



**NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2001

Institution: Community Mutual Savings Bank
10 Bank Street, Suite 590
White Plains, NY 10606

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this

financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Community Mutual Savings Bank (“CMSB”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2001.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Community Mutual Savings Bank ("CMSB") is rated "2", indicating a satisfactory record of helping to meet community credit needs. This rating is based on the following:

- CMSB's average loan-to-deposit ("LTD") ratio and other lending-related activities are reasonable, given the bank's size and its location in a highly competitive market:
 - For the four quarters ending December 31, 2001, the bank's average LTD ratio was 79.9%, slightly below its nationwide peer group average of 82.5%.
 - Enhancing the availability of credit in its assessment area, the bank made community development loans totaling \$1.8 million, \$80 thousand of which represents new money.
- CMSB originated a majority of its HMDA-reportable loans and consumer loans in the assessment area, though HMDA loan volumes and corresponding assessment area percentages fluctuated somewhat during the three-year period. The bank originated 72%, 90% and 77% of its HMDA-reportable loans in the assessment area in 1999, 2000 and 2001, respectively. The percentages for consumer loans in 2000 and 2001 were 94.4% and 97.2%, respectively.
- Overall, the bank's geographic distribution of lending showed an adequate dispersion throughout the assessment area, notwithstanding a negative trend. While the bank did well in penetrating LMI census tracts in 1999 compared to the aggregate, it did not provide any HMDA-reportable loans in LMI areas in 2000 and provided only one such loan in 2001.
- Overall, the bank's borrower distribution of lending is considered reasonable.
 - While the bank performed well against the aggregate in penetrating LMI borrowers in 1999 (8.9% LMI penetration ratio against 7.6%, respectively), it fell far behind the aggregate in 2000 (3.7% LMI penetration compared with 8.2%, respectively), based on the origination of only one loan. With only one loan to an LMI borrower in 2001, the percentage declined further, to 1.1%.
 - The bank's consumer lending reflected an excellent penetration among borrowers of different income, with loans to LMI borrowers representing 37.3% and 31.4% of total loans extended in 2000 and 2001, respectively.
- The bank's significant offering of community development services further enhanced credit availability in its assessment area.
- Neither the bank nor the New York State Banking Department received any written complaints about CMSB's CRA performance.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PEFORMANCE CONTEXT

Institution's Profile:

Community Mutual Savings Bank ("CMSB"), formally the Home Building and Loan Association of Mount Vernon, was established in 1887. In 1980, the name was changed to Community Mutual Savings Bank of Southern New York and in 1984 the current name was adopted. The bank operates five branches in Westchester County, including one at its main office in Mount Vernon, and one each in Eastchester, Greenburgh, West Harrison (East White Plains/Silver Lake) and White Plains. Three of the branches are equipped with Automated-Teller-Machines (ATMs) connected to the MAC Network. The corporate office is located in White Plains, New York.

The institution offers a wide variety of lending products including the following:

- Residential Mortgages: 1-4 family residential mortgages, home-equity lines of credit, co-op loans, and home improvement loans;
- Consumer Loans: overdraft lines, personal loans and passbook loans; and
- Commercial Loans: multi-family loans, commercial mortgages, commercial & industrial loans, small business loans.

The following table illustrates the bank's loan portfolio during the last three years based on the Consolidated Report of Condition:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2001		12/31/2000		12/31/1999	
	\$000	%	\$000	%	\$000	%
Residential Mortgage	78,232	94.4	62,000	92.4	61,581	91.8
Commercial Mortgage	2,757	3.3	2,876	4.3	2,675	4.0
Commercial & Industrial	803	1.0	652	1.0	1,236	1.8
Mutifamily Mortgages	618	0.7	1,027	1.5	927	1.4
Consumer Loans	448	0.5	546	0.8	711	1.1
Total Gross Loans	82,858	100.0	67,101	100.0	67,130	100.0

As shown above, CMSB reported total loans of approximately \$82.9 million as of December 31, 2001, of which 94.4% were in residential mortgages, thereby making residential real estate the bank's primary product. Commercial mortgages comprised 4.0%, commercial & industrial loans 1.0%, and consumer loans 0.5% of the total loan portfolio. Deposits reported by the bank as of the same date totaled \$100.1 million, resulting in a loan-to-deposit ratio of 82.6%.

During 2000, the bank originated 30 HMDA-reportable loans totaling \$4.6 million, compared to the 94 HMDA-reportable loans totaling \$13.2 million the prior year. However, during 2001, originations soared, to 119 loans totaling \$21 million. The bank attributed the fluctuation to the downturn in refinancing in 2000, which was spurred by the increase in interest rates coupled with the scarcity of marketed properties in the Westchester/Putnam area.

In addition, the bank originated 54 consumer loans totaling \$144.7 thousand in 2000 and 36 such loans totaling \$138.6 thousand in 2001.

CMSB's home county of Westchester provides 100% of the bank's deposits according to the latest available comparative deposit data dated June 30, 2001. The bank, with a 0.45% market share of the county's total deposits, was ranked 22nd among the 30 depository institutions in the county.

CMSB's participation in governmentally insured, guaranteed or subsidized loan programs for housing, small business or small farms includes the Small Business Administration's ("SBA") 7(a) guaranteed loan program and the State of New York Mortgage Agency ("SONYMA"). The bank did not originate any loans under these programs during the evaluation period.

Subsequent Event: Subsequent to the evaluation date, in 2002 the bank was planning to launch a new program called Achieving Housing Affordably ("AHA") to enhance lending to low- and moderate-income borrowers and geographies. The product would offer the same or lower loan pricing as the conventional product, but would permit a higher debt service ratio of 36% - 41%, compared with the customary ratio of 28% - 36%.

The bank received a rating of "2" at its last Performance Evaluation (on-site) by the Banking Department as of March 31, 1999, reflecting a satisfactory record of helping to meet the credit needs of its community.

There are no known legal or financial impediments that adversely impact the institution's ability to meet credit needs of its assessment area.

Assessment Area:

The bank has designated Westchester County, in its entirety, as its assessment area. According to the 1990 U.S. Census Bureau, Westchester County had a population of 874.9 thousand, of which 126.3 thousand persons (14.4%) were over the age of 65 years and 168.8 thousand (19.3%) were under 16 years old. During 2000, the population increased by 48.6 thousand (5.5%) to 923.5 thousand

The assessment area, excluding two zero-income tracts, consists of 218 census tracts: two (0.9%) low-income tracts, 18 (8.3%) moderate, 35 (16.0%) middle and 163 (74.1%) upper-income tracts.

In 1990, there were 229.5 thousand families in the assessment area, of which 10.7% (24.5 thousand) were low-income families, 9.7% (22.3 thousand) moderate, 15.6% (35.8 thousand) middle and 64.0% (147.0 thousand) upper-income families. There were 46.8 thousand LMI families, of which 23.7% (11.1 thousand) lived in LMI tracts. These families accounted for 59.4% of all families living in LMI tracts.

There were 319.7 households, of which 6.9% (21.9 thousand) had income below the poverty level. The assessment area consisted of 336.7 thousand housing units, of which 220.7 (65.5%) thousand were 1 to 4 family units and 110.8 thousand (32.9%) multifamily units. The owner-occupied units accounted for 191 thousand (56.7), of which 1.9% was in LMI tracts. There were 129.1 thousand (38.3%) rental units, of which 18.7% were in LMI tracts and 5.1% of all housing units were vacant and or boarded up. The median housing value was \$264.2 thousand and the median age of the housing was 39 years.

The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest source of earnings in 1999 in the county was: services 32.8%, finance, insurance and real estate 12.6% and state and local government 12.4%. In 1989, the major sources of earnings were services 29.0%, state and local government 10.9% and durable goods manufacturing 10.6%

According to the New York Department of Labor, the county's average unemployment rates were 3.4% during 2000 and 3.4% in 2001. The county's average unemployment rates were below the New York State's average rate of 4.6% in 2000, 4.9% in 2001 and the MSA's average rates was 5.3% in 2000 and 5.6% in 2001.

A portion of Westchester County has been designated an Economic Development Zone (EDZ) by the State of New York, based on community economic distress. A portion of the City of Yonkers has been designated an EDZ. The firms located in this area may be eligible for assistance, including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance and utility rate savings.

The assessment area appears reasonable based upon the location of branches and its lending patterns. There is no evidence that LMI areas are arbitrarily excluded.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

CMSB's performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Proportion of Lending in the Assessment Area; (3) Geographic Distribution of Lending; (4) Distribution of Lending according to Borrower Characteristics, and (5) Action Taken in Response to Written Complaints Regarding CRA.

This evaluation is based on an assessment of the bank's performance in 1999, 2000 and 2001. Both HMDA-reportable and consumer loans were considered, with greater emphasis accorded the bank's residential mortgage activities.

The demographic data referred to in this report was obtained from the 1990 U.S. Census along with the updated HUD-estimated median family income.

- **Loan-to-Deposit Ratio and other Lending-Related Activities: "Satisfactory"**

CMSB's loan-to-deposit ("LTD") ratio is considered reasonable given the bank's size and its location in a highly competitive market.

Based on the Uniform Bank Performance Reports ("UBPR"), the bank's average LTD ratio for the four quarters ending December 31, 2001 was 79.9%, which is slightly below its nationwide peer group average of 82.5%. The bank's average LTD ratio improved slightly from the 75.5% at 1999 compared to the peer's average of 79.3% for the same period.

Other Lending-Related Activities:

Enhancing the availability of credit in the assessment area, the bank provided a significant level of community development loans and one qualified investment.

Community Development Loans - The bank's participation in community development loans amounted to approximately \$1.8 million, of which \$80 thousand is considered new money. This is a relatively high level of community development loans given its asset size. Community development lending activities were geared mostly to promote economic development, stabilization & revitalization and community services, which include the following:

Westchester Nonprofit Loan Fund - is a collaboration of United Way, The Westchester Community Foundation, The Volunteer Center of United Way and the Westchester County Banker's Association. Its mission is to provide secured loans and loan-related technical assistance to nonprofit agencies that provide direct services to the residents of the County. In 1999, the bank extended to the organization a \$50 thousand unsecured revolving line of credit. The line has been renewed yearly and has been increased to \$80 thousand since November 2000.

In addition, the bank continued to have outstandings on the following loans/participations in community development loans extended during the previous evaluation period:

Church (Mount Vernon) – since 1996 the bank has had a \$650 thousand participation in a \$1.3 million loan to finance the construction of a new church. The church’s ancillary programs include day care and senior citizen programs that benefit LMI residents. The bank’s outstanding share on the current loan balance amounted to \$543 thousand.

Church Improvement (Mount Vernon) – \$350 thousand loan granted in 1995 to finance improvements in a church located in a LMI census tract. The church provides various services including after school athletic programs for youths and programs for senior citizens. Total loan outstanding for the evaluation period is \$327.5 thousand.

34-56 East Third Street - \$500 thousand loan granted in 1998 to purchase 12-store commercial building in Mount Vernon. The financing is aimed at abetting the regeneration of the south side of Mount Vernon by offering affordable rents. One of the tenants is the government funded Community Action Group. The outstanding amount is \$450 thousand.

245 South 4th Avenue - \$600 thousand participation in \$2.2 million loan refinancing of the property located in Mount Vernon which is located in a LMI census tract. As the result of the financing, the business was able to continue its Mount Vernon operations providing jobs to LMI individuals and helping to stabilize and revitalize the community. The bank’s share on the current loan balance amounted to \$368 thousand.

Qualified Investments - the bank made a contribution of \$12.5 thousand during the evaluation period to the Federal Home Loan Bank of New York’s (FHLB NY) Affordable Housing Program. The contribution reflected the bank’s pro-rata share of the 10.0% of FHLB NY’s earnings for the period, that were dedicated its Affordable Housing Program.

- **Proportion of Lending Within Assessment Area: “Satisfactory”**

The bank originated a majority of its HMDA-reportable loans in the assessment area. The volume and percentage of assessment area loans fluctuated somewhat over the three-year period.

In 1999, the bank originated 94 HMDA-reportable loans, of which 68 loans (72%) in the amount of \$9.4 million (71.5%) were in the assessment area. During 2000, the bank extended 30 such loans, of which 27 (90%) in the amount of \$4 million (89%) were originated, reflecting an increase in assessment area percentage, notwithstanding a sizable decrease in loan volume. In 2001, loan volume soared to 119 while the assessment area percentage declined somewhat, with 92 loans (77%) in the amount of \$16.9 million (80.5%) originated in the assessment area.

The bank also extended a substantial majority of consumer loans in its assessment area. Consumer loans totaled 90 during 2000 and 2001, of which 86 (95.6%) in the amount of \$262 (92.2%) thousand were in the assessment area. The bank did not provide any data on consumer loans for 1999.

The chart below shows the bank's lending activities inside the assessment area during the evaluation period:

Assessment Area Lending						
Geography	2001		2000		1999	
	#	\$ (000)	#	\$ (000)	#	\$ (000)
HMDA Loans						
All Areas	119	20,982	30	4,583	94	13,194
Assessment Area	92	16,883	27	4,078	68	9,436
% Inside AA	77.3%	80.5%	90.0%	89.0%	72.3%	71.5%
Consumer Loans						
All Areas	36	139	54	145	-	-
Assessment Area	35	129	51	133	-	-
% Inside AA	97.2%	92.8%	94.4%	91.7%	-	-
Total Loans						
All Areas	155	21,121	84	4,728	94	13,194
Assessment Area	127	17,012	78	4,211	68	9,436
% Inside AA	81.9%	80.5%	92.9%	89.1%	72.3%	71.5%

- **Geographic Distribution of Lending: "Satisfactory"**

For the evaluation period, the bank's geographic distribution of loans reflects an adequate dispersion throughout the assessment area, notwithstanding a negative trend. While the small number of loans makes it somewhat difficult to assess this factor, the data show that the bank's LMI percentages were close to those of the aggregate for 1999, fell way behind its peers in 2000, and recovered only slightly, in 2001.

In 1999, the bank originated two (2.9%) HMDA-reportable loans totaling \$220 thousand (2.3%) in moderate-income census tracts within the assessment area. These moderate-income penetration ratios compare favorably with those for the aggregate of 2.9% and 1.8%, respectively.

During 2000, the bank failed to originate any HMDA-reportable loans in LMI census tracts in the assessment area compared to the aggregate's LMI penetration ratios of 3.2% and 2.6% in terms of number of loans and dollar volume, respectively.

In 2001, the bank originated one (1.1%) HMDA-reportable loan totaling \$179 thousand (1.1%) in a moderate-income census tract. The aggregate for 2001 was not available.

The chart below details the bank's LMI geographic distribution of HMDA loans in the

assessment area during the evaluation period:

Geography Income Level Distribution of AA HMDA Loans								
Geography	Bank				Aggregate			
Income	#	%	\$ (000)	%	#	%	\$ (000)	%
1999								
Low	0	0.0	0	0.0	46	0.2	4,789	0.1
Moderate	2	2.9	220	2.3	675	2.7	88,408	1.7
LMI Total	2	2.9	220	2.3	721	2.9	93,197	1.8
2000								
Low	0	0.0	0	0.0	62	0.3	4,192	0.1
Moderate	0	0.0	0	0.0	549	2.9	108,192	2.5
LMI Total	0	0.0	0	0.0	611	3.2	112,384	2.6
2001								
Low	0	0.0	0	0.0	-	-	-	-
Moderate	1	1.1	179	1.1	-	-	-	-
LMI Total	1	1.1	179	1.1	-	-	-	-

- **Borrower Distribution of Lending: “Satisfactory”**

Overall, the bank’s borrower distribution of lending is considered reasonable, reflecting strong LMI penetration in 1999, but weaker results in 2000 and 2001.

In 1999, the bank made six HMDA-reportable loans to LMI borrowers in the assessment area, achieving an 8.9% LMI penetration ratio, which exceeded the aggregate’s ratio of 7.6%. The bank’s corresponding dollar amount totaled \$417 thousand, resulting in a 4.5% LMI penetration ratio, which well exceeded the aggregate’s ratio of 2.8%.

In 2000, the bank’s LMI borrower penetration fell way behind that of the aggregate. CMSB extended only one HMDA-reportable loan to a moderate-income individual, resulting in a 3.7% LMI penetration ratio compared to the aggregate’s ratio of 8.2%. With the corresponding loan dollar amount totaling \$70 thousand, the bank achieved a 1.7% LMI penetration ratio compared to the aggregate’s 3.0%.

During 2001, one (1.1%) loan totaling \$40 (0.2%) thousand was made. The aggregate for 2001 was not available.

Enhancing the bank’s borrower distribution of lending is its excellent penetration among LMI individuals with consumer loans. During 2000, the bank made 19 (37.3%) consumer loans to LMI borrowers totaling \$28.1 (21.2%) thousand in the assessment area. In 2001, the bank extended 11 (31.4%) consumer loans totaling \$40.9 (31.8%) thousand to LMI borrowers in the assessment area.

The chart below shows the bank's LMI borrower distribution of HMDA loans inside the assessment area during the evaluation period:

Borrower Income Level Distribution AA HMDA Loans								
Borrower	Bank				Aggregate			
Income	#	%	\$ (000)	%	#	%	\$ (000)	%
1999								
Low	1	1.5	90	1.0	355	1.4	26,745	0.5
Moderate	5	7.4	327	3.5	1,530	6.2	119,707	2.3
LMI Total	6	8.9	417	4.5	1,885	7.6	146,452	2.8
2000								
Low	0	0.0	0	0.0	331	1.8	29,027	0.7
Moderate	1	3.7	70	1.7	1,208	6.4	96,086	2.3
LMI Total	1	3.7	70	1.7	1,539	8.2	125,113	3.0
2001								
Low	0	0.0	0	0.0	-	-	-	-
Moderate	1	1.1	40	0.2	-	-	-	-
LMI Total	1	1.1	40	0.2	-	-	-	-

As noted above, 20.4% of families in the bank's assessment are considered LMI.

- **Action Taken In Response to Written Complaints With Respect to CRA**

Neither the bank nor the New York State Banking Department received any written complaints about the bank's CRA performance since the prior evaluation.

- **Services**

Retail Services: Enhancing credit availability in the bank's assessment area is the location of two of its branches. The main office in Mount Vernon is located in a moderate-income census tract and the White Plains office is located in a low-income census tract. The bank did not open or close any branches during the past three years. Four of the branches have extended banking hours on Thursdays and three are opened on Saturdays.

Effective February 20, 2001, the bank became a participant in the New York State Electronic Benefit Transfer system and agreed to forgo surcharges on the accounts.

Community Development Services: Under its Affordable Housing Program (AHP), the FHLBNY provides a direct subsidy in the form of a grant through a member institution. The benefits are passed along to low- and moderate-income borrowers to reduce their monthly housing costs. A banking institution is responsible for disbursing and monitoring the grant (with or without advancing any of its own funds) that involves, among other things, ensuring that the grant money is utilized for proper purposes. Moreover, all AHP grant commitments include

a recapture provision which requires the bank to reimburse the FHLBNY for any unused or improperly used subsidy, failure to use rental housing for its original purpose, or any value realized by a purchaser in connection with the premature sale of rental housing.

During the evaluation period, the FHLBNY awarded grant monies to CMSB for two sponsor organizations: Habitat for Humanity of Westchester and White Plains YWCA.

- *Habitat for Humanity of Westchester* - In 1997, FHLBNY awarded the bank a \$60 thousand grant to help finance the construction of three two-family homes that will provide homes for six LMI families. The FHLBNY will execute a soft mortgage to Habitat for Humanity of Westchester, the sponsor, for \$60 thousand thereby reducing the price of each home by \$10 thousand. The loan will be forgiven after 10 years, if the families remain within the income guidelines and the home is used solely to provide housing for LMI families. The sponsor is a Christian-based ministry working to provide housing for sale to LMI families. *The full amount of the grant remained unused as of December 31, 2001.*
- *White Plains YWCA* - In 1997, FHLBNY awarded the bank a \$400 thousand grant for the repair of an 80 room single-room occupancy building in White Plains to preserve affordable housing for single women. The sponsor of this project is the YWCA, a nonprofit organization providing housing and support services for low-income women. *The balance of \$111 thousand was drawn during the evaluation period.*

Moreover, several officers and members of the senior management serve as directors or members of the board of various non-profit community organizations:

- The bank president is a founding board member of the *Westchester Nonprofit Loan Fund* and also serves on the fund's loan committee. The president is also involved with the *White Plains Business Development Corporation*.
- An executive vice-president is a member of the board of *Habitat for Humanity* and also serves on the organization's advisory committee. In coordination with the Mayor of Mount Vernon, the bank is in the developmental stage of creating a task force to combat predatory lending. The executive vice-president will serve as the chairman of the task force.
- A branch manager serves as a director of the *Mount Vernon Business-Education Alliance* (formerly known as Advisory Council on Occupational Education). The alliance provides students with the opportunity to keep up with the level of technology, which is directly transferable in the workforce. He is also a member of the "*Westhab*" advisory board in Mount Vernon.
- Another officer participates on the boards of the *Mount Vernon and Eastchester Chambers of Commerce*. He was awarded a "Distinguished Service Award" by the

Mount Vernon chamber.

- **Discrimination or Other Illegal Practices**

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The regulatory compliance report concurrent with this assessment indicates a satisfactory performance in terms of adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

- **Process Factors**

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

The bank ascertains the credit needs of its assessment area through contacts by its trustees, senior officers and employees with local businesses, local government officials, community leaders and nonprofit organizations.

CMSB provides technical assistance on financial matters to nonprofit organizations serving LMI housing or economic development needs. The bank also made loan presentations and financial counseling to individuals after Sunday church services.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

The bank advertises its products and services through the local newspaper, *The Journal News*. Other advertising efforts includes mass mailings of credit products specifically in the county's urban areas and direct mailings to local brokers and attorneys in its assessment area.

The extent of participation by the banking institution's board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The board of trustees reviews and approves the bank's CRA program and its Equal Lending Opportunity policy statements on an annual basis. In addition, the CRA activities are monitored and reviewed by the board during its regular board meetings.

- **Other Factors**

Other factors that in the judgement of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

None noted.

CHARTS FOR REPORTING OF HMDA STATISTICS

Exhibit 1

Residential Real Estate Loans - Year 1999 - by Borrower Income Level*										
Borrower Income Level	Total Lending				Assessment Area Lending				Aggregate**	
	Applications		Originations		Applications		Originations		Originations	
	#	%	#	%	#	%	#	%	#	%
Low	1	0.8	1	1.1	1	1.1	1	1.5	355	1.4
Moderate	9	7.6	7	7.4	6	6.7	5	7.4	1,530	6.2
Middle	16	13.4	10	10.6	14	15.7	8	11.8	3,722	15.0
Upper	93	78.2	76	80.9	68	76.4	54	79.4	16,989	68.4
N/A	-	0.0	-	0.0	-	0.0	-	0.0	2,226	9.0
Total	119	100.0	94	100.0	89	100.0	68	100.0	24,822	100.0

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

** The term "Aggregate" refers to loans originated in the bank's assessment area by all HMDA reporting lenders.

Exhibit 2

Residential Real Estate Loans - Year 1999 - by Geography Income Level*										
Geo Income Level	Total Lending				Assessment Area Lending				Aggregate	
	Applications		Originations		Applications		Originations		Originations	
	#	%	#	%	#	%	#	%	#	%
Low	-	0.0	-	0.0	-	0.0	-	0.0	46	0.2
Moderate	2	1.7	2	2.1	2	2.2	2	2.9	675	2.7
Middle	8	6.7	6	6.4	5	5.6	3	4.4	2,184	8.8
Upper	109	91.6	86	91.5	82	92.1	63	92.6	21,866	88.1
N/A	-	0.0	-	0.0	-	0.0	-	0.0	51	0.2
Total	119	100.0	94	100.0	89	100.0	68	100.0	24,822	100.0

* Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

Exhibit 3

Residential Real Estate Loans - Year 2000 - by Borrower Income Level*										
Borrower Income Level	Total Lending				Assessment Area Lending				Aggregate**	
	Applications		Originations		Applications		Originations		Originations	
	#	%	#	%	#	%	#	%	#	%
Low	-	0.0	-	0.0	-	0.0	-	0.0	331	1.8
Moderate	1	1.7	1	3.3	1	2.0	1	3.7	1,208	6.4
Middle	13	22.4	8	26.7	11	22.4	8	29.6	2,889	15.4
Upper	44	75.9	21	70.0	37	75.5	18	66.7	12,718	67.7
N/A	-	0.0	-	0.0	-	0.0	-	0.0	1,628	8.7
Total	58	100.0	30	100.0	49	100.0	27	100.0	18,774	100.0

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

** The term "Aggregate" refers to loans originated in the bank's assessment area by all HMDA reporting lenders.

Exhibit 4

Residential Real Estate Loans - Year 2000 - by Geography Income Level*										
Geo Income Level	Total Lending				Assessment Area Lending				Aggregate	
	Applications		Originations		Applications		Originations		Originations	
	#	%	#	%	#	%	#	%	#	%
Low	1	1.7	-	0.0	-	0.0	-	0.0	62	0.3
Moderate	-	0.0	-	0.0	-	0.0	-	0.0	549	2.9
Middle	3	5.2	2	6.7	3	6.1	2	7.4	1,875	10.0
Upper	54	93.1	28	93.3	46	93.9	25	92.6	16,207	86.3
N/A	-	0.0	-	0.0	-	0.0	-	0.0	81	0.4
Total	58	100.0	30	100.0	49	100.0	27	100.0	18,774	100.0

* Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

Exhibit 5

Residential Real Estate Loans - Year 2001 - by Borrower Income Level*								
Borrower Income Level	Total Lending				Assessment Area Lending			
	Applications		Originations		Applications		Originations	
	#	%	#	%	#	%	#	%
Low	-	0.0	-	0.0	-	0.0	-	0.0
Moderate	3	1.9	3	2.5	1	0.8	1	1.1
Middle	25	15.7	16	13.4	15	12.5	9	9.8
Upper	131	82.4	100	84.0	104	86.7	82	89.1
N/A	-	0.0	-	0.0	-	0.0	-	0.0
Total	159	100.0	119	100.0	120	100.0	92	100.0

- Borrower income level is based upon the Department of Housing and Urban Development's annual Estimate of median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

Exhibit 6

Residential Real Estate Loans - Year 2001 - by Geography Income Level*								
Geo Income Level	Total Lending				Assessment Area Lending			
	Applications		Originations		Applications		Originations	
	#	%	#	%	#	%	#	%
Low	2	1.3	1	0.8	-	0.0	-	0.0
Moderate	1	0.6	1	0.8	1	0.8	1	1.1
Middle	13	8.2	8	6.7	8	6.7	5	5.4
Upper	143	89.9	109	91.6	111	92.5	86	93.5
N/A	-	0.0	-	0.0	-	0.0	-	0.0
Total	159	100.0	119	100.0	120	100.0	92	100.0

- * Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

GLOSSARY

Aggregate

The “aggregate” is defined as the cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;

- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area.

Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.