-2018.pdf>

<https://dallascityhall.com/departments/fairhousing/PublishingImages/Pages/North-Texas-Regional-Assessment-of-Fair-Housing/North%20Texas%20Regional%20Assessment%20of%20Fair%20Housing.pdf>

Research on Dallas Community Needs

Dallas has a housing shortage of approximately 20,000 units.

<https://dallascityhall.com/departments/housing-neighborhood-revitalization/DCH%20Documents/Adopted%20Housing%20Policy.pdf>

Dallas’ Small Business Ecosystem Assessment

<https://www.dallasecodev.org/DocumentCenter/View/2789/Dallas-Small-Business-Ecosystem-Report-PDF>

Report on Housing Affordability and Vulnerability in Dallas, Texas

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FINDING G: MINORITY OWNED BUSINESSES ACCESS TO CREDIT/CAPITAL ANALYSIS (CHAPTER 6)

<https://dallascityhall.com/departments/public-affairs-outreach/DCH%20Documents/availability-disparity-study.pdf>

City of Dallas Economic Development Plan

<https://www.dallasecodev.org/544/Strategic-Economic-Development-Plan>

Research on Fort Worth Community Needs

Fort Worth Disparity Study-Evidence of Disparities in Access to Business Capital

<https://www.fortworthtexas.gov/files/assets/public/diversity-inclusion/documents/business-equity/2020-city-of-fort-worth-disparity-study.pdf>

City of Fort Worth Economic Development Plan

<https://www.fortworthtexas.gov/departments/ecodev/edplan>

City of Fort Worth Community Needs Assessment

<https://www.fortworthtexas.gov/files/assets/public/neighborhoods/documents/cap-community-needs-assessment.pdf>

Community Health Needs Assessment (CHNA)

https://www.bswhealth.com/SiteCollectionDocuments/about/community-health-needs-assessments/CHNA-2019/FINAL_CHNA_DALLAS_METRO.pdf

<https://www.parklandhospital.com/dallas-community-health>

<https://www.texashealth.org/-/media/Project/THR/shared/Documents/PDFs/Community-Health/Community-Health-Needs-Assessments-2019/Texas-Health-Presbyterian-Dallas-CHNA-2019.pdf>

<https://www.dallasnews.com/news/public-health/2019/10/16/these-five-zip-codes-are-the-unhealthiest-in-dallas-county-officials-want-to-change-that/>

https://www.methodisthealthsystem.org/images/MHS_Community_Assessment_CharltonDallasRehab-Hospitals_V1-092719-post.pdf

Lack of Staff and Board Diversity

NexBank does not have any African Americans and/or Hispanics on the Board of Directors.

NexBank does not have any African Americans and/or Hispanics in Executive Leadership.

NexBank does not have any Commercial Loans Officers in the DFW MSA that are African Americans.

NexBank does not have any Mortgage Loans Officers in the DFW MSA that are African Americans and/or Hispanics.

NexBank does not participate in the Dodd-Frank Act Section 342(b)(2)(C) Diversity self-assessment.

The DFW MSA is majority minority.

Low-Income Housing Tax Credit (LIHTC) in the News

The Fair Housing Act, which is part of the Civil Rights Act of 1968, prohibits discrimination in lending to individuals in neighborhoods based on their racial composition. The Fair Housing Act can affect lending in two ways. First, it prohibits discrimination in any aspect of housing. This includes not only mortgages on single family homes, but also loans for acquisition or construction of any kind of dwelling, including apartment buildings and housing developments.

Feds consider a proposal to end incentives for banks that own low-income housing in high-crime neighborhoods

<https://www.wfaa.com/article/money/feds-consider-proposal-to-end-incentives-for-banks-that-own-low-income-housing-in-high-crime-neighborhoods/287-67c1f91a-ddbf-43b3-b43e-fcf791b38513>

Modern Federal Neighborhood Segregation

<https://www.danielbesharalawfirm.com/modern-federal-neighborhood-segregation>

U.S. Supreme Court Upholds Fair Housing Disparate Impact Principle

<https://nlihc.org/resource/us-supreme-court-upholds-fair-housing-disparate-impact-principle>

NexBank Failed to speak with the Community Contacts below:

1. Dallas City Homes
2. SouthFair CDC
3. BCL of Texas
4. Builders of Hope CDC
5. Catholic Charities of Dallas
6. Catholic Charities of Fort Worth
7. Capital Good Fund
8. Capital Impact Partners
9. Center for Transforming Lives
10. Childcare Associates
11. Communities Foundation of Texas
12. Communities in Schools

13. Community Enrichment Center
14. Housing Channel
15. Development Corporation of Tarrant County
16. DFW Regional Housing Consortium
17. DRC Southern Dallas Task Force
18. Dream Spring
19. Family Pathfinders
20. Federal Reserve Bank
21. Federal Home Loan Bank Dallas
22. Fort Worth Habitat for Humanity
23. Fort Worth Links Inc.
24. Grameen America
25. Hope Farm
26. Housing Channel
27. Housing Crisis Center
28. Housing Opportunity of Fort Worth
29. Jewish Family Services of Dallas
30. Jubilee Park and Community Center
31. LIFT Fund
32. North Texas Communities Foundation
33. People Fund
34. Southern Dallas Progress
35. Texas Association of CDC's
36. For Oak Cliff
37. Texas Real Estate Council
38. The DEC
39. Under 1 Roof
40. United Way of Dallas County
41. United Way of Denton County
42. United Way of Tarrant County
43. WINGS Dallas

Community Ask:

- Invest in Funds that will increase supply of For Sale affordable housing.
- Establish a DFW MSA Community Advisory Board
- Perform a credit needs assessment for Southern Dallas and Fort Worth
- Create a Business Diversity Lending Program
- Supporting the establishment of federal uniform reporting standards in supplier diversity.
- Require the MDIs and CDFIs that you invest in to collect demographic information on the individuals they serve.
 - <https://www.consumerfinance.gov/compliance/supervisory-guidance/statement-collection-demographic-information-community-development-financial-institutions/>
- Create African American Micro Business Loan Fund with CDFI

- Example:
 - <https://www.chicago.gov/content/dam/city/depts/bacp/Small%20Business%20Center/africanamericanloanprogramtermsheet.pdf>
- Make donations to minority lead organizations that focus on Southern Dallas with operating incomes under \$600,000.
 - <https://racialequity.org/2018/11/minority-led-nonprofits/>
 - <https://www.philanthropy.com/article/nonprofits-led-by-people-of-color-win-less-grant-money-with-more-strings-study/>
- Volunteer and Support Youth Entrepreneurship Programs
 - <https://www.nfte.com/north-texas/>
 - <https://www.starsunitedglobaloutreach.org/>
- Advertise with local minority newspapers.
 - Dallas Weekly (<https://www.dallasweekly.com/>)
 - North Dallas Gazette (<https://northdallasgazette.com/>)

Conclusion

In lieu of one of the three primary evaluation methods, the CRA regulations provide banks the option to develop a strategic plan with the input of the community. Strategic plans allow banks to tailor their performance goals to the needs of their community by working directly with the community to develop the goals.

The proposed strategic plan does not meet the needs of the Low to Moderate Income and High Minority communities in the DFW MSA. Also, the investments into Low-Income Housing Tax Credit (LIHTC) should be closely monitored as it may violate the Disparate Impact and Disparate Treatment rules under HUD regulations.

NexBank should be revised the plan to make sure they are meeting the credit needs of low to moderate income neighborhoods.

We would look forward to NexBank being more responsive to our community needs and be a leader in addressing inequality in the DFW MSA.

Sincerely,

James McGee

James McGee
 President/Chair
JMcGee@SouthernDallasProgress.com
 Southern Dallas Progress Community Development Corporation



Improving Lives, One Community at a Time

December 26, 2022

NexBank, SSB
2515 McKinney Avenue, Suite 1100
Dallas, Texas 75201

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office
1601 Bryan Street, Suite 1410
Dallas, Texas 75201

RE: Discrimination Compliant

Dear FDIC,

The undersigned community organization is submitting this letter to file a complaint against NexBank.

The Community Reinvestment Act (CRA) is a law intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods.

NexBank is not meeting the needs the needs of our community, which specifically includes low- and moderate-income neighbor located in Southern Dallas. NexBank fails to provide small business and/or consumer lending services in Southern Dallas' majority African American communities.

Southern Dallas Zip Codes (LMI/High Minority Areas)

75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

DALLAS CREDIT NEEDS

On page 5 of this Federal Reserve report, the map colors depict areas of greater Dallas County according to credit score and income. The light and dark orange regions reveal that lower credit scores are largely in the southern reaches of the city where lower median household incomes are found.

<https://www.dallasfed.org/-/media/Documents/cd/cct/18cct.pdf?la=en>

Concerns:

- NexBank does not have a branch located in a high minority/high poverty¹ census tract in the DFW MSA.
- NexBank does not originate any commercial loans in low-income census tracts in the DFW MSA.
- NexBank does not originate any commercial loans in high minority/ high poverty² census tracts in the DFW MSA.
- NexBank does not originate any small business loans to businesses with less than a million dollar in revenue that was in low-income census tracts in the DFW MSA.
- NexBank does not originate small business loans to businesses with less than a million dollar in revenue that was in high minority/ high poverty census tracts in the DFW MSA.
- NexBank does not offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA

The Dallas–Fort Worth–Arlington metropolitan statistical area's population was 7,573,136 according to the U.S. Census Bureau's 2019 population estimates, making it the most populous metropolitan area in both Texas and the Southern United States, the fourth largest in the U.S., and the tenth largest in the Americas. **The Dallas–Fort Worth metroplex has over one million African-American and the second-largest metro population of African-Americans in Texas.**

NexBank engages in unlawful discrimination by acting to meet the credit needs of majority-White neighborhoods in the Dallas-Fort Worth Metropolitan Statistical Area ("DFW MSA" or "MSA") while avoiding the credit needs of majority-minority neighborhoods.

In addition, NexBank engages in lending discrimination by “redlining” predominantly African American and Hispanic neighborhoods in Southern Dallas. “Redlining” is a term describing an illegal practice in which lenders intentionally avoid providing services to individuals living in predominantly minority neighborhoods because of the race of the residents in those neighborhoods.

Dallas is a majority minority city (66.1 percent of population) with 41.8 percent of residents identifying as Hispanic and 24.3 percent identifying as Black.

¹ High Minority/High Poverty=Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs) https://hudgis-hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0

Dallas is a city with a population of just under 1,344,000, including 24.3 percent African American residents, 41.8 percent Hispanic/Latinx residents, and 3.4 percent Asian residents; and 30.5 White (Non-Hispanic)

Equal Credit Opportunity Act (ECOA) and Fair Housing Act (FHA)

NexBank violates Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA) by discriminating against African Americans and other minority consumers. The Equal Credit Opportunity Act (ECOA) prohibits lenders from discriminating based on race and other characteristics.

In terms of the discrimination, we assert that NexBank does engage in the following:

- Made no efforts to market to African Americans and/or Hispanics in Southern Dallas
- Does not specifically target any marketing toward Hispanic and/or African Americans in the DFW MSA and specifically Southern Dallas
- Does not employ an African American and/or Hispanics commercial loan officers in the DFW MSA

Regulation B, the ECOA's implementing regulation, provides that a creditor shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application. But the ECOA itself does not set forth such a prohibition.

Fair Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the small business lending of NexBank in the DFW MSA. This is what NCRC found.

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, NexBank made a total of 394 in Dallas County. This data demonstrated that in 2019, 42.13% (166) of all home loans in Dallas went to minorities however **only 14.46% (57) of NexBank home loans were extended to Blacks (African Americans).**
- According to the Home Mortgage Disclosure Act (HMDA) data from 2019 to 2020, NexBank made a total of 1,494 in Dallas County. This data demonstrated that in 2020, 20.28% (303) of all home loans in Dallas went to minorities however **only 6.62% (99) of NexBank home loans were extended to Blacks (African Americans).**
- Small Business Lending
 - Received almost no applications from applicants for properties located in African American and Hispanic Low to Moderate Income neighborhoods in the DFW MSA
 - NexBank does not originate any commercial loans in low-income census tracts in the DFW MSA.

- NexBank does not originate any commercial loans in high minority/ high poverty³ census tracts in the DFW MSA.
- NexBank does not originate any small business loans to businesses with less than a million dollar in revenue that was in low-income census tracts in the DFW MSA.
- NexBank does not originate small business loans to businesses with less than a million dollar in revenue that was in high minority/ high poverty census tracts in the DFW MSA.

Products available for the Underserved/Minority Communities

Access to affordable credit is a key component of an individual's ability to cultivate a strong financial position and participate fully in the DFW economy. The Equal Credit Opportunity Act of 1974 was passed to protect all consumers, yet the effects of the discrimination endure today.

NexBank does not offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA.

- https://household-survey.fdic.gov/place-data?type=msa&area=Dallas_Fort_Worth_Arlington_TX
 - The underbanked/unbanked information is available on the FDIC website.
- <https://www.aba.com/about-us/press-room/press-releases/aba-urges-americas-banks-to-offer-bank-on-certified-accounts>

NexBank does not have any special-purpose credit programs to address their disparities in small business lending in underserved high minority communities in Southern Dallas.

- <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>
- https://www.hud.gov/sites/dfiles/GC/documents/Special_Purpose_Credit_Program_OGC_guidance_12-6-2021.pdf
- [12 CFR § 202.8 - Special purpose credit programs.](#)
 - <https://www.ffiec.gov/PDF/fairlend.pdf>

Community Development Lending

NexBank failed to provide the number of loans made in Low to Moderate Income census tracts versus Middle to Upper Income census tracts

Small Business/Commercial Lending

NexBank failed to provide the number of loans made in Low to Moderate Income census tracts versus Middle to Upper Income census tracts.

Lack of Staff and Board Diversity

NexBank does not have any African Americans and/or Hispanics on the Board of Directors.

NexBank does not have any Commercial Loans Officers in the DFW MSA that are African Americans.

NexBank does not have any Mortgage Loans Officers in the DFW MSA that are African Americans and/or Hispanics.

NexBank does not participate in the Dodd-Frank Act Section 342(b)(2)(C) Diversity self-assessment.

The DFW MSA is majority minority.

NexBank is not a member of any of the Minority Trade Organizations below:

<https://regionalhca.org/>

<https://www.namcdfw.org/>

<https://blackcontractors.org/>

<https://aacatx.com/>

NexBank is not a member of any of the Minority Real Estate Trade Organizations below:

<https://www.narebdallas.org/>

<http://nahrepdallas.org/>

<https://www.varep.net/index.php/dallas-chapter>

<https://narebnorthtexas.org/nareb-north-texas>

<https://wcdallas.com/>

<https://realestatealliance.org/>

<https://www.areaa.org/dfw>

NexBank is not a member of any of the Minority Chambers below:

<https://dallasblackchamber.org/>

<https://arlingtonblackchamber.org/>

<https://fwmbcc.org/>

<https://fwhcc.org/>

<https://www.gdhcc.com/>

Conclusion

The CRA regulation is very clear — a finding that a bank failed to comply with laws on fair and responsible lending trumps otherwise satisfactory or even outstanding CRA performance. The CRA regulations specifically state that a rating will be "adversely affected by evidence of discriminatory or other illegal credit practices," including but not limited to violations of the Equal Credit Opportunity Act, the Fair Housing Act, the Home Ownership and Equity Protection Act, the Federal Trade Commission Act, the Real Estate Settlement Procedures Act and the Truth in Lending Act.

We would look forward to this case being reviewed and referred to the U.S. Department of Justice (DOJ) and the Consumer Financial Protection Bureau (CFPB).

Sincerely,

James McGee

James McGee
President/Chair

JMcGee@SouthernDallasProgress.com

Southern Dallas Progress Community Development Corporation

From: [Kathy Kidwell](#)
To: [Melissa Bailey](#)
Cc: [Sharon Lahr](#)
Subject: Family Gateway: Thank You and Follow Up
Date: Monday, January 29, 2024 9:45:45 AM
Attachments: [image002.png](#)
[image003.png](#)
[image004.png](#)

Good afternoon, Melissa,

Happy 2024! Please forgive my delay in following up with you, it seems like this time of year goes by so fast! I wanted to reach out first to say thank you so much for a fantastic 2023. The amazing support from NexBank was above and beyond what we had expected from beginning to end. The incredible donation of 30K, all the fantastic gifts for our precious kids, gift card for teens and your general compassion for the families at Family Gateway was truly appreciated. I would love the opportunity in giving you a tour of our new shelter location, I think you would be happy to see the difference in the location and how happy the kids are with their playground.

We believe families with children should not sleep in cars or outside and need to ensure we have the resources needed to keep pace with the demand for care. Your ongoing help is very much needed, and we appreciate your past support so much. We have been so thankful for your partnership over the years, especially as we weathered the storm of the pandemic and growing need in our community. We would love to count on your support again this year as we continue to expand our services to help children and families experiencing homelessness.

Please let me know if you would like to schedule a tour, I hope we have another great partnership this year with NexBank.

Warmly,
Kathy

Kathy Kidwell

Director of Community Engagement
Family Gateway
214.823.4500 x106 / cell. 972.965.8915

The mission of Family Gateway is to provide stability and life-changing supportive services to children and families affected by homelessness.

If you or someone you know is experiencing a homeless crisis, please call 1-888-411-6802 (Option 3).



www.familygateway.org



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EXTERNAL EMAIL - USE CAUTION WHEN OPENING LINKS OR ATTACHMENTS

From: marlon@cliff temple.org <marlon@cliff temple.org>

Sent: Thursday, September 28, 2023 11:44 AM

To: Amy Britton <amy@cliff temple.org>

Cc: Melissa Bailey <Melissa.Bailey@nexusbank.com>; Mark Little <mark.little@nexusbank.com>; Sharon Lahr <sharon.lahr@nexusbank.com>

Subject: RE: Thank you for supporting MOC on NTGD

Dear Melissa and Nexbank team,

I hope you are doing well. I am humbled and grateful for the opportunity you all gave us by walking next to us on this journey. My heart rejoices with people like you who are open to listening to the needs of the people and reacting in such a way. Please remember that we are here for you and love being in partnership with you all.

Best,

Marlon Iván Ríos

From: Brooke Nickerson-Henderson <brooke@legacycares.org>

Sent: Sunday, September 24, 2023 7:52 AM

To: Sharon Lahr <sharon.lahr@nexbank.com>

Cc: Cody Lynch <cody@legacycares.org>; Brian Ralston <brian.ralston@nexbank.com>; Ratonia Runnels <ratonia@legacycares.org>; Melissa Bailey <Melissa.Bailey@nexbank.com>; Joanna Rotter <JoAnna.Rotter@NexBank.com>; Mark Little <mark.little@nexbank.com>

Subject: Re: North Texas Giving Day Donation

Sharon,

We are so grateful for the continued support from NexBank. Because of this amazing donation, we raised \$58,450 on NTXGD!

With gratitude,

Brooke Nickerson-Henderson, LMSW

Executive Director

Legacy Cares

From: John P. Owen <jowen@ccgroup.org>
Sent: Friday, September 22, 2023 10:55 AM
To: Melissa Bailey <Melissa.Bailey@nexbank.com>
Cc: Mark Little <mark.little@nexbank.com>; Sharon Lahr <sharon.lahr@nexbank.com>
Subject: RE: North Texas Giving Day Donation

confirmed Melissa!
we are so grateful for the support...

From: Melissa Bailey <Melissa.Bailey@nexbank.com>
Sent: Thursday, September 21, 2023 1:50 PM
To: John P. Owen <jowen@ccgroup.org>
Cc: Mark Little <mark.little@nexbank.com>; Sharon Lahr <sharon.lahr@nexbank.com>
Subject: RE: North Texas Giving Day Donation

Hi John,

I hope your week is going well. I wanted to email you to let you know that NexBank funded the \$25k donation via wire today to ChildCareGroup for North Texas Giving Day.

Thank you,



Melissa Bailey, CAMS

VP, Sr. BSA and Compliance Officer
2515 McKinney Ave, Suite 1100 · Dallas, TX 75201
972 934 4727 (Office) · 817 691 1765 (Cell) · 972 934 4785 (Fax)
Melissa.Bailey@NexBank.com
www.nexbank.com

From: John P. Owen <jowen@ccgroup.org>
Sent: Thursday, September 14, 2023 11:25 AM

To: Melissa Bailey <Melissa.Bailey@nexbank.com>
Cc: Mark Little <mark.little@nexbank.com>
Subject: RE: North Texas Giving Day Donation

EXTERNAL EMAIL - USE CAUTION WHEN OPENING LINKS OR ATTACHMENTS

hey Melissa!!

WOW! what a wonderful surprise!! that is so awesome and generous...
so, there are no parameters for NTGD...timing of gift does not matter...
and as I am aware of the gift I can direct accounting and how it should be coded...
and our wiring instructions have changed...please see the attached...

From: Melissa Bailey <Melissa.Bailey@nexbank.com>
Sent: Thursday, September 14, 2023 11:15 AM
To: John P. Owen <jowen@ccgroup.org>
Cc: Mark Little <mark.little@nexbank.com>
Subject: North Texas Giving Day Donation

CAUTION: This email originated from outside of the ChildCareGroup email system. DO NOT click links or open attachments unless you expect them from the sender and know the content is safe. VERIFY the sender and content of this email. NEVER enter your email credentials on sites originating in an email, attachment, or links in attachments.

Hi John,

I hope you are doing well. NexBank would like to donate \$25k to ChildCareGroup for North Texas Giving Day on September 21st.

From: Colbi White <colbi.white@ntfb.org>
Sent: Friday, September 22, 2023 11:04 AM
To: Melissa Bailey <Melissa.Bailey@nexbank.com>
Cc: Sharon Lahr <sharon.lahr@nexbank.com>; Mark Little <mark.little@nexbank.com>
Subject: Friend, a big North Texas Giving Day announcement ...

Good morning, Melissa!

I just left you a voicemail because I was excited to tell you that YES, NexBank's \$25,000 qualifies for the North Texas Giving Day match.

Thank you again for your generous support! I will put together acknowledgement letters today and send those over to you for tax purposes. If there is anything else I can provide you with, please let me know!

Happy Friday to you all!
Colbi



Colbi White
Major Gift Officer
Colbi.White@ntfb.org
Direct: 214.269.0905

From: Ossie Kendrix <OKendrix@TRECCommunityInvestors.org>

Sent: Monday, June 26, 2023 11:46 AM

To: Melissa Bailey <Melissa.Bailey@nexbank.com>

Cc: Linda McMahon <lmcmahon@recouncil.com>

Subject: Re: TREC Q2 2023 \$40k CRA Grant

Hello Melissa,

We continue to be grateful for the relationship that we have with NexBank. Yes, the ACH information is current and accurate. I will ensure that the group is aware of this support.

Thank you and have a great week!

Ossie Kendrix

Fundraising Manager

TREC Community Investors

3100 McKinnon Street, No. 1150 | Dallas, TX 75201

p 214.220.1843 | **f** 214.692.3630

Connect with us: [Facebook](#) | [Instagram](#) | [LinkedIn](#)

okendrix@treccommunityinvestors.org | [treccommunityinvestors.org](https://www.treccommunityinvestors.org)

From: Brooke Nickerson-Henderson <brooke@legacycares.org>
Sent: Monday, April 10, 2023 8:00 AM
To: Melissa Bailey <Melissa.Bailey@nexbank.com>
Cc: Sharon Lahr <sharon.lahr@nexbank.com>; Brian Ralston <brian.ralston@nexbank.com>
Subject: Re: Legacy Grant

Good Morning Melissa, Sharon, and Brian,

I hope you each had a wonderful Easter weekend. I can officially confirm that we have successfully received the funds in our account. We are beyond grateful for Nexbank's support of our housing programs and the agency overall. These past six months have definitely been a challenge for us in dealing with the City of Dallas regarding our housing funds, so knowing we have your steadfast support brings us comfort. We look forward to continuing our connection to provide even more housing and support to our clients and their families.

Have a wonderful week!

Brooke Nickerson-Henderson, LMSW

Executive Director

Legacy Cares

4054 McKinney Ave. Suite #102

Dallas, TX 75204

214-520-6308 (Phone)

214-521-9172 (Fax)

www.legacycares.org

From: Kathy Kidwell <kkidwell@familygateway.org>

Sent: Thursday, December 8, 2022 2:09 PM

To: Melissa Bailey <Melissa.Bailey@nexbank.com>

Cc: Sharon Lahr <sharon.lahr@nexbank.com>

Subject: JUST WANTED TO SAY THANK YOU

Hi Melissa,

I wanted to take a moment to personally thank you and the entire team with NexBank for an amazing year, we could not have possibly done this without your support and donations..

As we reflect on the past year, we are grateful for the opportunity to walk alongside children and families as they recover from the trauma of homelessness. More than anything, we are grateful for the determination that our families display in the face of adversity. Their resilience and hope inspire us to continue our important work despite the challenges that may arise.

Over the last year, the number of new families requiring shelter has increased from 30 families each month to an average of 60 families each month. The loss of pandemic protections, rising costs, and the scarcity of affordable housing are simply too much for many extremely low-income families to bear.

On most nights, all three of our shelter locations are full, and we routinely support 30-40 families in overflow care who would otherwise be sleeping in their cars or on the streets with their children.

The need is great, and we can't do this important work alone.

Hope everyone has a safe and Happy Holidays..... thank you from the bottom of my heart for a wonderful year, it would not be possible with you.....

Kathy Kidwell

Director of Community Engagement

Family Gateway

214.823.4500 x106 / cell. 972.965.8915

The mission of Family Gateway is to provide stability and life-changing supportive services to children and families affected by homelessness.

If you or someone you know is experiencing a homeless crisis, please call 1-888-411-6802 (Option 3).



From: roger@cliff temple.org
To: [Melissa Bailey](#)
Subject: RE: Mission Oak Cliff - North Texas Giving Day 2022 Donation
Date: Wednesday, November 30, 2022 3:28:35 PM

EXTERNAL EMAIL - USE CAUTION WHEN OPENING LINKS OR ATTACHMENTS

Hi Melissa:

So great to hear from you. Thank you for leading Nexbank in making an additional donation in 2022. We are so very grateful and appreciative of your support helping Mission Oak Cliff to better serve our community.

Mailing Address:

Roger Jackson
Mission Oak Cliff
125 Sunset Ave.
Dallas, Texas 75208

Email:

roger@cliff temple.org

barbara@cliff temple.org

[214-942-8601](tel:214-942-8601)

Sincerely,

Roger Jackson, Interim Director
Mission Oak Cliff
(cell) 972-400-8185

From: [Felicia Pierson](#)
To: [Melissa Bailey](#); [Katy Henry](#); [Nebiat Wodere](#); [Linda McMahon](#)
Cc: [Sharon Lahr](#); [Tammy Roberts](#)
Subject: RE: TREC 4th quarter CRA donation
Date: Wednesday, November 30, 2022 5:47:31 PM

EXTERNAL EMAIL - USE CAUTION WHEN OPENING LINKS OR ATTACHMENTS

Sharon and Melissa,

Thank you again for your FINANCIAL SUPPORT! Sharon, I'd like to schedule a time for us to meet to discuss all of our community and economic development activities.

Best Regards,

Felicia Pierson

Senior Director of Community Investment
TREC Community Investors

3100 McKinnon Street, No. 1150 | Dallas, TX 75201

p 214.692.3607 | **f** 214.692.3630

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fperson@treccommunityinvestors.org | treccommunityinvestors.org

From: [Zahra Perez](#)
To: [Melissa Bailey](#)
Subject: Re: NexBank Donation to NTFB - NTXGD
Date: Wednesday, September 14, 2022 8:36:20 AM
Attachments: [image004.png](#)
[image007.png](#)

EXTERNAL EMAIL - USE CAUTION WHEN OPENING LINKS OR ATTACHMENTS

Good morning! Thank you so much!! This is wonderful!

Zahra Perez, Major Gift Officer
North Texas Food Bank
214-815-4782 cell

From: Melissa Bailey <Melissa.Bailey@nexbank.com>
Sent: Wednesday, September 14, 2022 8:20:20 AM
To: Zahra Perez <Zahra.Perez@ntfb.org>
Subject: RE: NexBank Donation to NTFB - NTXGD

Good morning,

I am pleased to inform you that the NTFB - North Texas Giving Day donation has funded.

Thank you,



Melissa Bailey, CAMS

VP, Sr. BSA and Compliance Officer
2515 McKinney Ave, Suite 1100 · Dallas, TX 75201
972 934 4727 (Office) · 817 691 1765 (Cell) · 972 934 4785 (Fax)
Melissa.Bailey@NexBank.com

From: Zahra Perez <Zahra.Perez@ntfb.org>
Sent: Tuesday, September 13, 2022 1:10 PM
To: Melissa Bailey <Melissa.Bailey@nexbank.com>
Subject: RE: NexBank Donation to Feeding Families Campaign

Hi Melissa,

That is excellent, thank you! I checked and all you need to do is reference NTXGD on your deposit. The same amount as the \$25k will be great. Thank you so much!

I still have you all down as needing a tour. Let me know when that is possible.

Kindest Regards,
Zahra Perez, Major Gift Officer
North Texas Food Bank
214-815-4782 cell

From: [Brooke Nickerson-Henderson](#)
To: [Sharon Lahr](#)
Cc: [Melissa Grove](#); [Melissa Bailey](#); [Brooke Henderson](#)
Subject: Re: Legacy Grant - Wiring Instructions
Date: Monday, September 12, 2022 10:05:31 PM

Good Evening Ladies,

Melissa Bailey and Sharon allow me to thank you all for another generous donation of \$30K for NTXGD! You all make it so much easier to do our job and focus our primary responsibilities on the needs of the clients. Secondly, I can confirm that the wiring information is correct and ready to be routed whenever you see fit.

Thanks for all you do for us here at Legacy!

Brooke Nickerson-Henderson, LMSW

Executive Director

Legacy Counseling Center, Inc.

4054 McKinney Ave. Suite #102

Dallas, TX 75204

214-520-6308 (Phone)

214-521-9172 (Fax)

www.legacycares.org, <https://legacygraceproject.org/>, <http://homebaseforhousing.org/>

From: [Brooke Nickerson-Henderson](#)
To: [Sharon Lahr](#); [Melissa Bailey](#); [Brian Ralston](#); [Melissa Grove](#)
Subject: Legacy Thanks" You!
Date: Friday, May 6, 2022 6:19:58 PM

EXTERNAL EMAIL - USE CAUTION WHEN OPENING LINKS OR ATTACHMENTS

Nexbank
2515 McKinney Ave #1100
Dallas, TX 75201

To our wonderful Nexbank Support Team:

On behalf of the staff and board at Legacy Cares, we would like to extend a warm heartfelt thank you for your extremely generous donation of \$70,000. We are still adjusting to the new "social norms" following the pandemic but your contribution will allow us to remain steadfast. Without you we wouldn't be able to house those individuals who are literally homeless from the streets, or keep families together when both heads of the household have lost their jobs. This funding renews our hope and gives us the opportunity to serve even more clients during their most critical time of need. Thank you again for your continued support and your unwavering faith in our mission.

Sincerely,

Brooke Nickerson-Henderson, LMSW

Associate Executive Director

Legacy Counseling Center, Inc.

4054 McKinney Ave. Suite #102

Dallas, TX 75204

214-520-6308 (Phone)

214-521-9172 (Fax)

www.legacycares.org, <https://legacygraceproject.org/>, <http://homebaseforhousing.org/>,



From: [John P. Owen](#)
To: [Melissa Bailey](#); [Sharon Lahr](#)
Subject: CANCELLATION: 120th Anniversary Celebration
Date: Wednesday, January 5, 2022 3:50:33 PM

EXTERNAL EMAIL - USE CAUTION WHEN OPENING LINKS OR ATTACHMENTS

Dear Melissa and Sharon:

I am writing to let you know that – regretfully – we have made the difficult decision to cancel our long-awaited 120th Anniversary Celebration scheduled for next Wednesday, January 12th. As you know, the late summer surge in COVID Delta cases forced the postponement of this event from September to January and it now appears that the COVID Omicron surge has created too big a risk to justify hosting a large in person event. With Dallas County back on a “red” threat level, hospitals at full capacity, and our own CCG classrooms at risk of closure due to our vaccinated teachers out sick, it is just not possible.

Although we cannot gather in person to celebrate, I want to thank you for being such an important part of ChildCareGroup’s proud 120-year legacy of service. Since opening the doors of our first location, The Neighborhood House on Cedar Springs in 1901, ChildCareGroup has weathered two pandemics, world wars, ebbs and flows in funding and services, and more. Today, we are a \$35 million organization with over 400 employees serving children, parents and early childhood educators in 10 Texas Counties. YOU are part of our long and proud history and we are grateful for your recent support and partnership. Thank you!

Until we are able to gather again in person, stay healthy and safe.
regards...

John P Owen

Vice President, Philanthropy & Communications

ChildCareGroup

1420 W Mockingbird Ln • Suite 300 • Dallas, TX 75247

T: 214.905.3514 • M: 214.923.2470

E: jowen@ccgroup.org

ChildCareGroup.org • NorthTexasFamilies.org

[Facebook](#) • [Twitter](#) • [Instagram](#)



Community Involvement

April 2024

Mission Support low-to-moderate income areas in the Dallas-Fort Worth Metroplex and throughout the State of Texas:

- Affordable Home Lending
- Multifamily Lending
- Spread smaller strategic investments to community nonprofits and development projects, reaching the underserved more directly

Focus

Housing & Community 	Essential Services 	Financial Literacy 	Education 
--	---	---	--

Impact
2019 – 2023

- \$1.73B** Loans and Investments to help nonprofits and support families and individuals in need within our community
- 22** Nonprofit partners
- 3,300+** Texas Veterans supported with accommodative housing and consumer loans
- 2,500+** Families in Texas supported with low- to moderate-income housing loans
- 11,308** Students use financial literacy program (34 public schools, 191 teachers) ¹
- 3** Loans to educational facilities
- 25** Multifamily property loans ²
- 3** Multifamily investment properties ³
- 5** Business loans

} Support jobs, housing and community development

Annual Giving Matching gift programs for employee contributions (Essential Services)

(1) LMI Public Schools in DFW MSA. (2) Multifamily Loans in Dallas, Fort Worth, San Antonio, Houston, and Austin. (3) Multifamily Investment Properties in Euless, Lewisville and Round Rock.

Our Partners

Organizations and investments that benefit our community

Housing & Community



Financial Literacy



Banzai Junior, Teen, Plus,

Banzai Library: up-to-date financial resources that cover concepts like mortgages, FAFSA, loans, banking, and taxes.



Education



Community Reinvestment Act Strategic Plan

NEXBANK

AUGUST 1, 2023 – JULY 31, 2026

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Executive Summary

Introduction

The Board of Directors (“Board”) of NexBank (“Bank”) understands the importance of achieving the objectives of the Community Reinvestment Act (“CRA”) to help meet the credit needs of low- and moderate-income (“LMI”) communities and neighborhoods, consistent with safe and sound banking operations. After consideration of the various options available to the Bank to meet CRA objectives, given the Bank’s business strategy, operational focus, capacity, and constraints, the Bank’s Board of Directors (“Board”) has elected to utilize a CRA Strategic Plan (“Plan”). It is believed by management and the Board that this will allow the Bank to have the most meaningful impact in its community and its Broader Statewide Area (“BSWA”). Additionally, management and the Board acknowledge the Bank’s corporate responsibility to help build capacity for LMI individuals and families through the Bank’s provision of community development services.

The effective dates of this Plan are August 1, 2023 – July 31, 2026, and include annual, automatically adjusting goals for the 3-year period. In formulating this Plan, the Bank undertook an evaluation of community needs through discussions with community leaders in the Dallas-Fort Worth-Arlington MSA and also retained assistance in market and statistical analysis in order to fully comprehend the needs and possibilities for impact. This Plan includes both the Bank, and its subsidiaries.

Description of Bank

Overview

NexBank, a wholly owned subsidiary of NexBank Capital, Inc., a bank holding company, has been described as a financial institution with a unique, non-traditional business model. The Bank is not a retail bank but rather focuses on business-to-business banking and lending services concentrated on institutional customers and wholesale businesses rather than individual consumers. This distinguishes NexBank from a traditional retail bank and NexBank has only one consumer loan product, which is residential mortgage lending. The Bank does not offer other consumer loans and does not advertise residential mortgage products to consumers since primarily all residential lending is originated through wholesale and correspondent lending channels via third-party originators (“TPO”) throughout the United States. Less than 1.0 percent of residential mortgages originated are retail.

The business-to-business lending model seen in the mortgage business channel is the same driver on the deposit side. However, the Bank does offer several consumer deposit products, although only 2.6 percent of the deposit base is consumer/retail as of December 31, 2022. The vast majority of the deposit base is from institutional, non-consumer deposits, while greater than 99.0 percent of the residential mortgage originations are TPO sourced, thus working well with the business-to-business strategy of the Bank’s business model.

The Bank had assets of \$14.3 billion as of December 31, 2022 and began operations in 1934 as Terrell Federal Savings and Loan Association, Terrell, Texas. In October 1999, the institution changed its name to Heritage Savings Bank. Following the conversion from a mutual savings bank to a stock-held form of ownership in February 2002, the bank officially changed its name to Heritage Bank, SSB, in March 2002. In August 2004, the main office relocated from Terrell, Texas to Dallas, Texas. Heritage Bank, SSB officially changed its name to NexBank, SSB in August 2005. Effective July 1, 2020, the institution converted to a commercial bank and dropped the SSB from the Bank’s name. In 2022, the Bank

established a subsidiary, Public Welfare Investments HoldCo, LLC, Dallas, Texas to allow it to make public welfare investments such as affordable multi-family housing projects.

The Bank's main corporate office is located in Dallas, Texas just north of downtown and there are two full-service branches, one of which is located in the same building as the main corporate office. The other branch is also located north of downtown Dallas. Given the Bank's institutional focus and very limited retail deposits or consumer loans products, the two branches handle both retail and institutional customer deposit activities. Branches are primarily utilized to provide workspace for the Bank's back-office personnel. NexBank's primary website, www.nexbank.com, is solely designed to support the Bank's institutional, TPO, and business customers. The Bank also operates a second website, www.nexbankpersonal.com, for consumers, which provides information to consumers on deposit products and residential mortgage products such as conventional, jumbo, FHA and VA loans. The Bank does not own any ATMs, although the north of downtown branch has an ATM and there is another ATM in an office building in downtown Dallas, a few blocks from the Bank's corporate office.

On the commercial side, the Bank's primary CRA lending activities include affordable multi-family housing properties and other community development loans, for economic development and neighborhood revitalization and stabilization, throughout the State of Texas. The bank generally does not make small business loans.

On the consumer side, our CRA lending includes 1-4 family residential mortgages delivered primarily through TPOs via the Bank's wholesale and correspondent lending platform. The Bank has a network of approximately 552 mortgage lending broker and correspondent relationships throughout the United States as of December 31, 2022. Approximately 56 of these mortgage lending relationships were within the DFW MSA, while an additional 36 were within the BSWA. Through this network of business relationships, the Bank offers a variety of residential mortgage products, including Federal National Mortgage Association (FNMA or Fannie Mae) and Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) conventional loans. The Bank also utilizes products that help improve opportunities through innovative and flexible lending programs, such as Fannie Mae HomeReady, Freddie Mac HomePossible loans, Federal Housing Administration (FHA) loans, Veterans Administration (VA) loans, Dallas Area Habitat for Humanity DreamBuilder Loans, and a new product which is a non-QM, reduced documentation, fully amortizing loan that allows for non-traditional methods for documenting and calculating qualifying income and debt-to-income.

NexBank's support of its community assessment area has also included investments to expand Dallas public transportation services such as DART to low- and moderate- income areas of South Dallas, and Love Field bonds which spurred economic development in the low- and moderate-income areas surrounding Love Field Airport in Dallas. The Bank has also made investments in public welfare multifamily housing complexes that serve the low- and moderate-income individuals and families in the Dallas metroplex.

NexBank has developed strong relationships with many community organizations in the Dallas Assessment Area ("AA") over the years, many of these non-profits provide community development and/or essential services to the LMI communities and neighborhoods they serve. NexBank staff serve as Directors on the non-profit Boards and as members of Committees. Staff also volunteer to provide financial services and/or technical expertise to organizations that provide affordable housing, essential services, financial literacy and education to LMI persons and families.

Operations

The following table represents NexBank's distribution of assets and liabilities at year-end for the past three full years (along with percentage of change) and present state as of December 31, 2022. It also contains the equity capital, for the same periods of time (along with percentage of change).

Table 1. NexBank Balance Sheet as of Year-end 2020, 2021, and 2022

Balance Sheet	12/31/2020		12/31/2021		12/31/2022	
	\$(000s)	% Change	\$(000s)	% Change	\$(000s)	% Change
Cash and balances due from depository institutions	1,391,810	29.6	945,241	(32.1)	348,469	(63.1)
Securities	1,776,711	8.7	3,295,020	85.5	3,737,088	13.4
Federal funds sold and securities purchased under agreements to resell	0	0.0	0	0.0	0	0.0
Loans and leases held for sale	930,022	(19.9)	959,077	3.1	89,508	(90.7)
Loans and leases held for investment, net of allowance for loan losses	4,628,103	(16.0)	5,057,364	9.3	9,083,802	79.6
Trading assets	0	0.0	0	0.0	0	0.0
Premises and fixed assets	483	(38.9)	939	94.4	828	(11.8)
Other real estate owned	292	(72.1)	0	(100.0)	197	NA
Investments in unconsolidated subsidiaries and associated companies	0	0.0	0	0.0	0	0.00
Direct and indirect investments in real estate venture	0	0.0	0	0.0	110,657	NA
Intangible assets	38,725	(27.1)	115,976	199.5	261,563	125.5
Other Assets	385,789	16.1	448,786	16.3	672,541	49.9
TOTAL ASSETS	9,151,935	(6.3)	10,822,403	18.3	14,304,653	32.2
Deposits	7,179,847	5.9	8,389,710	16.9	9,925,543	18.3
Federal funds purchased and securities sold under agreements to repurchase	0	0.0	0	0.0	0	.0.0
Trading liabilities	0	0.0	0	0.0	0	0.0
Other borrowed money	1,025,000	(51.4)	1,410,577	37.6	3,149,020	123.2
Other liabilities	362,378	91.0	211,141	(41.7)	49,295	(76.7)
TOTAL LIABILITIES	8,567,225	(5.6)	10,011,428	16.9	13,123,858	31.1
Surplus	273,749	0.0	313,749	14.6	508,749	62.2
Retained Earnings	518,203	6.1	592,160	14.3	736,231	24.3
Accumulated other comprehensive income	(207,242)	199.8	(94,934)	(54.2)	(64,185)	(32.4)
Total equity capital	584,710	(15.6)	810,975	38.7	1,180,795	45.6
TOTAL LIABILITIES AND EQUITY CAPITAL	9,151,935	(6.3)	10,822,403	18.3	14,304,653	32.2

Source: Consolidated Reports of Condition and Income for NexBank (Call Report)

For purposes of evaluating goals for CRA lending and investment activities, the Bank has also determined the Average Total Assets (“ATA”) for the period of 2020 - 2022, utilizing quarter-end assets for each year.

Table 2. Average Annual Assets for 2020, 2021, and 2022

Average Total Assets			
	2020 \$(000s)	2021 \$(000s)	2022 \$(000s)
Q1	9,777,354	9,082,950	11,724,996
Q2	8,841,368	9,274,795	13,314,397
Q3	9,037,397	9,751,339	13,909,603
Q4	9,151,935	10,822,403	14,304,653
4 Quarter-end Yearly Average	9,202,014	9,732,872	13,313,412

The average of these three yearly averages equals the **ATA of \$10.749 billion**.

NexBank’s growth over the past three years has been organic and is primarily the result of capital raises to support growth in its residential mortgage lending, both 1-4 family and multifamily.

Loan Production

Bank's lending activity continues to be heavily weighted in real estate loans, primarily residential dwelling loans (both 1-4 family and multifamily). The following table reflects the year-end loan portfolio balances from 2020 – 2022, along with the percentages of change in each category.

Table 3. Loan Portfolio Distribution

Loan Portfolio Distribution						
Loan Category	12/31/2020		12/31/2021		12/31/2022	
	\$ (000s)	% Change	\$ (000s)	% Change	\$ (000s)	% Change
Construction, Land Development, and Other Land Loans	134,296	0.5	140,160	4.4	179,031	27.7
Secured by Farmland	0	0.0	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	2,691,087	(31.0)	2,601,585	(3.3)	5,181,679	99.2
Secured by Multifamily (5 or more) Residential Properties	607,242	(14.6)	1,194,085	96.6	1,587,960	33.0
Secured by Nonfarm Nonresidential Properties	742,764	(3.6)	678,468	(8.7)	558,761	(17.6)
Total Real Estate Loans	4,175,389	(24.3)	4,614,298	10.5	7,507,431	62.7
Commercial and Industrial Loans	231,168	(46.2)	190,818	(17.5)	179,100	(6.1)
Agricultural Production and Other Loans to Farmers	0	0.0	0	0.0	0	0.0
Consumer Loans	18,720	153.3	22,370	19.5	23,795	6.4
Loans to Non-depository Financial Institutions	1,170,595	57.5	1,224,371	0.0	0	0.0
Other Loans	11,693	(15.9)	7,448	(36.3)	7,393	(0.7)
Lease Financing Receivable (net of unearned income)	0	(100.0)	0	0.0	0	0.0
Less: Unearned Income	0	0.0	0	0.0	0	0.0
Total Loans	5,607,565	(16.4)	6,059,305	8.1	9,227,716	52.3

Source: Consolidated Reports of Condition and Income for NexBank (Call Report)

The Bank experienced unprecedented growth in mortgage lending in 2022. However, this growth year-over-year is not expected to be repeatable or sustainable in today's market.

Performance Context

Assessment Area

Beginning in 2016, NexBank identified the Dallas-Plano-Irving, TX Metropolitan Division (Dallas MD) – 19124 as its one assessment area AA. This included all seven of the following counties:

- Dallas
- Denton
- Collin
- Ellis
- Hunt
- Kaufman
- Rockwall

Dallas MD is part of the Dallas-Fort Worth-Arlington Metropolitan Statistical Area (“DFW MSA”).

During the past several years, NexBank has extended its network and influence into the other portion of the DFW MSA, the Fort Worth-Arlington-Grapevine, TX Metropolitan Division (“Fort Worth MD”) - 23104. The Fort Worth MD consists of the following four counties:

- Veritex Community Bank (\$12.1B)
- Independent Bank (\$18.2B)
- Prosperity Bank (\$37.7B)
- Texas Capital Bank (\$28.4B)
- First Financial Bank, National Association (\$12.9B)

The peer banks that operate in the DFW MSA, while similar in market share and/or average assets, have different market strategies, consumer and retail products, and branches than that of NexBank. Banks with many branches may have more direct lending opportunities to the consumers and small businesses they serve. Also, NexBank has all of its deposits, which are generated nationwide, assigned to the DFW MSA since both branch locations are in the AA, while the peer banks deposits within the MSA are generated at more local areas due to their multiple branch locations. While the more traditional structures of the banks described below lend themselves more to also evaluate their ability to meet community needs, NexBank is uniquely structured with a focus on housing-related lending to also have a significant impact on meeting its community needs, particularly in the rapidly growing markets of DFW MSA and other broader statewide areas in Texas facing more demands for affordable housing and other community development needs that come with growth.

Per the FDIC's Deposit Market Share report as of June 30, 2022, PlainsCapital Bank had a market share in the DFW MSA of 0.65 percent with 19 office/branch locations. The Public Disclosure of PlainsCapital Bank's CRA Performance Evaluation dated May 17, 2021 described PlainsCapital as an intrastate commercial bank headquartered in University Park, Texas which is a city in the DFW MSA. In addition to a Dallas-Fort Worth AA, PlainsCapital has eight other AAs throughout Texas with a total of 59 branch offices. It has one subsidiary, PrimeLending, which engages in mortgage lending throughout the United States. The majority of the bank's portfolio at the time of the CRA exam was composed primarily of commercial loans with residential real estate also representing a significant portion.

As of June 30, 2022, Veritex Bank headquartered in Dallas, Texas, with 0.80 percent market share in the DFW MSA, also had 19 office/branch locations in the area. The Public Disclosure for Veritex Bank's CRA Performance Evaluation dated April 11, 2022, described it as primarily a commercial lender operating 30 branch offices throughout its AAs. Veritex is also a consumer lender, offering a wide range of products which include auto loans, secured and unsecured installment loans, personal lines of credit, and mortgage loans.

Independent Financial, headquartered in McKinney, Texas in the DFW MSA, had a market share of 0.81 percent in the DFW MSA as of June 30, 2022 while operating 34 offices/branches. The Public Disclosure of Independent Bank's CRA Performance Evaluation dated November 30, 2020 described it as specializing in commercial lending although its focus has been to position itself to be able to offer an "array of both commercial and retail products". Independent operates in both Texas and Colorado, with five AAs in Colorado with a total of 32 offices/branches and six AAs in Texas with a total of 61 offices/branches.

Prosperity Bank is headquartered in El Campo, Texas which is located within the Houston-The Woodlands-Sugar Land, TX MSA. Prosperity had a market share in the DFW MSA of just slightly below NexBank's at 0.94 percent. The website for Prosperity Bank, (prosperitybankusa.com), states that they have 272 full-service branches, 258 of which are in Texas and 14 in Oklahoma. The Dallas/Fort Worth area alone has 62 branch locations. Prosperity describes itself as a community bank offering traditional deposit and loan products, digital banking solutions, credit and debit cards, mortgage services, retail brokerage services, trust and wealth management, and cash management.

Texas Capital Bank, as of June 30, 2022, had 2.03 percent deposit market share in the DFW MSA with 6 branch offices. In the Public Disclosure of the bank's CRA Performance Evaluation dated October 30, 2018, the bank is described as an intrastate commercial bank with a total of 10 branches in the four major urban markets of Texas. While they offer both commercial and personal products, their primary focus is on middle-market commercial businesses, professionals, and entrepreneurs within Texas. They also have

mortgage finance, warehouse lending, builder finance loans, private wealth advisory services, and treasury management.

Lastly, First Financial Bank, National Association, as of June 30, 2022, had 0.31 percent deposit market share in the DFW MSA with 21 branches and is a full-service community bank with a full range of consumer, commercial, small business, agriculture, and real estate loans. The bank has 72 branches throughout 29 counties in Texas, according to the Public Disclosure of its CRA Public Evaluation dated August 24, 2020.

Geographic, Population, Income, and Housing Demographic Information

The following table summarizes the Demographic Information of the DFW MSA Assessment Area using primarily 2020 U.S. Census Bureau data and housing market analysis statistics from the U.S. Department of Housing and Urban Development. These demographics are of the nature that are generally used in CRA Performance Evaluations.

Table 4. Demographic Information of the DFW MSA Assessment Area

Demographic Information of the DFW MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Mod % of #	Middle % of #	Upper % of #	NA* % of #
Geographies by Income (Census Tracts) *	1,704	9.04	26.12	30.63	32.81	1.41
Population by Geography*	7,637,387	8.37	25.30	31.68	33.87	0.78
Housing Units by Geography*	2,821,032	9.02	25.31	32.14	32.69	0.84
Owner-Occupied Units by Geography*	1,561,136	4.15	20.10	33.72	41.70	0.33
Occupied Rental Units by Geography*	1,054,443	15.33	32.26	30.27	20.72	1.43
Vacant Units by Geography*	205,453	13.68	29.16	29.79	25.68	1.69
Businesses by Geography*	1,119,601	4.71	18.07	31.53	44.81	0.87
Farms by Geography*	19,706	3.26	17.25	35.60	43.38	0.51
Family Distribution by Income Level*	1,808,594	22.01	17.41	19.33	41.26	0.00
Household Distribution by Income Level*	2,615,579	22.99	16.92	17.98	42.11	0.00
2022 FFIEC Est. Median Family Income 19124 - Dallas-Plano-Irving MD*	\$97,400	Median value of owner-occupied housing units 19124 - Dallas-Plano-Irving MD**			\$313,300	
2021 ACS-1 Median Household Income 19124 - Dallas-Plano-Irving MD**	\$77,527					
2022 FFIEC Est. Median Family Income 23104 – Fort Worth-Arlington-Grapevine*	\$92,400	Median value of owner-occupied housing units 23104 – Fort Worth-Arlington-Grapevine **			\$268,200	
2021 ACS-1 Median Household Income 23104 – Fort Worth-Arlington-Grapevine**	\$72,492					
Median Monthly Gross Rent 19124 – Dallas-Plano-Irving MD*** (3 rd quarter, 2021)	\$1,436	Families Living Below Poverty Within AA*			8.20	
Median Monthly Gross Rent 23104 – Fort Worth-Arlington-Grapevine*** (1 st quarter, 2021) ***	\$1,132	Households Living Below Poverty Within AA*			10.16	
Sources: *RiskExec - Income Distribution of Geographies and Families, Housing Data - 2020 Census Data with 2020 ACS-5 Updates and 2022 FFIEC/ACS-1 Updates **CensusReporter.org (01.30.23) based on owner-occupied housing ***Comprehensive Housing Market Analysis, U.S. Department of Housing and Urban Development						

In summary, 35.16 percent of the census tracts in the AA are in low- to moderate-income (“LMI”) geographies, with 33.67 percent of the population living in the LMI geographies. Table 4 shows 39.42

percent of families are LMI and 39.91 percent of households are LMI, with 8.20 percent of families living below poverty and 10.16 percent of households living below poverty.

The LMI geographies contain 34.33 percent of the total housing units but 42.84 percent of the vacant units. Additionally, the housing stock is older in the LMI geographies, with greater than 32 percent of the housing stock having a median age of greater than 50 years in low- and moderate-income geographies while less than 8.50 percent has a median age greater than 50 years in middle- and upper-income tracts. No low-income geographies have housing with a median age less than 10 years old and only 1.8 percent of the housing in moderate-income geographies has a median age less than 10 years old. The table below, along with the discussion which follows it, is important context for understanding the pressure that is being put upon the DFW MSA housing market and the importance of NexBank’s market strategy.

Table 5. Age of Housing Stock in DFW MSA AA by Tract Income Levels

Housing Information of the DFW MSA Assessment Area								
Tract Income Category	Total Housing Units	Median Age of Housing Stock by Tract Income Category						
		≤10 yrs.	11 to ≤20 yrs.	21 to ≤30 yrs.	31 to ≤40 yrs.	41 to ≤50 yrs.	>50 yrs.	Unknown
	#	%	%	%	%	%	%	%
Low	254,432	0.00%	1.78%	7.70%	28.46%	29.77%	32.30%	0.00%
Moderate	713,866	1.80%	5.70%	12.58%	27.62%	18.76%	33.08%	0.46%
Middle	906,732	3.48%	21.21%	28.90%	21.36%	16.15%	8.21%	0.70%
Upper	922,245	9.06%	31.74%	27.87%	14.22%	6.36%	6.97%	3.77%
Unknown	23,757	0.00%	45.82%	20.56%	24.93%	0.00%	0.00%	8.68%
	2,821,032	4.54%	19.19%	22.45%	21.28%	14.70%	16.20%	1.65%

Source: Per FFIEC.gov, Median Housing Age is for all Housing Units in the Tract (as of 2020) as Determined by the 2016-2020 American Communities Survey (ACS)

Geographic and Population

The DFW MSA is a growing economic and cultural hub of North Texas, with a population of 7,637,387 according to the U.S. Census Bureau’s 2020 census. It is the fourth-largest metropolitan area in the United States in population and covers 9,286 square miles of total area, 8,991 square miles of which is land and 295 square miles is water. It is part of the Dallas-Fort Worth TX-OK Core-Based Statistical Area (CBSA) which consists of 20 counties in North Central Texas and one county in South Central Oklahoma.

Per Census Reporter using American Communities Survey 2021 1-year data, the median age in the DFW MSA was 35.6, over 3 years less than the median age in the United States. The race and ethnicity makeup of the DFW MSA was 43.0 percent white, 16.0 percent black, 8.0 percent Asian, and less than 1.0 percent Native American or Pacific Islander. The population of Hispanic ethnicity was 30.0 percent. According to data provided by the Texas Comptroller’s office using U.S. Census Bureau information, the population in the DFW MSA grew by approximately 19.5 percent from 2010 to 2020. More recent U.S. Census Bureau information analyzed by *Axios Dallas* indicated that “Dallas-Fort Worth ranked top city in the country for overall population growth in a metro area with 97,290 people added between July 2020 and July 2021¹.

Employment and Income

Based on the 2022 FFIEC Estimated Median Family Income figures shown in Table 6 below, the median family income ranges for each metropolitan division in the DFW MSA are as follows:

¹ Dallas Fort Worth leads the nation in 2021 population growth – *Axios Dallas*

Table 6. 2022 Median Family Income Ranges for DFW MSA AA

Median Family income Ranges for DFW MSA Assessment Area				
2022 FFIEC Estimated Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Dallas-Plano-Irving, TX MD (19124) \$97,400	< \$48,700	\$48,700 to < \$77,920	\$77,920 to < \$116,880	≥ \$116,880
Fort Worth-Arlington-Grapevine, TX MD (23104) \$92,400	< \$46,200	\$ 46,200 To < \$73,920	\$73,920 to <\$110,880	≥\$110,880

Source: FFIEC Census and FFIEC Estimated MSA/MD Median Family Income for 2022 CRA/HMDA Reports

In May 2021 the Bureau of Labor Statistics provided the following estimated information on major occupational groups in DFW MSA.

Table 7. 2021 Employment and Wage Information for DFW MSA AA by Occupation Code

Wages and Estimated Employees Per Occupational Group for DFW MSA Assessment Area					
Occupation Code	Occupation Title	Employment	Median Hourly Wage	Mean Hourly Wage	Annual Mean Wage
11-0000	Management	256,120	\$49.88	\$59.38	\$123,510
13-0000	Business and Financial Operations	252,650	\$37.24	\$39.78	\$82,750
15-0000	Computer and Mathematical	157,650	\$47.76	\$47.62	\$99,040
17-0000	Architecture and Engineering	64,240	\$38.65	\$44.93	\$93,450
19-0000	Life, Physical, and Social Science	22,460	\$31.43	\$35.56	\$73,970
21-0000	Community and Social Service	34,630	\$23.66	\$26.00	\$54,080
23-0000	Legal	26,010	\$47.24	\$57.37	\$119,340
25-0000	Educational Instruction and Library	188,620	\$29.17	\$27.63	\$57,470
27-0000	Arts, Design, Entertainment, Sports, and Media	35,120	\$23.61	\$28.80	\$59,910
29-0000	Healthcare Practitioners and Technical	188,810	\$36.39	\$42.27	\$87,920
31-0000	Healthcare Support	121,430	\$13.94	\$15.32	\$31,860
33-0000	Protective Service	77,040	\$22.58	\$24.92	\$51,830
35-0000	Food Preparation and Serving Related	292,540	\$11.33	\$12.88	\$26,790
37-0000	Building and Grounds Cleaning and Maintenance	87,660	\$14.01	\$15.07	\$31,340
39-0000	Personal Care and Service	56,200	\$13.38	\$14.79	\$30,760
41-0000	Sales and Related	363,870	\$14.55	\$22.64	\$47,090
43-0000	Office and Administrative Support	510,900	\$18.29	\$20.83	\$43,320
45-0000	Farming, Fishing, and Forestry	2,140	\$15.34	\$16.49	\$34,290
47-0000	Construction and Extraction	141,800	\$22.36	\$23.22	\$48,290
49-0000	Installation, Maintenance, and Repair	148,560	\$22.89	\$25.32	\$52,660
51-0000	Production	183,560	\$17.75	\$19.75	\$41,070
53-0000	Transportation and Material Moving	376,950	\$17.78	\$20.62	\$42,890
	Total	3,588,960			

Sources: (1) U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics, May 2021 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates, Dallas-Fort Worth-Arlington, TX

More recent employment indicators from the U.S. Bureau of Labor Statistics indicates that nonfarm employment for the Dallas-Fort Worth area is greater than 4.2 million.

Table 8. 2022 Employment by Industry Category for DFW MSA AA

Dallas-Fort Worth Area Nonfarm Employment by Industry Category			
Industry Category	December 2022 (in 000s)	Change from December 2021 to December 2022	
		(000s)	%
Mining, Logging, and Construction	236.9	12.0	5.3
Manufacturing	308.0	19.9	6.9
Trade, Transportation, and Utilities	930.3	35.9	4.0
Information	88.9	3.3	3.9
Financial activities	375.5	24.5	7.0
Professional and business services	764.4	43.4	6.0
Education and health services	511.4	40.6	8.6
Leisure and hospitality	424.6	41.9	10.9
Other services	136.4	8.5	6.6
Government	458.2	4.7	1.0
Total	4,234.6		

Source: U.S. Bureau of Labor Statistics, Dallas-Fort Worth Area Economic Summary updated February 3, 2023

For the month ending December 2022, the Texas Workforce Commission estimated that the unemployment rate in DFW MSA was 3.2 percent. This was 0.4 percent lower than Texas unemployment rate for the same period of 3.6 percent.

The Bureau of Labor Statistics also reviews average weekly wages for all industries by county. As of the second quarter of 2022 in the DFW area, only Dallas, Collin, and Tarrant counties had an average of \$1,200 or more (\$62,400 or more annually), while Denton county is in the \$1,100 - \$1,199 range, Wise and Hunt counties are in the \$1,000 - \$1,099 range, and the remaining counties of Parker, Rockwall, Kaufman, Ellis, and Johnson wage earners register \$999 a week or less.

Projections of job growth in the North Central Texas area for the period of 2020-2030 that were published by the Texas Workforce Commission² indicated that over 70.0 percent of the job growth would be in those occupations that had an annual mean wage of less than \$75,000, which is at or below middle-income. This will continue to put pressure on an already struggling affordable housing market as will be discussed in the next section.

Housing Information

The Texas Real Estate Research Center at Texas A&M University tracks the housing market in all major metropolitan areas of Texas. Their January 2023 Housing Report³ for the DFW MSA reported that sales volume of single-unit residential housing which had grown steadily since 2020 had reached a peak in 2022 and started a decline, both in number of transactions and in total dollar volume. However, the median price had still increased from \$360,000 in January 2022 to \$375,000 in January 2023, for a 4.17 percent increase. The median price per square foot also rose from \$182.55 to \$188.87. Townhomes, which represent a small fraction of the market, also rose in median price and price per square foot to \$393,500 and \$218.98, respectively. Condominiums, which average approximately 1,100 square feet per unit, had the lowest price point at a median price of \$212,000 in January 2023. However, the median price per square foot was greater than the single-unit residential housing at \$211.32 per square foot.

² <https://texaswages.com/Projections>, Texas Wage and Employment Projections, Texas Workforce Commission

³ [Monthly MSA Spotlight Report \(tamu.edu\)](https://texaswages.com/Projections)

The Texas Real Estate Research Center also maintains a Texas Housing Affordability Index (THAI)⁴ that reflects the relationship between the median family income (MFI) in an area and the computed amount required to purchase a single-family median-priced home. The required income is derived from the current mortgage interest rate, the down payment, and the required mortgage debt-to-income ratio. A ratio of 1.00 means the MFI is exactly equal to the required income to purchase the median-priced home in the area. A THAI above 1.0 percent means the MFI exceeds the required income to purchase a median-priced home. A THAI below 1.0 percent indicates that MFI is not sufficient to purchase the median-priced home. Users of the THAI may select from several down payment and qualifying ratio options to help determine affordability for their LMI borrowers.

The below table reflects the THAI for three different scenarios regarding the down payment and percentage of median income needed to buy the median-priced home in the areas indicated. It reflects that although the ratio is still above 1.0 percent for all three scenarios as of December 31, 2022, it has declined significantly since December 31, 2021 indicating that affordability of the median priced home is continuing to decline, even for the applicants that have 20.0 percent down payment.

Table 9. Texas Housing Affordability Index for DFW MSA as of 12/31/2022 and 12/31/2021

Area	20% down / 35% of income		10% down / 35% of income		3.5% down / 35% of income	
	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21
Dallas-Plano-Irving MD	1.36	1.99	1.21	1.77	1.15	1.65
Fort Worth-Arlington-Grapevine MD	1.53	2.11	1.36	1.88	1.29	1.75

Source: Texas Real Estate Research Center, Texas A&M University, THAI Reports

As for the multifamily housing market in DFW MSA, it remains strong but feels pressure points on availability and affordability as well. According to the Colliers Dallas-Fort Worth 2022 Mid-Year Multifamily Report⁵, the DFW MSA has the largest estimated rental demand through 2035 compared to other Sunbelt cities of similar size - Houston, Atlanta, Miami, and Phoenix. There were 1,054,443 of renter households in DFW MSA in 2020, with 44.9 percent of them considered “cost-burdened” (paying in excess of 30.0 percent of gross household income for housing). The average effective rental rate in the second quarter of 2022 was \$1,335 with a growth rate of 16.7 percent over a one-year period. The vacancy rate was estimated to be less than 4.0 percent. Colliers also reported that there was, as of mid-2022, an historic housing unit underproduction of all types of housing of 85,226 with estimated new rental unit demand in 2021-2035 estimated to be 269,906.

The U.S. Department of Housing and Urban Development (HUD) developed statistics to determine payments for housing assistance programs like Section 8 housing choice voucher programs. These statistics are utilized to determine Fair Market Rents (FMRs) which are published by HUD annually. FMRs generally determine the maximum rent that a Section 8 landlord will be allowed to charge its residents. Landlords are given some flexibility to charge more or less based on the number of bedrooms in a unit, as well as based on a unit's overall square footage. FMRs are an estimate of the amount of money that would cover gross rents (rent and utility expenses) on 40.0 percent of the rental housing units in an area. When HUD announced the 2023 Fair Market Rents on September 1, 2022, they noted that the FMRs were increasing by approximately 10.0 percent as an effort to increase housing supply and landlords' willingness to accept vouchers. The following table shows the 2023 FMRs for the DFW MSA. The FMRs are tied to the zip code in which the dwellings are located which is why there is such a spread for each type of unit, with the rents in LMI generally being the lower amounts. FMRs are often used as a gauge to

⁴ Texas A&M University, Texas Real Estate Research Center, Texas Housing Affordability Index, recenter.tamu.edu/data/housing-affordability/

⁵ Colliers Dallas-Fort Worth Multifamily Report/Mid-Year 2022, colliers.com/en/research/dallas/dallas-multifamily-report-midyear-2022

determine “affordability” of multifamily dwellings in a market for purposes of community development credit as referenced in the proposed rulemaking for CRA modernization.⁶

Table 10. 2023 Fair Market Rents for All Bedroom Sizes in DFW MSA Markets

Area	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties	\$590 - \$1,890	\$720 - \$1,990	\$840 - \$2,350	\$1,130 - \$2,960	\$1,400 - \$3,860
Johnson, Parker, and Tarrant Counties	\$620 - \$1,880	\$700 - \$1,990	\$830 - \$2,340	\$1,090 - \$2,960	\$1,350 - \$3,850
Wise County	\$925	\$946	\$1,068	\$1,517	\$1,544
<i>Source: Housing and Urban Development, Fair Market Rents, 2023</i>					

Community Needs Assessment

In formulating this Strategic Plan, the Bank reviewed formal and informal plans and studies such as city comprehensive plans, housing plans, and strategic plans for approximately 65 cities within the DFW MSA, all of which have at least one or more LMI area within their borders. Reporting showed 47 of these cities identified one or more community needs within the documents reviewed. The purpose of this study was to gain perspective on the needs of the community as identified by local governments and individuals that lived in the cities that were engaged as part of the planning process. Additionally, the Bank met with local government officials and community leaders in one-on-one meetings to gain their hands-on perspectives. The review of documents and the perspectives of government and community leaders yielded very similar results.

Review of Public Documents (listed in Appendix C)

The greatest needs were, as would be expected, in the two major cities – Dallas and Fort Worth. It was also evident that for the most part, the older suburban cities which were the first to develop as Dallas and Fort Worth grew outward, had similar community needs. The common thread among all of these cities is the lack of enough quality affordable housing. The DFW MSA has had a large affordable housing shortage with Dallas and Fort Worth alone showing that 20,000 plus units are needed in each city and have been for several years. With the DFW MSA being the fastest growing metropolitan area by number as shown in U.S. Census figures in 2020, housing stock has not been able to catch up and the predictions that this trend will continue shows no signs of abating, thus adding to the needs.

The plans by each city, whether comprehensive, general, strategic, or otherwise, were generally established for a set point in the future by evaluating present state, predictions for the future, and establishing goals to the future date. These plans all generally invited input from community stakeholders to help identify the needs. As stated above, a great deal of the needs identified related to housing. Other needs were also identified in some of the communities. These needs are detailed below. For housing, more detail as to specific needs is also identified.

- Increase affordable housing stock (mentioned by 64.0 percent of the 47 cities reviewed)
 - More diverse housing options, such as duplexes, triplexes, modular, and tiny homes
 - Mixed use developments
 - Rehabilitation of existing affordable housing, including multifamily properties
 - New construction of both single-family and multifamily
- Housing related needs

⁶ Community Reinvestment Act Joint Notice of Proposed Rulemaking, page 37

- Eviction prevention assistance
- Need for housing for special needs population
- Elderly housing options
- Home ownership training
- More landlords willing to accept housing vouchers
- Homeless/transitional housing
- Public transportation
- Essential services
 - Food services, such as food pantries
 - Childcare programs
 - Family violence programs
 - Health programs
- Education
 - Early childhood education
 - Workforce training, including vocational training
 - Financial literacy programs
- Economic development
 - Business development to create jobs, including small business
 - Grocery stores
- Revitalization and Stabilization
 - Youth centers, parks/playgrounds, community centers, recreational facilities
 - Safe neighborhoods
 - Redevelopment of aging retail properties, including façade improvement programs

The participants in many of these plans have realized the need to have different levels and types of housing options for the people who work within their communities. There were also several plans that mentioned light rail transportation and transit-oriented-developments.

Community Outreach

Bank leaders reached out to personnel at local government departments, local universities, non-profit organizations, and for-profit companies engaged in affordable housing, economic development, and other community purposes that address challenges facing LMI individuals and geographies. (Refer to Appendix D for a list of organizations engaged in Community Outreach.) The purpose of these meetings was to get the perspectives of these “boots-on-the-ground” individuals regarding the greatest needs within the community. Among these individuals, the greatest needs identified within the DFW MSA were:

- Affordable housing to assist in addressing housing shortage
 - Access to less expensive land for development
 - More subsidies for housing, including those for multifamily, and more landlords willing to accept Section 8 vouchers
 - Renovation of single-family and multifamily housing
 - Address short-term rentals
 - Alternative housing choices, such as tiny homes, modular housing, and “for sale” condos
- Food
 - Grocery stores in the areas of food deserts
 - Assistance to food pantries operating at beyond capacity
- Expanded public transportation
- Workforce development, leading the way to stable employment
- Essential services such as medical care, including assistance with mental health and anxiety
- Focus on family units
- Neighborhood cleanup, better security and police presence
- Education
 - Early childhood education with a goal of readiness by third grade

- K-12 education improvements
- Vocational education
- Childcare

Opportunities in Assessment Area

While there are many opportunities for all community development categories as identified in the review of public documents and community outreach, the primary need which matches closely with NexBank's business strategy and this Plan is the great need for affordable housing. NexBank is primed to meet its Strategic Plan goals with its lending and investment programs such as:

- DreamBuilder, a lending program the Bank initiated with Habitat for Humanity, which has included a warehouse line of credit to assist Habitat in the closing and funding process of the mortgages utilized to purchase the homes they have constructed. The Bank also originates many 0.0 percent interest loans for Habitat then purchases and holds mortgages for these Habitat loans.
- HomePossible, HomeReady, FHA, and VA loans
- Real estate loans for the purchase and minor renovation of affordable multifamily dwellings throughout the DFW MSA and the BSWA
- Utilization of the FHLB HELP Program (Home Equity Leverage Partnership). – this program has a member maximum, which is currently \$325,000, but the maximum can change each year. The funds can be used to assist low-income qualified, first-time homebuyers with down payment assistance and closing costs. These funds are disbursed on a first-come, first-served basis. They can be concentrated by the member bank wherever they need them and the FHLB can provide technical assistance.
- Public Welfare Authority Investments of Affordable Housing Projects

The Bank also has a history of and will continue to seek opportunities to provide significant donations and grants for such purposes as:

- Closing cost assistance to LMI individuals purchasing affordable housing
- Commercial real estate projects benefitting LMI areas and families
- Financial literacy in LMI public schools
- Food assistance for LMI populations
- College preparatory education for LMI students
- Childcare assistance for low-income families

Additionally, the Bank has and will continue to encourage its employees to serve on Boards of Directors for non-profit organizations serving LMI populations and provide technical and financial expertise.

Broader Statewide Area (BSWA)

In addition to the DFW MSA, the Bank has also extended its network and influence into other portions of the State of Texas by originating and purchasing home mortgage and community development loans, many of which consist of CRA qualified activities that help benefit individuals or geographies located in the Broader Statewide Area ("BSWA") that includes the Bank's assessment area. The majority of the community development loans in the BSWA have been affordable multifamily housing in metropolitan areas such as Houston-The Woodlands-Sugar Land, San Antonio-New Braunfels, and Austin-Round Rock-Georgetown, all of which are experiencing similar housing issues compared to DFW MSA. The Bank plays an integral role in affordable housing in the BSWA in both its origination and purchase of single-family mortgage loans to LMI individuals and in LMI tracts and in multifamily lending. Although there are some differences in the geographic, population, and economic conditions throughout the state, all areas are in need of community development, particularly in housing, which NexBank is in a position to help address. Therefore, the BSWA will be addressed in addition to the AA within the Bank's goals section below.

Strategic Plan and Measurable Goals

This Strategic Plan and its measurable goals reflect the results of a thorough analysis of the credit needs, opportunities, demographics, employment, housing, and other economic factors gleaned through review of community assessments and formal and informal plans produced for cities and counties within the AA , and at the BSWA. The Plan also takes into consideration the comments and observations regarding community needs from community leaders within the assessment area.

The Strategic Plan option, as outlined in §12 CFR 345.27 states that a bank shall address all three performance categories (lending, investment, and services) within its Plan. It goes further to state that a different emphasis may be appropriate if it is responsive to the characteristics and credit needs of the Bank's assessment area, taking into consideration public comment, the Bank's capacity and constraints, product offerings, and business strategy. It is NexBank's belief that the Bank can best serve the needs of its AA and the BSWA through its lending and investment expertise which focuses primarily on affordable housing as its CRA qualified activities, while also promoting community services, economic development, and revitalization and stabilization of communities.

Background Information for Goals

Through its analysis, NexBank has observed that the Average Total Assets of a bank are generally used by the regulators as one of the primary factors to assess a bank's performance on community development lending and investments. Using the CRA Qualified Loan and Investment Activities, the actual historical data for 2020-2022, and the ATA for each year, the resulting percentages for the assessment area are 0.54 percent for 2020, 1.86 percent for 2021, and 2.18 percent for 2022. This averages to 1.53 percent over the three-year period. The total percentages for the DFW MSA assessment area and the BSWA combined are 1.40 percent for 2020, 3.90 percent for 2021, and 4.54 percent for 2022.

In addition to community development loans and qualified investments, NexBank also originates and purchases HMDA reportable loans in the Dallas MSA. However, due to the Bank's national footprint for mortgage lending, the percentage of loans within the Dallas MSA is small compared to the Bank's overall HMDA reportable loans. The Bank will include its residential loans it originates and purchases in its Dallas MSA AA and the BSWA, that benefit LMI geographies and/or LMI persons, as CRA qualified activities for achieving the Bank's Strategic Plan goals.

CRA Qualified Loan and Investment Activities

NexBank has developed its measurable goals for lending and investments as combined goals or "CRA Qualified Activities", to afford flexibility to best address the needs of its AA and its BSWA in changing economic conditions. These CRA qualified activities will be measured against the Bank's ATA using the prior calendar year's ATA to measure the Plan year's activities by dollar volume.

The mortgage market has had 7 interest rate hikes in 2022 totaling 4.25%, which includes 4 historic rate hikes of 75 basis points in each of June, July, September and November 2022. Rates have also risen 100 basis points through July 2023. The average 30-year rate reached 6.48% during the initial week of 2023, increasing steadily to 7.18% in early September 2023. The blended rate for 2020 – 2022 was 3.80%. Current rates at 7.18% are still 89% higher than the 3-year 2020-2022 blended average.

Given the unprecedented large increases in 30-year mortgage rates in a relatively short period of time, NexBank's mortgage volume has been greatly suppressed in 2023. For example, 2022 mortgage volume through August 31, 2022 was 16,250 per our HMDA. Through August 31, 2023, mortgage volume is 5,475, which is an approximate 67% decrease over 2022. Given the sharp increases in interest rates,

unusual economic market conditions and significant drops in mortgage demand in 2023, it's not possible to predict that mortgage lending in 2023 or the next few years will be anywhere close to the historic 2020-2022 timeframe.

Knowing these statistics, NexBank remains focused on housing with both mortgage lending and multi-family housing. Using a combination of both mortgage and multi-family lending and investments, this will allow NexBank to continue to assist in meeting our communities' needs for housing. The rationale behind using a combination of loans and investments goals within this Plan takes into consideration the current and projected high-rate mortgage loan environment, where we expect mortgage lending to be suppressed for the next few years.

The Bank has established total goals for CRA qualified loan and investment activities which include activities in its BSWA with AA goals that are specifically for the AA. The inspiration of this model was that of Tristate Capital Bank, another FDIC-regulated institution, detailed in Tristate's August 30, 2021 Public Disclosure.⁷ Although Tristate Capital Bank has no branches as compared to two branches for NexBank, it defines one assessment area and also tracks goals for a broader regional area in which it has significant impact with its lending and investment activity. NexBank, in a similar fashion, has one assessment area where its two branches are located and does a significant amount of CRA qualified loan and investment activities in both its AA and BSWA.

Definition of CRA Qualified Loan and Investment Activities

NexBank defines these CRA Qualified Activities for its BSWA and AA as the following categories:

- **CATEGORY 1:** HMDA 1-4 Family Mortgage Loans originated in Low- or Moderate-Income Census Tracts (all borrower levels) or to Low- or Moderate-Income Persons
- **CATEGORY 2:** HMDA 1-4 Family Mortgage Loans purchased in Low- or Moderate-Income Census Tracts or to Low- or Moderate-Income Persons
- **CATEGORY 3:** HMDA Multifamily Mortgage Loans in Low- and Moderate-Income Census Tracts that are not included as community development loans or investments (full amount or portion thereof not qualified as community development)
- **CATEGORY 4:** Qualified community development loans, which shall include the following:
 - Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
 - Community services targeted to low- or moderate-income individuals;
 - Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs or have gross annual revenues of \$1 million or less;
 - Activities that revitalize or stabilize
 - Low- or moderate-income geographies;
 - Designated disaster areas;
 - Distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and Office of the Comptroller of the Currency, based on –
 - Rates of poverty, unemployment, and population loss; or
 - Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

For purposes of this category, loans shall include restructures or modifications which are not HMDA reportable as a refinancing but provide affordable, sustainable, long-term relief to

⁷ [Public Disclosure, Community Reinvestment Act Performance Evaluation](#), August 30, 2021

homeowners who are facing foreclosure on their primary residences, per guidance of Q&A §.22(a)-1 of the Interagency Questions and Answers published July 25, 2016.⁸

- **CATEGORY 5:** Qualified Investments, which includes lawful investments, deposits, membership shares, or grants that have as their primary purpose community development:
 - Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
 - Community services targeted to low- or moderate-income individuals;
 - Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs or have gross annual revenues of \$1 million or less;
 - Activities that revitalize or stabilize
 - Low- or moderate-income geographies;
 - Designated disaster areas;
 - Distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and Office of the Comptroller of the Currency, based on –
 - Rates of poverty, unemployment, and population loss; or
 - Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Small business and small farm loans are not included as they are not a product focus for the Bank.

Goals for CRA Qualified Loan and Investment Activities

The prior calendar year's ATA will serve as the baseline for annual goals for each year of the Plan. For example, for the Plan Year 8/1/2023 – 7/31/2024, the basis will be the ATA for calendar year 2022 which was \$13.3 billion. Target goals for Satisfactory and Outstanding have been set for the Total (BSWA and AA) with the AA only for each year of the Plan. The goals include requirements that certain percentages of the goal be new activities. Goals which exceed the target for the AA each year will be counted toward meeting the goals for the Total. While the targeted goal percentages will remain static during the three-year Plan period, the dollar value of impact will adjust according to changes in the Bank's ATA. There will not be specific goals for each category to allow the Bank flexibility for targeting different opportunities as they may change from time-to-time due to outside economic factors.

- See Table on Next Page -

⁸ [Interagency Questions and Answers. ffiec.gov/cra/qnadoc.htm](https://ffiec.gov/cra/qnadoc.htm)

Table 12. CRA Goals for Loans and Investments

CRA Qualified Activities (Loans and Investments)				
Date Range	Satisfactory Rating		Outstanding Rating	
	Total Goal	Assessment Area Goal*	Total Goal***	Assessment Area Goal*
08/01/2023 - 07/31/2024	1.50%**	1.00%**	2.00%***	1.40%***
08/01/2024 - 07/31/2025	1.50%**	1.00%**	2.00%***	1.40%***
08/01/2025 - 07/31/2026	1.50%**	1.00%**	2.00%***	1.40%***

* **Goal for AA is over 50% of the Total Goal**

** **Of which at least .20 must be new originations/purchases, new investments or grants**

*** **Of which at least .45 must be new originations/purchases, new investments or grants**

The HMDA reportable loan amounts to be credited toward the Plan year goal will include originations or purchases during the Plan year. The community development loan amounts to be credited for each Plan year will include new originations, renewals, and purchases during the Plan year. A community development loan will only be counted once during the Plan year in which it is originated or renewed. Lines of credit that are eligible for community development credit will be counted toward the loan goals, utilizing the full amount of the line of credit that is established. If a community development loan is increased during the Plan year after the initial origination or renewal, only the additional increase will be counted the second time. New investments will be credited toward the goal for the Plan year in which they were made. In addition, at the end of the Plan year, the outstanding balance or unfunded portion of prior years' investments will be credited toward the goal. The amount of qualified investments, including the amount of legally binding commitments, will be based on the amount recorded by the Bank according to generally accepted accounting principles (GAAP).

- See Table on Next Page -

Table 13. Example for CRA Qualified Loan and Investment Activities – Projections for Demonstration Purposes

Activity		AA	BSWA	Total
PLAN YEAR 1 – 08/01/2023 – 07/31/2024		\$000s	\$000s	\$000s
CATEGORY 1 - HMDA 1-4 Family Mortgage Loans originated to LMI Persons or in LMI Census Tracts		\$20,000	\$15,000	\$35,000
CATEGORY 2 - HMDA 1-4 Family Mortgage Loans purchased on LMI Persons or in LMI Census Tracts		\$10,000	\$5,000	\$15,000
CATEGORY 3 - HMDA Multifamily originations or purchases in LMI Census Tracts (in part or in full if not included in CD loans or investments)		\$2,500	\$0	\$2,500
CATEGORY 4 - Community Development Loans	Origination of new multifamily affordable housing loans	\$20,000	\$10,000	\$30,000
	Renewal/modification of multifamily affordable housing loan	\$0	\$0	\$0
CATEGORY 5 - Qualified Investments, which includes lawful investments, deposits, membership shares, or grants that have as their primary purpose community development*	New qualified investments in multifamily affordable housing	\$5,000	\$0	\$5,000
	Prior period investments	\$141,628	\$1,006	\$142,634
	Grants or donations during Plan year	\$950	\$50	\$1,000
Total Loans and Investments	New loans and investments	\$58,450	\$30,050	\$88,500
	Prior period investments	\$141,628	\$1,006	\$142,634
	TOTAL	\$200,078	\$31,056	\$231,134
Bank's ATA at Year-end 2022 (\$000s)	\$13,313,412			
Loans and Investments as Percentages of ATA	New loans and investments divided by Bank's ATA at Year-end 2022	0.44%	0.23%	0.66%
	Prior period investments divided by Bank's ATA at Year-end 2022	1.06%	.01%	1.07%
	TOTAL loans and investments divided by Bank's ATA at Year-end 2022	1.50%	0.23%	1.74%
Rating for Plan Year 1	New loans and investments	Satisfactory		Outstanding
	Total loans and investments	Outstanding		Satisfactory

In this example, the CRA qualified activities in the AA of \$200.1 million as a percentage of ATA (1.50 percent) exceeded the goal of 1.25 percent for Outstanding in the AA. However, the new activities, \$58,450 which was 0.44 percent of ATA, did not meet the minimum percentage of 0.45 percent required for Outstanding, so the overall rating of Satisfactory was assigned for the AA. The percentage of 0.66 percent of ATA for new activity in the combined AA and BSWA total was Outstanding; however, the total activity at 1.74% of ATA fell short of Outstanding; therefore, a Satisfactory rating was also assigned to the Total. The Bank can also choose to lend only in its AA to meet its Total Goal ratios.

The Bank must meet or exceed all measurable Outstanding goals in order to achieve an Outstanding rating.

Community Development Services

Given the Bank’s institutional, non-retail focus, with only two branches in the Dallas MSA AA and limited consumer products and services, the Bank continues to encourage its employees to participate in volunteer services to support its community development goals within its AA. The Bank has established relationships with a wide variety of community and non-profit groups within its AA to provide leadership, fundraising, financial services, and technical expertise for our AA community organizations that serve LMI populations. As in line with the Bank’s business strategy and this Strategic Plan, our focus remains on affordable housing, essential services, financial literacy, and education.

The number of hours of community development services the Bank had for the 2020-2022 period was 169.25 hours for 102 activities, or an average of 1.66 hours and 1 activity per employee based on 102 employees as of 12/31/2022. The Bank encourages participation by our employees in community development services, to support our LMI communities. The Bank anticipates minimum yearly community services for each year of our Plan. The Bank will collect its community development service information based on the number of events and the number of hours participated. Some services may require a higher number of hours than others; therefore, if the # of hours exceed the hours goal by 25 percent but falls short of the number of services goal by no more than 25 percent, the proposed rating will be achieved. If two employees provide a service together, such as teaching a financial literacy class together, the hours will be counted for each employee but the service activity will only be counted once. Goals for both Satisfactory and Outstanding have been set. The service activities will only be for the AA where the Bank’s branches are located.

Table 14. Community Development Service Activities for AA

Community Development Service Activities for Dallas MSA AA				
Strategic Plan Year	# of Hours (based on # of employees per prior calendar-year end as reported in Schedule RI of the Consolidated Report of Condition and Income)		# of Services	
	Satisfactory	Outstanding	Satisfactory	Outstanding
08/01/2023 - 07/31/2024	2 hours per employee	4 hours per employee	34 total activities per year	45 total activities per year
08/01/2024 - 07/31/2025	2 hours per employee	4 hours per employee	34 total activities per year	45 total activities per year
08/01/2025 - 07/31/2026	2 hours per employee	4 hours per employee	34 total activities per year	45 total activities per year

Election of Alternative CRA Assessment Method

NexBank's Board of Directors and management are committed to the goals set forth in this Plan. If, however, the Bank is unable to substantially meet all of the goals identified in this Plan to achieve a minimum "Satisfactory" rating, pursuant to 12 CFR §345.27(f)(4), NexBank requests that the Bank's CRA performance be assessed under the performance standards for large financial institutions using the lending, investment, and service tests pursuant to 12 CFR §§ 345.22 through 345.24.

Formal Public Comment Solicitation

Once the Plan was developed and approved, the Bank formally solicited public comment on the Plan for 30 days by publishing notice in the *Dallas Morning News*, the primary newspaper in the assessment area. The Bank made copies available at its office located at 6121 Luther Lane, Dallas, Texas 75225 and provided copies upon request, free of charge.

Request for Approval and Contact Information

The Board of Directors and Executive Management of NexBank hereby request approval of the Plan with the effective dates of August 1, 2023 – July 31, 2026. Management is responsible for approving the Plan and continuing oversight of its implementation, to include review of goals versus actual on a quarterly basis. The Bank's Senior Vice President, Chief Compliance Officer will have responsibility for implementation and tracking performance regarding the Plan.

Appendix A – Assessment Area Detail by Tract Level

TEXAS (48) - DALLAS-PLANO-IRVING MD (19124) - COLLIN COUNTY (085)									
301.01	301.02	302.01	302.02	302.04	302.05	302.06	302.07	303.01	303.02
303.03	303.04	303.06	303.07	304.03	304.04	304.05	304.06	304.07	304.09
304.10	305.04	305.05	305.06	305.07	305.09	305.10	305.11	305.12	305.15
305.16	305.17	305.18	305.19	305.20	305.21	305.24	305.25	305.29	305.31
305.32	305.33	305.34	305.35	305.36	305.37	305.38	305.39	305.40	305.41
305.42	305.43	305.44	305.45	305.46	305.47	305.48	305.49	305.50	306.04
306.05	306.06	306.07	306.08	306.09	307.01	307.02	308.01	308.02	309.01
309.02	309.03	310.03	310.05	310.06	310.07	310.08	311.01	311.02	312.01
312.02	313.08	313.14	313.18	313.19	313.20	313.21	313.22	313.23	313.24
313.25	313.26	313.27	313.28	313.29	313.30	313.31	313.32	313.33	313.34
313.35	313.36	314.08	314.11	314.12	314.13	314.14	314.15	314.16	314.17
314.18	314.19	314.20	314.21	314.22	314.23	314.24	314.25	315.04	315.07
315.08	315.09	315.10	315.11	315.12	316.11	316.13	316.21	316.22	316.23
316.24	316.25	316.26	316.27	316.28	316.29	316.30	316.31	316.32	316.33
316.34	316.35	316.36	316.39	316.41	316.42	316.43	316.45	316.46	316.47
316.49	316.54	316.55	316.57	316.59	316.60	316.61	316.62	316.63	316.64
316.65	316.66	316.67	316.68	316.69	316.70	316.71	316.72	316.73	316.74
316.75	316.76	316.77	316.78	316.79	316.80	316.81	316.82	317.04	317.06
317.08	317.09	317.11	317.13	317.15	317.16	317.17	317.18	317.19	317.20
317.21	317.22	317.23	317.24	318.06	318.07	318.08	318.09	318.10	318.11
318.12	318.13	318.14	318.15	318.16	319.01	319.02	319.03	319.04	320.03
320.08	320.10	320.12	320.13	320.14	320.15	320.16	320.17	320.18	320.19
TEXAS (48) - DALLAS-PLANO-IRVING MD (19124) - DALLAS COUNTY (113)									
1.00	2.01	2.02	3.00	4.01	4.05	4.07	4.08	4.09	4.10
5.01	5.02	5.03	6.05	6.06	6.07	6.08	6.09	6.10	6.11
7.03	7.04	7.05	7.06	8.01	8.02	9.01	9.02	10.01	10.02
11.01	11.02	12.02	12.03	12.04	13.01	13.02	14.00	15.02	15.03
15.04	16.01	16.02	17.03	17.05	18.01	18.02	19.01	19.02	20.01
20.02	21.00	22.00	24.00	25.00	27.03	31.02	31.03	37.00	42.01
42.02	43.00	44.00	45.00	46.00	47.00	48.00	50.00	51.00	52.00
53.00	54.00	55.00	56.00	57.00	59.01	59.02	60.01	60.02	61.00
62.00	63.01	63.02	64.01	64.02	65.01	65.02	67.01	67.02	68.00
69.00	71.01	71.02	72.03	72.04	72.05	72.06	73.01	73.02	76.01
76.04	76.05	77.01	77.02	78.01	78.05	78.09	78.10	78.12	78.15
78.19	78.21	78.22	78.23	78.24	78.25	78.26	78.27	78.28	78.29

78.30	78.31	78.32	78.33	78.34	78.35	79.02	79.03	79.06	79.09
79.10	79.12	79.13	79.14	79.15	79.16	80.00	81.01	81.02	82.00
84.01	84.02	85.00	86.04	87.01	87.03	87.04	87.05	88.01	88.02
90.01	90.02	91.01	91.03	91.04	91.05	92.02	92.03	92.04	93.01
93.03	93.04	94.01	94.02	95.00	96.03	96.04	96.05	96.07	96.08
96.09	96.10	96.11	97.01	97.02	98.02	98.03	98.04	99.00	100.01
100.02	100.03	101.01	101.02	105.00	106.01	106.02	107.01	107.04	108.04
108.05	108.06	108.07	108.08	108.09	109.03	109.04	109.05	109.06	110.02
110.03	110.04	111.01	111.03	111.04	111.05	112.01	112.02	113.00	114.01
115.00	116.01	116.03	116.04	117.01	117.02	118.01	118.02	119.01	119.02
120.00	121.01	121.02	122.06	122.07	122.08	122.09	122.10	122.11	122.12
122.13	123.01	123.02	124.00	125.01	125.02	126.01	126.03	126.04	127.01
127.02	128.01	128.02	129.00	130.05	130.07	130.08	130.09	130.10	130.11
130.12	130.13	131.01	131.02	131.04	131.06	131.07	132.01	132.02	133.00
134.00	135.00	136.05	136.06	136.07	136.08	136.09	136.10	136.11	136.15
136.17	136.18	136.19	136.20	136.21	136.22	136.24	136.25	136.26	136.27
136.28	136.29	136.30	136.31	137.15	137.16	137.17	137.18	137.19	137.20
137.21	137.22	137.25	137.26	137.27	137.28	137.29	138.04	138.05	138.06
138.07	138.08	139.01	139.02	140.01	140.02	141.19	141.20	141.21	141.23
141.24	141.26	141.28	141.30	141.32	141.34	141.35	141.38	141.39	141.40
141.41	141.42	141.43	141.44	141.45	141.46	141.47	141.48	141.49	141.50
141.51	141.52	141.53	141.54	141.55	141.56	141.57	141.58	141.59	141.60
141.61	142.03	142.04	142.05	142.07	142.08	142.09	143.06	143.08	143.09
143.10	143.13	143.14	143.15	143.16	143.17	143.18	143.19	143.20	144.05
144.06	144.07	144.08	144.09	144.10	145.01	145.02	146.01	146.02	146.03
147.01	147.04	149.03	150.01	150.02	151.01	151.02	152.02	152.05	152.06
152.07	152.08	153.03	153.04	153.05	153.06	154.03	154.04	154.05	154.06
155.00	156.00	157.00	159.00	160.01	160.02	161.00	162.01	162.03	162.04
163.01	163.02	164.06	164.07	164.09	164.10	164.12	164.14	164.15	164.16
164.17	164.18	164.19	164.20	164.21	165.11	165.13	165.16	165.17	165.18
165.19	165.21	165.22	165.24	165.25	165.26	165.27	165.28	165.29	165.30
165.31	165.32	165.33	165.34	165.35	165.36	166.07	166.10	166.15	166.16
166.17	166.18	166.19	166.20	166.21	166.22	166.23	166.24	166.26	166.27
166.28	166.29	166.30	166.31	166.32	166.33	166.34	166.35	166.36	166.37
166.38	167.04	167.06	167.07	167.08	167.09	167.10	167.11	168.02	168.03
168.05	168.06	169.02	169.03	170.05	170.06	170.07	170.08	170.09	170.10
171.01	171.02	172.01	172.03	172.04	173.07	173.08	173.09	173.10	173.11
173.12	173.13	173.14	173.15	174.00	175.00	176.02	176.04	176.05	176.06
177.03	177.04	177.05	177.06	178.05	178.06	178.08	178.11	178.12	178.14
178.15	178.16	178.17	178.18	178.19	178.20	179.00	180.01	180.02	181.05

181.10	181.11	181.20	181.21	181.26	181.27	181.28	181.29	181.30	181.32
181.33	181.34	181.35	181.37	181.38	181.40	181.41	181.42	181.43	181.44
181.45	181.46	181.47	181.48	181.49	181.50	181.51	181.52	181.53	181.54
181.55	181.56	181.57	181.58	181.59	182.03	182.04	182.05	182.06	183.00
184.01	184.02	184.03	185.01	185.05	185.06	185.07	185.08	186.00	187.00
188.01	188.02	189.00	190.13	190.16	190.18	190.19	190.20	190.23	190.24
190.25	190.26	190.27	190.28	190.29	190.31	190.32	190.33	190.34	190.35
190.36	190.37	190.39	190.40	190.41	190.42	190.44	190.45	190.46	190.47
190.48	190.49	190.50	190.51	190.52	190.53	191.01	191.02	192.02	192.03
192.05	192.08	192.10	192.11	192.12	192.13	192.14	192.15	192.16	193.01
193.02	194.00	195.01	195.02	196.00	197.00	198.00	199.00	200.00	201.00
202.00	203.00	204.01	204.02	205.00	206.00	207.00	208.00	209.00	210.00
211.00	212.00	9800.00	9801.00	9802.00					

TEXAS (48) - DALLAS-PLANO-IRVING MD (19124) -DENTON COUNTY (121)

201.09	201.10	201.11	201.12	201.15	201.16	201.17	201.18	201.19	201.20
201.21	201.22	201.23	201.24	201.25	201.26	201.27	201.28	201.29	201.30
201.31	201.32	201.33	201.34	201.35	201.36	201.37	202.03	202.04	202.05
202.06	202.07	202.08	203.05	203.10	203.11	203.12	203.13	203.14	203.15
203.16	203.17	203.18	203.19	203.20	203.21	203.22	204.02	204.03	204.04
204.05	205.04	205.05	205.06	205.07	205.08	206.01	206.03	206.04	206.05
207.00	208.00	209.00	210.00	211.00	212.02	212.03	212.04	213.01	213.04
213.05	213.06	213.07	214.10	214.11	214.12	214.13	214.14	214.15	214.16
214.17	214.18	214.19	214.20	214.21	214.22	214.23	215.02	215.05	215.12
215.13	215.14	215.16	215.17	215.18	215.20	215.21	215.22	215.26	215.28
215.29	215.30	215.31	215.32	215.33	215.34	215.35	215.36	215.37	215.38
215.39	215.40	216.11	216.12	216.13	216.14	216.15	216.16	216.18	216.19
216.20	216.21	216.22	216.26	216.30	216.31	216.32	216.33	216.34	216.35
216.37	216.38	216.39	216.40	216.41	216.42	216.43	216.44	216.45	216.46
216.47	216.48	216.49	216.50	216.51	216.52	216.53	216.54	216.55	217.15
217.16	217.17	217.19	217.20	217.21	217.22	217.23	217.24	217.25	217.26
217.27	217.28	217.29	217.30	217.31	217.32	217.33	217.34	217.35	217.36
217.37	217.38	217.39	217.40	217.41	217.42	217.43	217.44	217.45	217.46
217.48	217.49	217.50	217.51	217.52	217.54	217.55	217.56	217.57	217.58
217.59	218.00	219.00							

TEXAS (48) - DALLAS-PLANO-IRVING MD (19124) -ELLIS COUNTY (139)

601.03	601.04	601.05	601.06	602.06	602.07	602.09	602.11	602.12	602.15
602.16	602.17	602.18	602.19	602.20	602.21	603.00	604.00	605.00	606.01
606.02	607.02	607.04	608.01	608.02	608.03	609.00	610.00	611.00	612.00
613.00	614.01	614.02	615.00	616.00	617.00				

TEXAS (48) -DALLAS-PLANO-IRVING MD (19124) -HUNT COUNTY (231)

9601.00	9602.00	9603.00	9604.00	9605.00	9606.00	9607.00	9608.00	9609.00	9610.00
9611.01	9611.02	9612.00	9613.00	9614.01	9614.02	9615.01	9615.02	9615.03	9616.00
9617.00									
TEXAS (48) - DALLAS-PLANO-IRVING MD (19124) -KAUFMAN COUNTY (257)									
502.04	502.07	502.08	502.09	502.10	502.11	502.12	502.13	502.14	502.15
503.00	504.01	504.02	505.00	506.01	506.02	507.01	507.03	507.04	508.01
508.02	510.00	511.00	512.01	512.02	513.01	513.02			
TEXAS (48) - DALLAS-PLANO-IRVING MD (19124) -ROCKWALL COUNTY (397)									
401.01	401.03	401.04	402.01	402.02	402.03	403.01	403.03	403.04	403.05
404.03	404.04	404.05	404.06	404.07	404.08	404.09	404.10	404.11	404.12
405.03	405.07	405.08	405.09	405.10	405.11	405.12	405.13	405.14	
TEXAS (48) -FORT WORTH-ARLINGTON-GRAPEVINE MD (23104) - JOHNSON COUNTY (251)									
1301.00	1302.05	1302.10	1302.11	1302.12	1302.13	1302.14	1302.15	1302.16	1302.17
1302.18	1302.19	1302.20	1302.21	1302.22	1303.02	1303.03	1303.04	1304.05	1304.06
1304.11	1304.12	1304.13	1304.14	1304.15	1304.16	1304.17	1304.18	1304.19	1305.01
1305.02	1306.02	1306.03	1306.04	1307.00	1308.00	1309.00	1310.00	1311.00	
TEXAS (48) - FORT WORTH-ARLINGTON-GRAPEVINE MD (23104) -PARKER COUNTY (367)									
1401.01	1401.02	1402.01	1402.02	1403.00	1404.03	1404.08	1404.09	1404.10	1404.11
1404.12	1404.13	1404.14	1404.15	1404.16	1405.02	1405.03	1405.04	1406.01	1406.03
1406.04	1407.07	1407.08	1407.09	1407.10	1407.11	1407.12	1407.13	1407.14	
TEXAS (48) - FORT WORTH-ARLINGTON-GRAPEVINE MD (23104) - TARRANT COUNTY (439)									
1001.01	1001.02	1002.01	1002.02	1003.00	1004.01	1004.02	1005.03	1005.04	1005.05
1005.06	1006.01	1006.02	1007.00	1008.00	1009.00	1012.01	1012.02	1013.01	1013.02
1014.01	1014.02	1014.03	1015.00	1017.00	1020.00	1021.01	1021.02	1022.01	1022.02
1023.01	1023.02	1024.01	1024.02	1025.00	1026.01	1026.02	1027.00	1035.00	1036.01
1036.02	1037.01	1037.02	1038.00	1041.00	1042.02	1042.03	1042.04	1043.01	1043.02
1044.00	1045.02	1045.03	1045.04	1045.05	1046.01	1046.02	1046.03	1046.04	1046.05
1047.01	1047.02	1048.02	1048.03	1048.04	1049.00	1050.07	1050.08	1050.09	1052.01
1052.03	1052.04	1052.06	1052.07	1054.03	1054.04	1054.05	1054.07	1054.08	1055.02
1055.03	1055.05	1055.11	1055.12	1055.13	1055.14	1055.15	1055.16	1055.17	1055.18
1055.19	1055.20	1056.00	1057.01	1057.03	1057.05	1057.06	1058.00	1059.01	1059.02
1060.02	1060.04	1060.05	1060.06	1061.01	1061.02	1062.01	1062.02	1063.00	1064.00
1065.02	1065.03	1065.07	1065.09	1065.12	1065.13	1065.14	1065.15	1065.18	1065.19
1065.20	1065.21	1065.22	1065.23	1065.24	1065.25	1065.26	1066.00	1067.00	1101.02
1101.03	1101.04	1102.02	1102.04	1102.05	1102.06	1103.01	1103.02	1104.01	1104.02
1105.00	1106.00	1107.03	1107.04	1107.05	1107.06	1108.05	1108.06	1108.07	1108.08
1108.09	1109.01	1109.03	1109.05	1109.06	1109.07	1110.03	1110.10	1110.15	1110.18
1110.19	1110.20	1110.21	1110.22	1110.23	1110.24	1110.25	1110.26	1110.27	1110.28
1110.29	1110.30	1110.31	1110.32	1110.33	1111.02	1111.03	1111.04	1112.02	1112.03
1112.04	1113.04	1113.06	1113.07	1113.08	1113.09	1113.11	1113.12	1113.14	1113.15

1113.16	1113.17	1113.18	1113.19	1113.20	1114.02	1114.05	1114.06	1114.07	1114.08
1114.09	1114.10	1114.11	1115.05	1115.06	1115.13	1115.14	1115.16	1115.22	1115.25
1115.26	1115.29	1115.30	1115.31	1115.32	1115.33	1115.34	1115.36	1115.38	1115.40
1115.41	1115.42	1115.43	1115.44	1115.45	1115.46	1115.51	1115.52	1115.53	1115.54
1115.55	1115.56	1115.57	1115.58	1115.59	1115.60	1115.61	1115.62	1115.63	1115.64
1115.65	1115.66	1115.67	1115.68	1115.69	1115.70	1115.71	1115.72	1130.03	1130.04
1130.05	1130.06	1130.07	1131.02	1131.04	1131.07	1131.08	1131.09	1131.10	1131.12
1131.15	1131.16	1131.17	1131.18	1131.19	1131.20	1131.21	1131.22	1132.06	1132.07
1132.10	1132.12	1132.13	1132.14	1132.15	1132.16	1132.17	1132.18	1132.21	1132.22
1132.23	1133.01	1133.02	1134.03	1134.04	1134.07	1134.08	1134.09	1134.10	1135.09
1135.10	1135.11	1135.12	1135.13	1135.14	1135.16	1135.17	1135.19	1135.20	1135.21
1135.22	1136.07	1136.11	1136.12	1136.13	1136.18	1136.19	1136.22	1136.23	1136.24
1136.25	1136.26	1136.28	1136.29	1136.30	1136.32	1136.33	1136.34	1136.35	1136.36
1136.37	1136.38	1136.39	1136.40	1137.07	1137.09	1137.10	1137.11	1137.12	1137.13
1137.14	1137.15	1137.16	1138.03	1138.08	1138.09	1138.10	1138.11	1138.12	1138.13
1138.14	1138.15	1138.16	1139.06	1139.08	1139.12	1139.16	1139.17	1139.18	1139.19
1139.20	1139.23	1139.24	1139.25	1139.30	1139.31	1139.32	1139.33	1139.34	1139.35
1139.36	1139.37	1139.38	1139.39	1139.40	1139.41	1139.42	1139.43	1139.44	1139.45
1139.46	1139.47	1139.48	1139.49	1139.50	1139.51	1139.52	1139.53	1139.54	1139.55
1139.56	1139.57	1139.58	1140.03	1140.06	1140.09	1140.10	1140.11	1140.12	1140.13
1140.14	1140.15	1141.05	1141.06	1141.07	1141.08	1141.09	1141.10	1141.11	1141.12
1141.13	1142.03	1142.04	1142.05	1142.06	1142.07	1216.05	1216.06	1216.08	1216.09
1216.10	1216.11	1216.12	1216.13	1216.14	1216.15	1217.02	1217.03	1217.04	1219.04
1219.05	1219.06	1219.07	1219.08	1220.01	1220.02	1221.00	1222.00	1223.00	1224.01
1224.02	1225.00	1226.00	1227.01	1227.02	1228.01	1228.02	1229.01	1229.02	1230.01
1230.02	1231.00	1232.00	1233.01	1233.02	1235.00	1236.00	1237.00	9800.00	
TEXAS (48) - FORT WORTH-ARLINGTON-GRAPEVINE MD (23104) -WISE COUNTY (497)									
1501.01	1501.03	1501.04	1502.01	1502.02	1503.00	1504.02	1504.03	1504.04	1504.05
1505.00	1506.03	1506.04	1506.05	1506.06	1506.07				

Appendix B – Glossary

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

Area Median Income: The median income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside of an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Broader Statewide Area (BSWA): The broader statewide area, for purposes of this Strategic Plan, includes all metropolitan and non-metropolitan areas in the state of Texas, including the Bank's assessment area.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under §345.24(d).

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20.0 percent or more; or
- (3) A population loss of 10.0 percent or more between the previous and most recent decennial census or a net migration loss of 5.0 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of

applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Low-Income: Individual income that is less than 50.0 percent of the area median income, or a median family income that is less than 50.0 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80.0 percent and less than 120.0 percent of the area median income, or a median family income that is at least 80.0 and less than 120.0 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50.0 percent and less than 80.0 percent of the area median income, or a median family income that is at least 50.0 and less than 80.0 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120.0 percent or more of the area median income, or a median family income that is 120.0 percent or more in the case of a geography.

Appendix C - References for Community Needs Assessment – Public Documents

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Appendix D – Community Contacts

City of Dallas Housing & Neighborhood Revitalization

City of Dallas Office of Economic Development

City of Dallas Small Business Initiatives

Dallas Area Habitat for Humanity

Federal Home Loan Bank of Dallas

Innovan Neighborhoods

Texas Christian University Center for Real Estate

The Budd Center, Southern Methodist University School of Education and Human Development.

Urban Strategies, Inc.

The Real Estate Counsel (TREC)