

## **PUBLIC DISCLOSURE**

**November 15, 2010**

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

**CIT Bank  
Certificate Number: 35575**

**2180 South 1300 East, Suite 250  
Salt Lake City, Utah 84106**

**Federal Deposit Insurance Corporation  
25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, California 94105**

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

**TABLE OF CONTENTS**

I.	General Information.....	1
II.	Institution Rating .....	2
III.	Scope of Evaluation .....	2
IV.	Description of Institution .....	3
V.	Description of Assessment Area.....	4
VI.	Conclusions with Respect to Performance .....	7
VII.	Other Activities.....	11
VIII.	Appendix A - Scope of Examination .....	13

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **CIT Bank (CIT)** prepared by **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **November 15, 2010**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## **INSTITUTION**

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

CIT received approval for a Limited Purpose CRA designation on July 30, 2001. As such, CIT was evaluated with respect to its CRA performance based on its qualified community development (CD) activities.

CIT has an adequate level of qualified CD loans, services, and investments. CIT occasionally uses innovative or complex CD loans, services, and investments and adequately responds to local credit needs in its assessment area. The ratio of all qualified CD loans and investments (\$161 million) over average assets (\$6.5 billion) during the review period is 2.5 percent. The ratio of the qualified activities within the bank's assessment area (\$66.8 million) is 1.0 percent. The difference between the two ratios is almost exclusively due to the contribution of qualified affiliate lending activity. Bank personnel also provided an adequate level of qualified CD services, with a total of 222 qualified service hours over the review period.

No evidence of discriminatory or other illegal credit practices inconsistent with meeting community credit needs was identified.

## **SCOPE OF EVALUATION**

This evaluation reflects CIT's performance since the previous CRA Performance Evaluation dated May 12, 2008. The evaluation was conducted from the institution's headquarters in Salt Lake City, Utah. Examiners relied upon the records and reports provided by the bank and publicly available information. Economic and demographic data, and information gathered as part of the examination process, including community contacts were also utilized.

On July 30, 2001, the FDIC approved a Limited Purpose designation (LPD) for CIT for CRA evaluation purposes. The LPD is predicated on the bank offering only a narrow product line to a regional or broader market. The LPD allows the bank to be evaluated primarily on its CD activities.

Examiners evaluated the level of CIT's qualified CD loans, services, and investments in the bank's assessment area. The review period for CIT's CD activities was May 12, 2008, to November 15, 2010. In addition, examiners reviewed the qualified CD activity of its parent, CIT Group, Inc., during the same time frame. Qualified investments carry slightly more weight than CD loans in the assignment of the overall rating since a large level were located within CIT's designated assessment area.

Examiners evaluated the bank's CRA performance given the following performance context:

- The current economic environment,
- Demographic characteristics of the bank's assessment area,
- CD opportunities within the assessment area,

- Bank financial resources and constraints,
- Bank product offerings and business strategy, and
- Information derived from community contacts.

## DESCRIPTION OF INSTITUTION

CIT is a Utah chartered industrial bank that commenced operations on October 20, 2000. CIT has 1 non-retail office in Salt Lake City, Utah, and currently has 75 employees. CIT is a wholly-owned subsidiary of CIT Group, Inc., a leading originator of nationwide Small Business Administration (SBA) loans.

CIT received a “Needs to Improve” rating at its previous CRA Evaluation, dated May 12, 2008. CIT offers unsecured consumer revolving lines of credit, and business credit cards in conjunction with its affiliated businesses and nationwide retailers. Loans are originated through a third-party affiliate relationship that finances the sale of certain products and services to consumers and small businesses.

Loan receivables with which CIT has a third-party relationship are sold to affiliates or other entities either immediately or within a few days of origination. CIT currently participates with the following bank affiliation programs:

- **CarePayment** – a revolving consumer medical financing program
- **Dent-a-Med HELP card** – a revolving consumer credit product for healthcare expenses
- **FleetCor** – a commercial MasterCard fuel and vehicle-related maintenance credit card

In addition, CIT has recently participated in large commercial loans with its parent, and other institutions. CIT has also purchased government guaranteed student loans from its parent. There are currently no other traditional retail or consumer lending activities offered by CIT.

Table A provides a breakdown of CIT’s loan portfolio as of September 30, 2010. Other loans to individuals comprise the largest segment (74 percent) of CIT’s loan portfolio. These loans primarily include Dent-a-Med and CarePayment program loans.

<b>Table A - Loan Distribution as of September 30, 2010</b>		
<b>Loan Type</b>	<b>Dollar Amount (000s)</b>	<b>Percent of Total Loans (%)</b>
Construction and Land Development	0	0.0%
Secured by Farmland	0	0.0%
1 to 4 Family Residential	0	0.0%
Multi-Family (5 or more) Residential	3,018	0.1%
Commercial Real Estate	24,860	0.5%
<b>Total Real Estate Loans</b>	<b>27,878</b>	<b>0.5%</b>
Commercial and Industrial	1,340,186	25.3%
Agricultural	0	0.0%
Consumer	0	0.0%
Other Loans to Individuals	3,908,437	73.8%
Credit Cards and Related Plans	21,465	0.4%
Less: Unearned Income	0	0.0%
<b>Total Loans</b>	<b>5,297,966</b>	<b>100.0%</b>

Source: September 30, 2010, Consolidated Report of Condition and Income (CALL)

CIT does not maintain any traditional banking offices that are open to the public and does not offer consumer retail deposit products. CIT's lending activities are funded through brokered deposits and its parent.

As of the September 30, 2010, CALL report CIT had total assets of \$7.4 billion, total loans of \$5.3 billion, and total deposits of \$4.8 billion.

A review of FDIC records and CIT's CRA public file did not reveal any complaints relating to its CRA performance. There are no apparent legal or financial impediments, which would prohibit CIT from meeting the credit needs of the assessment area.

### **DESCRIPTION OF ASSESMENT AREA (*Salt Lake County*)**

CIT has defined its assessment area as Salt Lake County, Utah, which comprises a portion of the Salt Lake City, Utah Metropolitan Statistical Area (MSA). Salt Lake County is comprised of 193 contiguous census tracts, of which 5 are low-income, 43 are moderate-income, 90 are middle-income, and 55 are upper-income. The assessment area does not arbitrarily exclude any LMI geographies and conforms to CRA regulatory requirements.

Table B reflects the census tract income, population, and household information for Salt Lake County as determined by the 2000 U.S. Census.

<b>Table B – Selected Demographic and Housing Characteristics of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>N/A % of #</b>
Geographies (Census Tracts)*	193	2.6	22.3	46.6	28.5	0.0
Population by Geography*	898,387	0.9	23.6	48.8	26.8	0.0
Owner-Occupied Housing by Geography*	203,690	0.2	17.4	51.9	30.5	0.0
Business by Geography**	109,522	7.7	22.0	41.1	29.3	0.0
Farms by Geography**	1,591	4.3	17.8	43.7	34.2	0.0
Family Distribution by Income Level*	215,864	17.0	19.9	24.9	38.2	0.0
Distribution of LMI Families Throughout assessment area Geographies*	79,691	1.6	35.8	49.3	13.4	0.0
Median Family Income (MFI)*		54,586	Median Housing Value*			165,698
HUD Adjusted MFI for 2009***		67,800	Unemployment Rate*			2.4%
Households Below Poverty Level*		7.7%				

Source: \*2000 U.S. Census; \*\*2010 D&B; \*\*\*2009 HUD updated MFI

### **Population Data**

According to the 2000 U.S. Census, the population of CIT’s assessment area is 898,387. Of this population, 7,627 (0.9 percent) reside in low-income census tracts, 211,552 (23.6 percent) reside in moderate-income census tracts, 438,603 (48.8 percent) reside in middle-income census tracts, and 240,605 (26.8 percent) reside in upper-income census tracts.

The U.S. Census Bureau defines a household as all persons occupying a housing unit. Income figures are based on the combined income of all contributing members of a household. There are 295,290 households in Salt Lake County. Of these households, 59,224 (20.1 percent) are low-income, 53,448 (18.1 percent) are moderate-income, 66,271 (22.4 percent) are middle-income, and 11,362 (39.4 percent) are upper-income. Approximately 7.7 percent of these households are identified as living below the federal poverty level.

The area is comprised of 215,864 family households (household where one or more occupants are related by birth, marriage, or adoption) of which 17.0 percent are low-income, 19.9 percent are moderate-income, 24.9 percent are middle-income, and 38.2 percent are upper-income.

### **Housing Data**

There are 319,005 housing units within CIT's assessment area of which 63.9 percent are owner occupied, 28.7 percent are occupied rental units, and 5 percent are vacant. As of the 2000 U.S. Census, the median housing value for the assessment area is \$165,698, while median gross rent is \$652 per month. Less than 1 percent of the owner-occupied housing units are located in low-income census tracts within the assessment area, while 17.4 percent are located in moderate-income census tracts.

An analysis of the affordability of housing was performed during this evaluation. The affordability ratio is a method used to determine the amount of a single family owner-occupied house that a dollar of income can purchase, for the median household, within a given geography. The ratio is calculated by dividing the weighted average median household income by the weighted average median housing value of the area or geography under analysis. Values closer to 1.0 indicate greater affordability. The affordability ratio for CIT's assessment area is 0.36, based on estimates of the area's median household income and median housing value for 2008. This ratio is weighted to compensate for median income and housing figures that encompass only portions of counties and MSAs. The affordability ratio for the State of Utah is 0.24.

### **Competition and Services**

CIT's assessment area is home to most of the major insured financial institutions in the state, including several regional banks, credit unions, and many other industrial loan banks. CIT faces competitive pressures within its designated assessment area and on a national basis from numerous lenders and banks. This has created strong competition for CD opportunities within Salt Lake County.

### **Community Contacts**

Information from three recent community contact interviews was reviewed in connection with the current CRA Evaluation. The contacts included representatives of a local housing organization, a regional housing organization, and a state small business loan fund. The contacts indicated that the current economic environment is having a strong effect on the local area with unemployment and foreclosures on the rise. The contacts stated that there was a strong ongoing need for affordable housing, particularly for the homeless, refugees, low-income families, and senior citizens. The need for affordable housing includes both multi-family and single-family residences. Community contacts stress the need for expanding access to capital, especially for pre-development funding, and making construction and permanent financing available at favorable rates. Other identified needs include home mortgage workout programs, small dollar loans to small and start-up businesses, and grants and donations to community service and affordable housing organizations. There is also a need for financial education for first-time homebuyers, foreclosure prevention, and owners of small and start-up businesses.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE**

**Community Development Lending**

In order for a loan to qualify as having a CD purpose, it must have as its purpose: 1) affordable housing; 2) CD services targeting LMI individuals; 3) activities that promote economic development by financing small farms and small businesses; or 4) activities that revitalize or stabilize LMI areas, distressed or underserved middle-income geographies, and designated disaster areas.

During the evaluation period, CIT originated an adequate level of CD loans within the designated assessment area. CIT originated and provided disbursements for 18 qualified CD loans totaling \$1.2 million within its designated assessment area and the greater statewide area through its participation with a local affordable housing consortium. This level of CD lending represents 1.3 percent of total assets and 1.8 percent of net loans, as of September 30, 2010. All of these loans support affordable housing initiatives within the assessment area and the greater statewide area. Table C details CIT’s CD loans by activity year.

Table C - Community Development Loans by Activity Year and Purpose								
Primary Community Development Purpose	2008		2009		2010		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	8	590	4	412	6	231	18	1,233

Source: Bank Records

CIT participates in a statewide consortium that funds affordable housing and other CD qualified loans. The consortium is a non-profit mortgage banking and community reinvestment corporation that develops innovative financing programs. The consortium provides funding that helps mitigate a growing affordable housing crisis in Utah and to assist developers in affordable housing projects. Funds are available for new construction, and the acquisition and rehabilitation of existing properties.

Since the previous CRA Evaluation, CIT provided funding through the consortium for 18 projects (a total of 883 units) in the amount of \$1.2 million. Projects funded through the consortium directly benefit CIT’s assessment area.

CIT has provided financial assistance through the consortium for the following projects:

- **Low-Income Multi-family Housing Complex** that will include 84 units. All units will be restricted to households earning 35 percent to 55 percent of the average median income (AMI) for Salt Lake County.
- **Low-Income Housing Tax Credit (LIHTC) Apartment Complex** renovation that includes 110 units built in 1965 and renovated in 1992 using a LIHTC. The project will undergo substantial rehabilitation over a six to eight month period using a new allocation of a LIHTC.

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Wholesale and Limited Purpose Performance Evaluation

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This will extend the restricted use period and continue serving households earning between 25 percent and 55 percent of the AMI.

- **LIHTC Low-Income Project** is a new construction that contains 53 units. All units are restricted to households earning between 25 percent and 55 percent of the AMI.

**Qualified Investments**

CIT has an adequate level of qualified CD investments that are responsive to credit and community development needs. CIT occasionally uses innovative or complex qualified investments. Table D summarizes the number and dollar volume of CIT’s qualified investments and donations made during the review period and the carryover balance of qualified investments made prior to the review period.

<b>Table D - Qualified Investments by Activity Year and Community Development Purpose</b>										
<b>Investment Type</b>	<b>Prior Period</b>		<b>Partial 2008</b>		<b>2009</b>		<b>2010</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Mortgage Backed Securities	0	0	5	7,242	8	23,087	5	22,717	18	53,046
Municipal Bonds	2	195	0	0	0	0	1	250	3	445
CRA Investment Fund	0	0	0	0	5	3,220	2	8,680	7	11,900
Microenterprise Fund	1	7	0	0	0	0	0	0	1	7
<b>Total Debt or Equity Investments</b>	<b>3</b>	<b>202</b>	<b>5</b>	<b>7,242</b>	<b>13</b>	<b>26,307</b>	<b>8</b>	<b>31,647</b>	<b>29</b>	<b>65,398</b>
Qualified Grants & Donations	0	0	14	46	27	77	26	84	67	207
<b>Grand Total Qualified Investments, Grants &amp; Donations</b>	<b>3</b>	<b>202</b>	<b>19</b>	<b>7,288</b>	<b>40</b>	<b>26,384</b>	<b>34</b>	<b>31,731</b>	<b>96</b>	<b>65,605</b>

Source: Bank records

As reflected in Table D, the debt and equity investments obtained by the bank during the evaluation period totaled approximately \$65.4 million. The significant majority of new qualified investments obtained during the evaluation period were mortgage backed securities (MBS). The mortgages that provided the collateral for these securities were exclusively for loans that were originated to LMI borrowers residing throughout the bank’s assessment area.

The bank also invested in a CRA qualified investment fund. The investments in this fund are for the primary purpose of promoting CD. The CRA fund invests in high credit quality fixed income securities that support CD activities. The cumulative portfolio impact for the assessment over the current review period is as follows: 158,000 affordable rental housing units; 8,200 home mortgages for LMI families; \$27.3 million in affordable healthcare facilities; \$145.3 million in CD activities including neighborhood revitalization; \$332.3 million in down payment assistance

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Wholesale and Limited Purpose Performance Evaluation

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and statewide homeownership programs; and \$98 million in job creation and training. The bank’s remaining investments were designed to help meet the credit needs of small businesses and federal disaster areas.

The bank continues to manage over \$202,000 in investments that were qualified during previous CRA evaluations. These investments represent outstanding balances of affordable housing bonds and a microenterprise fund.

CIT also provides grants and donations to local non-profits, affordable housing authorities, community action, economic development, and service organizations serving the homeless and at-risk youth.

Table E details CIT’s qualified grants and donations in the assessment area by activity, year, and the primary CD purpose of the donation.

Table E - Qualified Donations by Activity Year and Community Development Purpose								
Primary Community Development Purpose	Partial 2008		2009		2010		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	2	8	4	15	3	10	9	33
Community Services	11	33	22	59	21	66	54	158
Economic Development	0	0	1	3	1	3	2	6
Revitalize or Stabilize Community	1	5	0	0	1	5	2	10
<b>Total</b>	<b>14</b>	<b>46</b>	<b>27</b>	<b>77</b>	<b>26</b>	<b>84</b>	<b>67</b>	<b>207</b>

Source: Bank Records

During the evaluation period, CIT provided \$207,000 in qualified CD donations and grants. As illustrated in Table E, the majority of CIT’s qualified donations and grants provide CD to LMI individuals. The following narrative highlights the services provided by these organizations:

- **Homeless, transitional, and affordable housing** – The organization’s main focus is providing homeless individuals with basic needs and skills to aid them in mainstreaming into society.
- **Self-Sufficiency and education** – Facilitates the means for non-profit organizations to provide education to LMI individuals and families so that they can be self-sufficient. Households participate in homebuyer education workshops and counseling. Children also participate in financial education classes. The volunteers are provided with the materials to train and teach school-aged students.
- **Elderly/child day care** – The programs offered include counseling, crisis nursery, parent advocacy, assistance with affordable living, and a learning library. The program for crisis

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## Wholesale and Limited Purpose Performance Evaluation

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nursery is the only service of its kind targeted to LMI families in the Salt Lake Valley. Parents can drop off their children for 72 hours during an emergency. The program provides a safe and supervised environment for the children.

- **Job training and employment** – Provides skill training to low-income individuals with physical, emotional, financial, and domestic challenges. Individuals with disabilities are given the opportunity to obtain jobs with competitive pay and the opportunity for advancement. The program combines workshop training, mentoring, coaching, employment referral services, business clothing referral services and more to help LMI individuals achieve their full potential in the workforce.
- **Legal assistance** – The program provides no cost legal counsel for low-income individuals, homeless families, minorities, the disabled, and the elderly. The program helps stabilize families living in crisis through its services.

### **Community Development Services**

The institution provided an adequate level of CD services that focus on meeting the community needs and opportunities within the assessment area. Bank officers and employees have provided approximately 222 hours of CD service over the review period.

CIT employees and members of management have participated on board and committee positions with local non-profit organizations based on their respective skills and qualifications. Table F summarizes these CD service activities.

<b>Table F - Qualified Service Hours by Community Development Purpose</b>					
<b>Qualifying Services</b>	<b>Activities</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total by Purpose</b>
Affordable Housing Development	Board and committee service to entities engaged in affordable housing development	10	73	102	<b>185</b>
Financial Literacy	Provision of financial literacy training to LMI individuals and students.	10	15	12	<b>37</b>
<b>Total by Year</b>		<b>20</b>	<b>88</b>	<b>114</b>	<b>222</b>

Source: Bank Records

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**Wholesale and Limited Purpose Performance Evaluation**

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Examples of CD service activities where CIT officers and staff provided financial expertise include the following:

- Members of bank management provide financial expertise while serving on the board of a neighborhood housing organization that works to meet the affordable housing needs of Salt Lake County residents. The purpose of this organization is to provide affordable housing for LMI individuals in the bank’s assessment area and broader statewide or regional area.
- Members of bank management presented over 8 financial education workshops to over 150 LMI participants covering topics such as basic budgeting, responsible use of credit, and planning for home ownership.
- An employee of the bank serves as a member of a statewide coalition of non-profits, corporate and government groups that assists LMI individuals and families save toward self-sufficiency.

### **OTHER ACTIVITIES**

CIT adequately addressed the needs of its assessment area. Therefore, consideration was given to qualified investments, CD loans and services that benefitted areas outside of the institution's assessment area and the broader statewide or regional areas that included the institution's assessment area. The qualified CD lending activities provided by CIT’s parent, CIT Group, Inc., comprises the whole of CIT’s out-of-area activities.

### **SUMMARY OF INSTITUTION'S OTHER COMMUNITY DEVELOPMENT ACTIVITIES**

CIT’s parent, CIT Group, Inc., is the largest originator of SBA 7(a) loans in the nation and also originates SBA 504 certified development company program loans. Since the previous Compliance Examination, CIT Group, Inc. originated 151 SBA loans totaling approximately \$94.5 million. The loans promote economic development outside of CIT’s assessment area and qualify as CD loans. Table G details this activity by year.

<b>Table G - Community Development Loans by Activity Year and Community Development Purpose</b>								
<b>Primary Community Development Purpose</b>	<b>2008</b>		<b>2009</b>		<b>2010</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
<b>Economic Development</b>	113	65,647	29	19,530	9	9,298	151	94,475

Source: Bank Records

The following narratives provide details of this activity:

- **The SBA 7 (a) loan program** provides financial help for businesses with special requirements. For example, funds are available for loans to businesses that handle exports to foreign countries, businesses that operate in rural areas, and for other very specific purposes. CIT Group, Inc. originated 113 SBA 7(a) loans totaling \$54.3 million to small businesses located in LMI geographies nationwide.
- **The SBA 504 loan program** is a long-term financing tool, designed to encourage economic development within a community. The 504 program provides small businesses with long-term financing. Loan purposes included: acquire major fixed assets for the purposes of business district revitalization, expansion of exports, expansion of minority business development, rural development, expansion of small business concerns owned and controlled by women or veterans (especially service-disabled veterans), or other CD purposes. CIT Group, Inc., originated 38 SBA 504 loans totaling \$40.2 million nationwide.

**APPENDIX A**

<b>SCOPE OF EXAMINATION</b>		
TIME PERIOD REVIEWED	5/12/2008 to 11/15/2010	
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>
CIT Bank		Community Development Consortium Loans Community Development Investments Community Development Services
<b>AFFILIATE</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>
CIT Group, Inc.	Bank holding company	Community Development Loans (Qualified SBA Loans)

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
UTAH Salt Lake County	On - site	Headquarters in Salt Lake City	None