



**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: **Reliance Bank**
1200 Mamaroneck Avenue
White Plains, NY 10605

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 Reliance Bank (“RB” or the “bank”) 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

Reliance Bank ("RB" or the "bank") is rated "2", indicating a satisfactory record of helping to meet community credit needs. The rating is based on the following factors:

- *Loan-to-Deposit ("LTD") Ratio:* RB's LTD ratio is considered reasonable given the bank's size, financial condition and assessment area credit needs. Based on the Uniform Bank Performance Reports ("UBPR"), the bank's average LTD ratio for the prior eight quarters ending December 31, 2001 was 81.6%, comparing favorably with the 65.8% average for the national peer group.
- *Assessment Area Lending:* RB originated a majority of its small business and consumer loans in the assessment area during the evaluation. In 2000, the bank originated 72.1% by number and 68.8% by dollar volume of its small business loans in the assessment area. In 2001, the bank's ratios increased to 74.1% and 78.5%, respectively, although the absolute number and dollar volume of loans declined significantly.

RB made 86.7% of the number and 83.6% of the dollar volume of its consumer loans within the assessment area in 2000. In 2001, the ratios were 84.6% and 89.4%, respectively.

- *Geographic Distribution of Lending:* While RB's geographic distribution of small business and consumer loans reflects a reasonable dispersion throughout the assessment area during the two-year period, overall, the bank's loan penetration in low- and moderate-income ("LMI") areas in 2001 is considered weak.

In 2000, RB had LMI ratios of 6.0% by number and 5.4% by dollar volume for small business loans. In 2001, the bank's ratios declined to 2.3% and 0.5%, respectively.

For consumer loans, the bank originated 17.9% by number and 23.8% by dollar volume in LMI areas in 2000. The bank's ratios sharply declined to 6.1% and 5.8%, respectively, in 2001.

- *Borrower Distribution of Lending:* The bank's borrower distribution of lending reflects a reasonable penetration among businesses of different sizes and individuals of different income levels, though once again, a significant decline in the second year of the assessment period is noted.

In 2000, almost 67.7% of the number and 43.8% of the dollar volume of small business loans were extended to businesses with annual gross revenue less than \$1 million. In 2001, the bank's ratios declined to 40.0% and 40.6%, respectively.

In 2000, the bank originated 71.3% of the number and 27.9% of the dollar volume of its small business loans in amounts of \$100 thousand or less. In 2001, the bank's ratios

declined to 65.1% and 19.5%, respectively

For consumer loans, the bank originated 64.1% of the number and 55.2% of the dollar volume to LMI borrowers in the assessment area. Despite a decline to 30.3% and 24.8%, respectively, in 2001, the ratios are considered reasonable.

- Neither the bank nor the New York State Banking Department received any written complaints about CRA performance since the prior evaluation dated December 20, 1999.

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.

PERFORMANCE CONTEXT

Institution's Profile:

Chartered in 1986, Reliance Bank ("RB or the "bank") is a privately held commercial bank located in White Plains, Westchester County, New York. As of December 31, 2001, the bank reported total assets of \$29.3 million, of which \$18.4 million (62.8%) were net loans and leases, \$6.6 million (22.5%) in securities and \$2.5 million (8.5%) in federal funds. RB operates as a single banking office in White Plains supplemented by a drive-up window service and an on-premise automated teller machine ("ATM") linked to NYCE ATM network.

For the calendar quarter ended December 31, 2001, RB reported total gross loans of \$18.9 million and total deposits of \$26.9 million resulting in a Loan-to-Deposit ratio of 68.41%.

RB's home county provided 100% of the bank's deposits according to the latest available comparative deposit data, dated June 30, 2001. The bank ranked 26th out of the 30 depository institutions in the county, with a 0.14% market share (\$29.3 million) of the county's total deposits (\$20.3 billion).

The bank is an independent community bank providing a broad range of commercial and consumer banking services. Its wholly owned subsidiary, 1200 Holding Corp. was incorporated on June 15, 1998 for the purpose of holding title to properties foreclosed by the bank.

The institution offers the following lending products:

- ❖ Consumer Loans –
 - Home improvement
 - Automobile loans
 - Personal installment.

- ❖ Commercial Loans
 - Small business loans
 - Revolving credit loans
 - Term financing
 - Equipment loans
 - Letters of credit
 - Small Business Administration ("SBA") guaranteed loans.

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

TOTAL GROSS LOANS OUTSTANDING				
LOAN TYPE	12/31/2000		12/31/2001	
	\$000	%	\$000	%
1-4 Residential Loans	229	1.0	103	0.5
Commercial Mortgage Loans	3,804	16.7	3,702	19.6
Commercial & Industrial Loans	15,789	69.3	12,624	66.9
Mutifamily Mortgages	968	4.2	909	4.8
Consumer Loans	1,841	8.1	1,016	5.4
Other Loans	160	0.7	509	2.7
Total Gross Loans	22,791	100.0	18,863	100.0

The bank is primarily a small business lender. Reliance Bank reported 66.9% of its loan portfolio in commercial & industrial loans, 19.6% in commercial mortgage loans, 5.4% in consumer loans, 4.8% in multifamily mortgages and 2.7% in other loans.

The bank's involvement in governmentally insured, guaranteed or subsidized loan programs for housing, small business or small farms is limited to its participation in the SBA 7(a) Guarantee Program.

RB received a "2" rating at its last Performance Evaluation dated December 20, 1999, reflecting a satisfactory record of helping to meet community credit needs..

Assessment Area:

The bank has designated Westchester County, in its entirety, as its assessment area. The assessment area, excluding two zero-income tracts, consists of 218 census tracts, of which two (0.9%) are low-income tracts, 18 (8.3%) moderate, 35 (16.0%) middle and 163 (74.8%) upper income tracts.

According to the U.S. Census Bureau, Westchester County had a population of 874.9 thousand in 1990 and it increased by 48.6 thousand (5.6%) to 923.5 thousand in 2000. Of the 1990 population, 126.3 thousand persons (14.4%) were over the age of 65 years and 199.4 thousand (22.8%) were under 16 years old.

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 thousand (65.5%) 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 3.6 thousand (1.9%) were in LMI tracts. There were 129.1 thousand (38.3%) rental units, of which 24.2 thousand (18.7%) were in LMI tracts. Seventeen thousand (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 2000 in the county were services 32.4%, finance, insurance and real estate 13.7% and state and local government 11.9%. In 1990, the major sources of earnings were services 30.4%, state and local government 11.2% and durable goods manufacturing 9.7%

According to the New York Department of Labor, the county's average unemployment rates were 3.0% during 2000 and 3.5% in 2001. The county's average unemployment rates were below both New York State's average rate of 4.6% in 2000, 4.9% in 2001 and the MSA's average unemployment rates of 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 lending patterns. There is no evidence that LMI areas are arbitrarily excluded.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

RB's performance for the years 2000 and 2001 was evaluated under 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 by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints Regarding CRA.

This evaluation is based primarily on RB's origination of business loans, the bank's primary product, and to a lesser extent, its consumer lending.

It is noted that as a small bank, RB is not required to collect government monitoring information in connection with its business loans. Accordingly, all loan data was obtained directly from the institution. 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 Analysis** – “Satisfactory”

RB's loan-to-deposit (“LTD”) ratio is considered reasonable given the bank's size, financial condition and assessment area credit needs. Based on the Uniform Bank Performance Reports (“UBPR”), the bank's average LTD ratio for the prior eight quarters ending December 31, 2001 was 81.6%, comparing favorably with the 65.8% average for the national peer group. The bank's LTD ratio exhibits a downward trend from 87.0% in the first quarter of 2000 to 68.4% in the fourth quarter of 2001.

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

RB originated a majority of its small business and consumer loans in the assessment area during the evaluation.

Small Business Loans

RB originated a majority of its small business loans within the assessment area. In 2000, the bank originated 140 small business loans totaling \$16.5 million, of which 101 loans (72.1%) totaling \$11.3 million (68.8%) were in the assessment area. In 2001 the bank's origination declined significantly to 58 loans totaling \$6.1 million, of which 43 loans (74.1%) totaling \$4.8 million (78.5%) were in the assessment area. The number and dollar volume of loans extended in 2001 represented declines of 57.4% and 57.5%, respectively, from 2000 levels.

The table below shows the bank's commercial and small business loan originations during the review period:

Assessment Area Lending – Small Business Loans				
Geography	2000		2001	
	#	\$000's	#	\$000's
All Areas	140	16,484	58	6,121
Assessment Area	101	11,344	43	4,808
% in Assessment Area	72.1%	68.8%	74.1%	78.5%

Consumer Loans

A majority of the bank's consumer loans were originated within the assessment area. In 2000, the bank originated 45 consumer loans totaling \$399.2 thousand, of which 39 loans (86.7%) totaling \$333.6 thousand (83.6%) were in the assessment area. In 2001, the bank originated 39 consumer loans totaling \$473.6 thousand, of which 33 loans (84.6%) amounting to \$423.7 thousand (89.4%) were in the assessment area.

The table below shows the bank's consumer loan origination during the review period:

Assessment Area Lending – Consumer Loans				
Geography	2000		2001	
	#	\$000's	#	\$000's
All Areas	45	399.2	39	473.6
Assessment Area	39	333.6	33	423.7
% in Assessment Area	86.7%	83.6%	84.6%	89.4%

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

RB's geographic distribution of small business and consumer loans reflects a reasonable dispersion throughout the assessment area for the two-year period, overall, notwithstanding poor performance in 2001.

Small Business Loans

RB's geographic distribution of small business loans reflects a marginally reasonable dispersion throughout the assessment area. In 2000, the bank originated six (6.0%) small business loans totaling \$620 thousand (5.4%) in LMI census tracts within the assessment area. In 2001, the bank originated only one loan (2.3%) amounting to \$25 thousand (0.5%) in LMI census tracts, showing a poor dispersion throughout the assessment area.

The chart below illustrates the geographic income distribution of the bank's small business loan during the review period:

Geography Income Distribution - Small Business Loans								
Geography Income Level	2000				2001			
	#	#%	\$000's	\$%	#	#%	\$000's	\$%
Low	2	2.0	85	0.7	-	0.0	-	0.0
Moderate	4	4.0	535	4.7	1	2.3	25	0.5
Middle	17	16.8	2,223	19.6	4	9.3	879	18.3
Upper	78	77.2	8,501	74.9	38	88.4	3,904	81.2
Total	101	100.0	11,344	100.0	43	100.0	4,808	100.0

Consumer Loans

The bank’s geographic distribution of consumer loans reflects a reasonable dispersion throughout the assessment area. In 2000, the bank originated seven (17.9%) consumer loans amounting to \$79.4 thousand (23.8%) in LMI census tracts within the assessment area. In 2001, the bank originated only two (6.1%) consumer loans amounting to \$24.7 thousand (5.8%) in LMI census tracts, showing a marginally adequate dispersion throughout the assessment area.

The following chart illustrates the bank’s geographic distribution of consumer loans in the assessment area during the last two years:

Geography Income Distribution - Consumer Loans								
Geography Income	2000				2001			
	#	#%	\$000's	\$%	#	#%	\$000's	\$%
Low	2	5.1	27.9	8.4	-	0.0	-	0.0
Moderate	5	12.8	51.5	15.4	2	6.1	24.7	5.8
Middle	7	17.9	49.2	14.7	7	21.2	105.2	24.8
Upper	25	64.1	205.0	61.5	24	72.7	293.8	69.3
Total	39	100.0	333.6	100.0	33	100.0	423.7	100.0

Approximately 9.2% of census tracts in the bank’s assessment area are LMI, representing 8.1% of the population of Westchester County.

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

The bank’s lending showed a reasonable penetration among businesses of different sizes and individuals of different income levels during the evaluation period.

Small Business Loans

RB’s distribution of small business loans reflects a reasonable penetration among businesses of different income levels. In 2000, the bank originated 101 business loans

totaling \$11.3 million within its assessment area, of which only 63 loans totaling \$8.3 million had borrower revenue information. Of these loans, 42 loans (67.7%) totaling \$3.6 million (43.8%) were extended to businesses with annual gross revenue less than \$1 million. In 2001, the bank originated 43 loans totaling \$4.8 million within the assessment area, of which 35 loans totaling \$4.2 million had revenue information on the borrowers. Of these loans, 14 loans (40.0%) totaling \$1.7 million (40.6%) were extended to businesses with annual gross revenue less than \$1 million, showing a significant decline.

The chart below illustrates the bank's distribution of small business loans based on the gross annual revenue of businesses:

Distribution of Small Business Loans by Revenue Size								
Revenue Size (\$000's)	2000				2001			
	#	#%	\$000's	\$%	#	#%	\$000's	\$%
<= \$100	10	15.9	1,024	12.4	4	11.4	20	0.5
>\$100 <= \$250	9	14.3	460	5.6	5	14.3	984	23.5
>\$250 <=\$1,000	23	36.5	2,131	25.8	5	14.3	695	16.6
Over \$1,000	21	33.3	4,654	56.3	21	60.0	2,480	59.3
Sub-total	63	100.0	8,269	100.0	35	100.0	4,179	100.0
No Revenue Information	38		3,075		8		629	
Total	101	100.0	11,344	100.0	43	100.0	4,808	100.0

The chart below shows the distribution of small business loans by loan size within the assessment area. In 2000, the bank originated 72 loans (71.3%) totaling \$3.2 million (27.9%) in amounts of \$100 thousand or less. In 2001, the bank originated 28 loans (65.1%) totaling \$936 thousand (19.5%) in amounts of \$100 thousand or less.

Distribution of Small Business Loans by Loan Size								
Loan Size (\$000's)	2000				2001			
	#	#%	\$000's	\$%	#	#%	\$000's	\$%
<= \$100	72	71.3	3,162	27.9	28	65.1	936	19.5
>\$100 <= \$250	16	15.8	2,547	22.5	11	25.6	1,927	40.1
>\$250 <=\$1,000	13	12.9	5,635	49.7	4	9.3	1,945	40.5
Total	101	100.0	11,344	100.0	43	100.0	4,808	100.0

Consumer Loans:

The bank's borrower distribution of lending reflects an excellent penetration among individuals of different income including low- and moderate-income levels.

In 2000, the bank originated 25 (64.1%) consumer loans totaling \$184.2 thousand (55.2%) to LMI borrowers in the assessment area. In 2001, the bank originated 10 (30.3%) consumer loans amounting to \$104.8 thousand (24.8%) to LMI borrowers in the

assessment area, representing a significant decline, but still reflecting good performance. The chart below illustrates the bank's borrower income distribution of consumer loans during the last two years:

Borrower Income Level Distribution - Consumer Loans								
Borrower Income Level	2000				2001			
	#	#%	\$000's	\$%	#	#%	\$000's	\$%
Low	10	25.6	72.5	21.7	4	12.1	30.4	7.2
Moderate	15	38.5	111.7	33.5	6	18.2	74.4	17.6
Middle	3	7.7	17.4	5.2	11	33.3	162.3	38.3
Upper	8	20.5	114.4	34.3	6	18.2	102.0	24.1
N/A	3	7.7	17.6	5.3	6	18.2	54.6	12.9
Total	39	100.0	333.6	100.0	33	100.0	423.7	100.0

- **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 CRA performance since the prior evaluation dated December 20, 1999.

- **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 most recent regulatory compliance report concurrent with this assessment indicates a satisfactory performance in terms of adherence to antidiscrimination or 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 determine 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 community through the participation of the staff, officers and directors in various community and governmental organizations and programs.

RB's participation includes efforts devoted to serving minorities, small and minority business lending, neighborhood concerns and analyzing community services and priorities.

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 uses only print media to make members of the community aware of the credit services offered by the institution. The bank places advertisements in local daily, weekly and monthly publications and in specific publications such as *Westchester Business Journal*, *Women's News*, *Westchester County Bar Association Journal* and *The Gannett*.

The extent of participation by the banking institution's board of directors/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 directors' participation includes the annual approval of the bank's CRA Statement. The latest approval was on March 21, 2000. The CRA committee of the board of directors has traditionally met with the bank's management to plan and evaluate CRA related efforts on a quarterly basis. However, those meetings have been deferred during 2001 and will resume in the second half of 2002.

- **Other Factors**

Other factors that in the judgment 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.

GLOSSARY

Aggregate

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.