



**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, 2002

Institution: Country Bank
200 East 42nd Street, 9th Floor
New York, NY 10017

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 Country Bank ("CB") 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, 2002.

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 ("LMI") 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.

Part 76.5 further requires that the CRA rating and the written summary be made available to the public ("Evaluation"). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Part 76.7 and detailed in Part 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Country Bank ("CB") is rated "2", indicating a "Satisfactory" record of helping to meet community credit needs. This rating is based on the following factors:

- ***Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:*** The bank's LTD ratio is considered reasonable in light of the bank's size, financial condition and the credit needs of its assessment area. CB's average loan-to-deposit ratio of 68.8% is below the peer group's average of 77.2%.
- The bank enhanced the availability of credit in its assessment area with qualified grants totaling \$62.3 thousand.
- ***Assessment Area Concentration:*** The bank extended a slight majority of its loans in the assessment area. CB extended 50.6% by number and 37.5% by dollar volume of its small business loans in the assessment area during this evaluation period compared to 46.7% by number and 28.8% by dollar volume during the prior evaluation period.
- ***Geographic Distribution of Loans:*** The bank's geographic distribution of loans reflects reasonable dispersion among census tracts of different income levels. The bank extended 17 (11.3%) small business loans in LMI areas during the evaluation period compared to one loan (1.8%) during the prior evaluation period. Aggregate data was not available for comparison; however, compared to the prior evaluation period, the bank substantially improved its performance.
- ***Distribution by Borrowers Characteristics:*** The bank's lending distribution in the assessment area reflects excellent penetration among businesses of different revenue sizes. During the evaluation period, the bank originated within its assessment area, 130 small business loans (86.7%) to borrowers with revenues of less than \$1.0 million. During the prior evaluation period, it originated 23 loans (40.4%) to borrowers with revenues of less than \$1.0 million.
- ***Response to Written CRA Complaints:*** Neither the bank nor the New York State Banking Department received any complaints with respect to the bank's CRA performance during the evaluation period.

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:

Country Bank was chartered in 1988 as a commercial bank doing business as a retail community institution in New York, Bronx, Putnam and Westchester Counties. The principal office is located in mid-town Manhattan. The bank owns County Financial Services, Inc., which offers insurance and financial planning and is located at the head office.

CB is a community-oriented institution offering financial products and services to meet the needs of the community it serves. The bank faces competition from other community banks, larger financial institutions, mortgage bankers, finance companies, credit unions, insurance companies and brokerage firms. In its assessment area, there are no similarly situated lending institutions with a comparable asset base, number of offices and product selection to ensure a comparative analysis.

As per the bank's Consolidated Report of Condition dated December 31, 2002, CB reported total assets of \$216.8 million, of which \$116.7 million (53.8%) were loans and lease finance receivables. The bank also reported total deposits of \$196.2 million, resulting in a loan-to-deposit ratio of 59.5%. According to the latest available comparative deposit data dated June 30, 2002, CB has a market share of .06%, or \$159.2 million out of \$281.8 billion of deposits inside its market area. The bank ranked 54th out of 107 deposit-taking institutions in New York, Bronx and Westchester counties.

The following is a summary of CB's lending portfolio, based on Schedule RC-C of the bank's December 31, 2000, 2001 and 2002 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2000		12/31/2001		12/31/2002	
	\$ (000's)	%	\$ (000's)	%	\$ (000's)	%
1-4 Residential Mortgage Loans	21,899	21.6	16,052	18.5	18,845	16.0
Commercial & Industrial Loans	24,066	23.7	19,495	22.5	35,397	30.1
Commercial Mortgage Loans	37,190	36.7	38,440	44.3	42,032	35.8
Multifamily Mortgages	15,367	15.1	10,127	11.7	17,809	15.1
Consumer Loans	874	0.9	885	1.0	274	0.2
Construction Loans	1,888	1.9	1,593	1.8	3,068	2.6
Obligations of States & Municipalities	170	0.2	108	0.1	0	0.0
Other Loans	0	0.0	0	0.0	145	0.1
Total Gross Loans	101,454	100.0	86,700	100.0	117,570	100.0

As illustrated in the above chart, the bank's primary loan products are commercial mortgage loans (35.8%) and commercial & industrial loans (30.1%). Commercial & industrial loans increased 81.5% from \$19.5 million at year-end 2001, to \$35.4 million at year-end 2002. One-to-four family residential

mortgages represented 16% of the loan portfolio at year-end 2002. All of the bank's 1-4 family residential mortgages were originated before this evaluation period and CB has withdrawn this loan type from its product line.

The bank does not participate in any government guaranteed or sponsored loan programs.

CB operates five banking offices. The main office and one branch are in Manhattan, two branches are in the Bronx and one is in Westchester. Supplementing the banking offices is an Automated-Teller-Machine ("ATM") network consisting of four machines with 24 hours seven days a week access. The main office has no ATM. Branch hours are from 8 A.M. to 7 P.M. Monday to Friday and 9 A.M. to 1 P.M. on Saturday. Four offices are located in upper income census tracts and one in a middle-income census tract. However due to the availability of public transportation in New York City, the Manhattan and Bronx branches are considered to be located near or adjacent to LMI tracks.

In May 2001, the bank closed its Carmel branch, located in Putnam County, which was in an upper income census tract. This branch was sold because the bank's strategy was revised and it withdrew from residential mortgage lending, which was the Carmel branch's primary operation.

The bank received a rating of "2" reflecting a Satisfactory record of helping to meet community credit needs at its prior Performance Evaluation conducted by the New York State Banking Department on November 28, 2000.

There are no known financial or legal impediments that adversely impacted the bank's ability to meet the credit needs of its community.

Assessment Area:

The demographic data referred to in this report was obtained from the 1990 U.S. Census, with the updated median family income figures provided by HUD.

The bank's assessment area is comprised of parts of New York, Bronx and Westchester counties. There are 280 census tracts in the area, of which 15 (5.4%) are low-income, 51 (18.2%) are moderate-income, 47 (16.8%) are middle-income, 159 (56.8%) are upper-income and eight (2.9%) are zero-income tracts.

Distribution of Assessment Area Census Tracts by Income Level							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
New York	5	14	26	18	88	151	26.5
Bronx	2	0	11	10	19	42	26.2
Westchester	1	1	14	19	52	87	17.2
Total	8	15	51	47	159	280	23.5

The assessment area appears reasonable based upon the location of the bank's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Details of Assessment Area:

Chart #1: Shows population and income.

Chart #2: Shows housing demographics.

Chart #3: Shows business demographics.

New York County:

According to the New York State Department of Labor, the county's average unemployment rates were 6.4% in 2001 and 8.3% in 2002. The county's average unemployment rates were above the state's average rates of 4.9% in 2001 and 6.1% in 2002.

Bronx County:

According to the New York State Department of Labor, the county's average unemployment rates were 7.1% in 2001 and 9.2% in 2002. The county's average unemployment rates were well above the state's average rates of 4.9% in 2001 and 6.1% in 2002.

Westchester County:

According to the New York State Department of Labor, the county's average unemployment rates were 3.4% in 2001 and 4.2% in 2002. The county's average unemployment rates were below the state's average rates of 4.9% in 2001 and 6.1% in 2002.

CHART # 1

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population	Age 65 and over		Age 16 less		Median Family Income(MFI)	HUD MSA MFI	# of Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
BRONX	133,324	26,256	19.69	23,161	17.37	42,108	62,800	55,271	6,273	11.34	33,375	6,884	20.62	5,300	15.88	6,588	19.74	14,603	43.75	6,610	19.80
NEW YORK	699,519	101,814	14.55	69,069	9.87	60,549	62,800	381,309	44,782	11.74	133,889	26,878	20.07	16,017	11.96	17,965	13.42	73,029	54.54	26,796	20.01
Westchester	325,090	51,440	15.82	63,854	19.64	56,155	62,800	123,273	11,656	9.45	86,516	13,289	15.36	10,103	11.68	15,144	17.5	47,980	55.46	9,373	10.83
TOTAL A/A*	1,157,933	179,510	15.5	156,084	13.4	\$56,626	\$62,800	559,853	62,711	11.2	253,780	47,051	18.54	31,420	12.38	39,697	15.64	135,612	53.43	42,779	16.85

* Assessment Area

CHART # 2

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
		BRONX	57,387	9,858	17.18	46,720	81.41	13,278	23.14	0		1,133	8.53	3,267	24.6	8,878	66.87	43,075	75
NEW YORK	423,515	13,280	3.13	404,117	95.42	81,010	19.13	558	0.69	4,073	5.03	6,933	8.56	69,404	85.68	319,134	75	43,698	10.32
WESTCHEST	128,960	68,167	52.86	58,897	45.67	60,839	47.18	132	.022	2,645	4.35	8,262	13.58	49,765	81.8	64,744	50	5,877	4.55
TOTAL A/A*	609,862	91,305	15	509,734	84	155,127	25	698	0.45	7,849	5.06	18,460	11.9013	128,047	82.54	426,953	70	52,061	8.5

* Assessment Area

CHART # 3

BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY AND ASSESSMENT AREA(A/A)	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Bussinesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
BRONX	4,483	3,107	69.31	196	4.37	1,180	26.32	3,205	71.05	4,149	91.98
NEW YORK	764,869	492,659	64.41	56,724	7.42	215,486	28.17	532,450	69.0	696,799	90.31
Westchester	19,576	13,278	67.83	1,105	5.64	5,193	26.53	14,094	71.34	18,047	91.36
Total A/A	194,884	126,780	65.05	23,302	11.96	44,802	22.99	140,125	71.72	167,748	85.86

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The bank'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) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints Regarding CRA.

The assessment period included calendar years 2001 and 2002. Examiners considered small business lending in evaluating factors (2), (3) and (4), as noted above. CB's lending activity for CRA purposes is small business loans, as the bank no longer offers residential mortgage loans. CB is not an HMDA-reportable institution.

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

“Satisfactory”

The bank's LTD ratio is reasonable given the bank's size, financial condition and the credit needs of the assessment area.

The bank's average LTD ratio for the ten quarters since the prior evaluation ending June 30, 2000 was 68.75 %, which is below the peer group's average of 77.22 %. The peer group is comprised of all insured commercial banks having assets between \$100 million and \$300 million in a metropolitan area with three or more full service offices. These ratios were taken from information shown in the bank's Uniform Bank Performance Report (“UBPR”) prepared by the Federal Deposit Insurance Corporation (“FDIC”).

As shown in the table below, the bank's LTD ratios shows a mixed trend ranging from a low of 59.5% for the fourth quarter of 2002 to a high of 74.6% in the second quarter of 2001. The bank's peer group ratio is relatively stable ranging from 76.45% in the first quarter of 2001 to 77.55% in the fourth quarter of 2002.

Loan-to-Deposit Ratios									
	9/30/00	12/31/00	3/31/01	6/30/01	9/30/01	12/31/01	3/31/02	6/30/02	9/30/02
Bank	68.48	71.54	69.13	74.60	72.99	64.55	66.12	73.56	66.96
Peer	77.45	76.82	76.45	77.27	77.50	77.38	77.08	77.47	77.25

Loan-to-Deposit Ratios									
	12/31/02								Aver.* LTD
Bank	59.52								68.75
Peer	77.55								77.22

* Average

The bank enhanced the availability of credit in its assessment area with qualified grants totaling \$62.3 thousand. These grants were given to various community service organizations serving LMI individuals or geographies and represent a substantial increase from the prior examination's \$17 thousand total.

- **Assessment Area Concentration: “Satisfactory”**

A majority of loans and other lending-related activities are in the assessment area as the following chart details:

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Dollar Volume (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business	60	51.3	57	48.7	117	9,564	34.6	18,069	65.4	27,633
2001	90	50.3	89	49.7	179	25,463	38.7	40,315	61.3	65,778
2002										
Total	150	50.6	146	49.3	296	35,027	37.5	58,384	62.5	93,411

An adequate number of small business loans were made within the bank's assessment area. In 2001, the bank originated 51.3% of its small business loans by number and 34.6% by dollar volume in its assessment area. During 2002, the bank extended 50.3% of its small business loans by number and 38.7% by dollar volume in its assessment area.

- **Geographic Distribution of Loans: “Satisfactory”**

The geographic distribution of loans reflects reasonable dispersion among census tracts of different income levels. During this evaluation period, the number and dollar volume of loans made in LMI geographies increased substantially when compared to the prior evaluation period. The improvement resulted in a rating upgrade from needs to improve to satisfactory.

The following chart provides a summary of the bank's small business lending distribution during the evaluation period:

Distribution of Small Business Loans by Geographic Income Level								
Geography Income Level	2001				2002			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	6	10.0%	1,972	20.6%	11	12.2%	3,465	13.6%
Middle	5	8.3%	390	4.1%	8	8.9%	4,316	16.9%
Upper	48	80.0%	7,102	74.3%	70	77.8%	17,667	69.4%
NA	1	1.7%	100	1.0%	1	1.1%	15	0.1%
Total	60	100.0%	9,564	100.0%	90	100.0%	25,448	100.0%

As the chart details, in 2001 and 2002 CB originated six loans (10.0%) totaling \$2.0 million and 11 loans (12.2%) totaling \$3.5 million respectively, in moderate-income geographies. The dollar volume of loans made in these tracts increased \$1.5 million (75.5%) to \$3.5 million. As a percentage of total loans, they declined to 13.6% because of the substantial increase in the overall dollar volume. During the prior evaluation period, the bank made one loan for \$40 thousand in LMI geographies.

- **Distribution by Borrower Characteristics: “Outstanding”**

The distribution of loans based on borrower characteristics reflects excellent penetration among businesses of different sizes. The assessment area business demographics show that 65% of all businesses had revenues of \$1 million or less. During the evaluation period, based on the number of loans made by the bank, 86.6% were loans to business with revenues of \$1 million or less.

The following chart provides a summary of the bank’s small business lending during the evaluation period based on borrower revenues:

Distribution of Small Business Loans by Business Revenue Size								
Revenue Size	2001				2002			
	#	%	\$(000's)	%	#	%	\$(000's)	%
\$1million or less	52	86.7%	7,049	73.7%	78	86.7%	16,678	65.5%
Over \$1 million	8	13.3%	2,515	26.3%	11	12.2%	7,535	29.6%
No Revenue Info	0	0.0%		0.0%	1	1.1%	1,259	4.9%
Total	60	100.0%	9,564	100.0%	90	100.0%	25,472	100.0%

In 2001, the bank originated 52 small business loans (86.7%) totaling \$7 million (73.7%) to business firms with revenues of \$1 million or less. CB originated eight loans (13.3%) totaling \$2.5 million (26.3%) to business firms with revenues exceeding \$1 million.

In 2002, the bank originated 78 small business loans (86.7%) totaling \$16.7

million (65.5%) to small business firms with revenues of \$1 million or less. CB extended 11 loans (12,2%) totaling \$7.5 million (29.6%) to business firms with revenues exceeding \$1 million.

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

Since the prior CRA evaluation on November 28, 2000, neither the bank nor the New York State Banking Department received any written complaints regarding Country Bank's CRA performance.

- **Discrimination and other Illegal Practices**

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

Examiners noted no practices 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 and fair lending examinations conducted as of June 30, 2003 indicated satisfactory 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's branch officers' call-program, which targets small and medium size businesses, enables it to identify credit needs of the community. Community credit needs are also assessed through the participation of the bank's officers and staff in local community organizations such as Economic Development Committee (Riverdale) and the Chamber of Commerce. Participation in meetings and activities of nonprofit organizations in the community also helps the bank in its community credit needs ascertainment efforts.

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.

Country bank utilizes print and broadcast media for each of its branches to make members of the community aware of the credit products and services the bank

offers. Print advertisements are limited to local newspapers, bulletins and different community circulations.

The extent of participation by the banking institution's board of directors 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 reviews and approves the bank's policies, including the CRA Statement, annually. The bank's CRA activities are discussed at board meetings.

- **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.

No other factors were 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.

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 non-metropolitan 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 non-metropolitan 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans to LMI geographies or borrowers.

Small Business Loans

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