



**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: January 1, 2002

Institution: Rondout Savings Bank
300 Broadway
Kingston, NY 12401

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 on-site evaluation of the Community Reinvestment Act (“CRA”) performance of Rondout Savings Bank (“RSB”) 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 January 1, 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 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

Rondout Savings Bank is rated "2", indicating a satisfactory record of helping to meet the community credit needs. This is based on the following factors:

- **Loan-to-Deposit Ratio** – The bank's average loan-to-deposit ratio of 59.1% for the seven quarters ending September 30, 2001 is reasonable. However, the ratio is below the 67.4% for a similarly situated bank in the assessment area.
- **Assessment Area Concentration** – A substantial majority of HMDA-related loans were provided in the assessment area. For 2000 and 2001, 90.5% and 92.6%, respectively, of the total loans were made in the bank's assessment area.
- **Geographic Distribution of Lending** – The bank's geographic distribution of HMDA loans is considered reasonable. For 2000, the bank's LMI penetration ratio was 5.80%, well above that of a similarly situated bank. However, in 2001, the bank's LMI penetration ratio decreased to 4.37%.
- **Borrower Distribution of Lending** – The distribution of lending among borrowers of different income levels, in particular among low- and moderate-income individuals, is reasonable. For 2000, the bank's LMI penetration ratio was 19.6%, which was somewhat above that of a similarly situated bank. However, the bank's 2001 ratio decreased to 13.7%.
- **Response to written CRA Complaints** – During the evaluation period, neither the bank nor the New York State Banking Department received any CRA-related complaints.
- **Other Factors** – This evaluation considered the grants or donations the bank and its employees provided to over 100 community organizations. These grants were donated through the bank's "Dividend to the Community Program" and the employees' "Casual Day Donations" initiatives. The bank donated a total of \$133 thousand and its employees gave nearly \$6 thousand during the evaluation period. In addition, the bank's in-kind donations totaled \$22 thousand.

This "on-site" 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 1868, Rondout Savings Bank (RSB) is a mutual savings bank located in the city of Kingston in Ulster County, New York. RSB operates two full-service banking offices located in Kingston, each with an on-site automated teller machine. The bank has established a representative office, which is also located in Kingston. Management expects to convert the office to a full service branch in the future.

Historically, the bank has engaged primarily in the business of providing residential mortgages and, to a lesser extent, home equity and consumer loans. For the quarter ending September 30, 2001, RSB reported total loans of \$69.9 million and total deposits of \$117 million, resulting in a loan-to-deposit ratio of 59.7%. The bank reported 96.4% of its loan portfolio in real estate loans, 2.1% in consumer loans and 1.5% in commercial loans.

The bank offers the following types of credit products:

- Home mortgage loans;
- Home equity lines of credit;
- Personal loans;
- Passbook loans;
- Multifamily mortgage loans;
- Fixed-rate home equity loans;
- Personal loans;
- Car loans;
- Commercial loans;
- Home improvement loans.

The bank's loan portfolio is shown below. The figures were taken from the bank's December 31, 2000 and September 30, 2001 call reports.

TOTAL GROSS LOANS OUTSTANDING				
LOAN TYPE	9/30/2001		12/31/2000	
	\$000	%	\$000	%
Residential Mortgage Loans	65,095	93.2	61,403	95.2
Commercial Mortgage Loans	2,019	2.9	1,975	3.1
Mutifamily Mortgages	269	0.4	148	0.2
Consumer Loans	1,453	2.1	943	1.5
Commercial&Industrial Loans	1,017	1.5	17	0.0
Other Loans	27	0.0	6	0.0
Total Gross Loans	69,880	100.0	64,492	100.0

The figures above show that residential mortgage loans constitute the majority of the loan portfolio, reflecting the bank's primary business focus.

In July 2001, the U.S. Small Business Administration ("SBA") approved RSB as a

participant in its "Guaranty Lending Program." During this evaluation period, the bank did not make any SBA loans.

As a member of the Federal Home Loan Bank of New York (FHLB), the bank participates in the FHLB's Affordable Housing Program (AHP). For the year 2000, RSB contributed almost \$10 thousand to the program. The amount represents the bank's pro-rata share, based on RSB's ownership of shares of the FHLB, of the FHLB's net income that is set aside (10%) for its AHP.

In 2001, the bank began offering its "First Time Home Buyer" Program, targeting LMI individuals or geographies. The program has flexible underwriting guidelines such as: an interest rate of 25 basis points below the bank's published rate, which can be fixed, or a 7/3 adjustable rate mortgage, with no points.

The program is designed for families, who want to purchase a 1-2 family owner-occupied dwelling. The maximum household income cannot exceed \$32.2 thousand and if the loan-to-value exceeds 97%, private insurance of 35% is required. In addition, the borrower should have a maximum monthly housing expense-to-income ratio of 33% and a maximum monthly total debt payment-to-income ratio of 40%. However, these ratios can be extended on a case-by-case basis. The bank pays the attorneys' fees, New York State mortgage tax and recording fees. The bank has closed three loans totaling \$145.5 thousand under this program.

RSB obtains all of its deposits from Ulster County. As per the June 30, 2001 Market Share Report (of all FDIC-Insured institutions), the bank had a market share of 5.8% and was ranked sixth out of 15 deposit-taking institutions in Ulster County.

The bank reported total assets of \$146.6 million on the September 30, 2001 Consolidated Report of Condition and Income, of which net loans totaled \$68.2, representing 46.5% of total assets and securities totaled \$64.1 million, accounting for 43.7% of assets.

There were no financial or legal impediments to inhibit the bank's ability to help meet the credit needs of its community.

Assessment Area:

The bank has delineated Ulster County as its assessment area. The assessment area includes 48 Block Numbering Areas ("BNAs"), just two (or 4.2%) of which are in moderate-income areas. There are no low-income geographies in the county, which is not part of a Metropolitan Statistical Area ("MSA"). Parts of the City of Kingston and the Town of Ulster have been designated an Empire Zone ("EZ") by New York State.

Ulster County had a population of 165.3 thousand in 1990, and according to the 2000 census it increased by 7.5%, to 177.7 thousand. Based on the 1990 US Census, 13% of the Ulster County population was over the age of 65 and 20.8% was under the age of 16.

There were 42.4 thousand families in the county, of which 11 thousand, or nearly 26%, were considered low- and moderate-income (LMI) families. Fifty one percent of LMI families live in moderate-income tracts. There were 60.6 thousand households in the county, of which 5.4 thousand, or 8.9% had income below the poverty level.

There were 71.7 thousand housing units in the county, of which 59.3 thousand (82.7%) were 1 - 4 family units, 5.6 thousand (7.8%) were multi-family units and 6.0 thousand (8.3%) were mobile homes or trailers. Almost 59%, or 42.1 thousand, of the housing units were owner-occupied and 26.1% or 18.7 thousand were rental occupied. Approximately 15.5% or 11.1 thousand of the units were vacant or boarded up. The median housing value of the county was \$113.5 thousand, and the median age was 34 years.

Based on the 1990 US Census, the median family income was \$40.1 thousand. The HUD updated median of all Non MSAs for 2001 was \$41.4 thousand.

As per the New York State Department of Labor, Division of Research and Statistics, the unemployment rate of Ulster County as of December 2001 was 3.9%.

The assessment area appears reasonable based upon the location of the branches and there is no evidence that LMI areas have been arbitrarily excluded.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

RSB'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.

The assessment period covered calendar years 2000 and 2001. The bank is not required to file HMDA-reportable loans with its regulators, because its main office or branch is not situated within a MSA. However, the bank's loan portfolio consists of approximately 94% HMDA reportable loans and therefore the data was submitted for evaluation to the New York State Banking Department.

For purposes of this evaluation, the bank was compared to a similarly situated bank in the assessment area, since the peer aggregate data was not available. This evaluation does not include an analysis of the bank's consumer and small business loans, because these loans account for a small percentage of the loan portfolio.

- **Loan-to-Deposit Analysis** – “Satisfactory”

The bank's average loan-to deposit ratio for the seven quarters ended September 30, 2001 was 59.1%, which is reasonable given the bank's size and financial condition. The ratio fluctuated slightly from the ratios at the prior two evaluations (60.5% in 1998 and 56.1% in 2000) and is lower than the 67.4% for a similarly situated bank in the assessment area.

The ratio is enhanced by 19 new community development loans totaling \$2.4 million provided between April and December 2001. Included in this total were lines of credit aggregating \$1.1 million; term loans totaling \$277 thousand, and commercial mortgages aggregating \$1 million. These loans were made to businesses in the Kingston-Ulster Enterprise Zone (EZ) and they support the revitalization, stabilization and economic development of this zone.

- **Proportion of Lending Within Assessment Area** – “Outstanding”

A substantial majority of the HMDA type loans was originated in the bank's assessment area during the evaluation period.

During 2000, the bank originated 149 HMDA-loans totaling \$10.3 million, of which 138 (or 92.6%), totaling \$9.8 million (or 94.6%) were made in the assessment area. Refer to Appendix 1.

In 2001, the bank originated 201 HMDA-loans totaling \$15.5 million, of which 182 (or 90.5%) totaling \$13.9 million (or 89.5%) were made in the assessment area. Refer to

Appendix 2.

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

The bank’s HMDA loans show a reasonable distribution throughout its assessment area.

In 2000, the bank originated eight HMDA loans (or 5.8%) totaling \$436 thousand, in moderate-income areas. The percentage of 5.8% (Refer to Page 5-1, Appendix 1) is well above the low-and moderate-income percentage of 2.1% achieved by a similarly situated bank in the assessment area.

Geography Income Level Distribution-Number and Dollar Volume (in thousands) of Loans Year 2000										
Census Tract	Home Purchasing		Refinancing		Home Improvement.		Total			
	#	\$	#	\$	#	\$	#	%	\$	%
Moderate	3	178	1	156	4	102	8	5.80	436	4.47

In 2001, the bank made eight HMDA loans (or 4.4%), totaling \$374 thousand, in moderate-income areas. While the number of loans in LMI areas increased, the percentage decreased from the prior year because the bank made a greater total number of loans in 2001(182, compared to 138 in 2000). Refer to page 5-1 and 5-2, Appendix 1 and 2, respectively. The percentage for the similarly situated bank was not available.

Geography Income Level Distribution-Number and Dollar Volume (in thousands) of Loans Year 2001										
Census Tract	Home Purchasing		Refinancing		Home Improvement		Total			
	#	\$	#	\$	#	\$	#	%	\$	%
Moderate	2	162	0	0	6	212	8	4.37	374	2.66

The bank’s penetration of LMI areas for its HMDA-related loans is also reasonable, given the demographic characteristics of the assessment area. As noted above, just two (or 4.2%) of the BNAs in the bank’s assessment area are moderate-income areas. There are no low-income geographies in the county.

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

The distribution of lending among borrowers of different income levels, including low- and moderate-income levels, is considered reasonable.

In 2000, the bank made 27 HMDA loans to LMI individuals in its assessment area, thereby achieving a ratio of 19.6% (Refer to page 5-1, Appendix 1). This compares well with the 18.8% LMI penetration ratio of a similarly situated bank.

For calendar year 2001, the bank originated 25 HMDA loans to LMI individuals, resulting in a 13.7% ratio (Refer to page 5-2, Appendix 2). The percentage for the similarly situated bank was not available.

The following chart illustrates the bank's LMI penetration ratios for both 2000 and 2001:

Borrower Income Level Distribution-Number of Loans - Year 2000 and 2001										
Income Level	Home Purchasing		Refinancing		Home Improvement		Total			
	2000	2001	2000	2001	2000	2001	2000	%	2001	%
Low	1	2	0	0	2	4	3	2.17	6	3.28
Moderate	9	4	0	3	15	12	24	17.39	19	10.38
Low&Mod	10	6	0	3	17	16	27	19.56	25	13.66

The bank's LMI lending for its HMDA-related loans is also reasonable, given the demographic characteristics of the assessment area. As noted above, nearly 26% of families in the bank's assessment area were considered low- and moderate-income.

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

During the evaluation, neither the bank nor the New York State Banking Department received any written CRA-related complaints.

- **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 Banking Department's most recent regulatory compliance report dated February 22, 2002 indicates a satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. There was no evidence of prohibited discriminatory or other illegal credit practices 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 ascertain the credit needs of its assessment area through the participation of its board of trustees, officers and staff in a wide range of community organizations such as the Ulster County Development Corporation, the Kingston-Newburgh Enterprise Committee

and the Ulster County Board of Realtors.

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 markets to all potential homebuyers, including first time homebuyers and LMI individuals. This is accomplished through the use of newspaper and magazine advertising, radio and television. In addition, the bank markets its lending and deposit products through its web site, www.rondoutbank.com, on the Internet.

The bank also participates in home shows, business-to-business showcases and the Ulster County Board of Realtors events. In March 2001, the bank sponsored a "Home Buyers Seminar" to educate and qualify potential homebuyers on the home buying process. Participants also learned about the bank's mortgage programs, including its "First Time Home Buyers" and "Closing Cost Loans" programs. These two programs are intended to benefit LMI borrowers, in addition to others.

Bank's loan officers have given seminars to students in the local high school on the importance of establishing and maintaining a good credit history and how to establish credit.

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 trustees meets monthly to discuss the overall direction of the bank and is kept apprised of any CRA-related information and/or activities. The board also reviews the bank's annual CRA self-assessment. The bank's lending committee, which is comprised of members of the board, addresses specific lending policies and procedures.

- **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.

For the evaluation period, the bank continued its "Dividend to Community Program." Through this program, RSB returns a portion of its profits to the community via grants or donations. The bank's "Dividend to the Community Committee", decides how the grants/donations should be allocated.

In 2000 and 2001, the bank provided \$72 thousand and \$61 thousand in grants, respectively, for a total of \$133 thousand for the evaluation period. The money was given to more than 100 community organizations for a wide range of purposes. In addition, the

bank's employees, through the initiative "Casual Day Donations," collected \$2.1 thousand in 2000 and \$3.8 thousand in 2001. The money was also donated to community organizations.

The bank supported, among others, the following organizations: Caring Hands at the Clinton Avenue Soup Kitchen, Habitat for Humanity, Benedictine Health Foundation, Ulster County Girl Scouts, Ulster County Community Action, People's Place, Big Brothers/Big Sisters of Ulster County, Kiwanis Club of Kingston, and Greenkill Avenue Adult Day Care.

In 2000, in addition to the grants, the bank donated a two-story brick house to the Riverview Baptist Church. The members of the congregation plan to renovate the house to apartments and use them for affordable housing units. This in-kind-donation was valued at \$22 thousand.

Appendix 1:

Residential Real Estate Loans - Year 2000 - by Borrower Income Level*								
Borrower Income Level	Total Lending				Assessment Area Lending			
	Applics.		Originations		Applics.		Originations	
	#	%	#	%	#	%	#	%
Low	7	3.1	3	2.0	7	3.3	3	2.2
Moderate	47	20.6	27	18.1	43	20.3	24	17.4
Middle	62	27.2	39	26.2	59	27.8	37	26.8
Upper	108	47.4	76	51.0	101	47.6	72	52.2
N/A	4	1.8	4	2.7	2	0.9	2	1.4
Total	228	100.0	149	100.0	212	100.0	138	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%.

Residential Real Estate Loans - Year 2000 - by Geography Income Level*								
Geo Income Level	Total Lending				Assessment Area Lending			
	Applics.		Originations		Applics.		Originations	
	#	%	#	%	#	%	#	%
Low	-	0.0	-	0.0	-	0.0	-	0.0
Moderate	17	7.5	8	5.4	17	8.0	8	5.8
Middle	66	28.9	46	30.9	66	31.1	46	33.3
Upper	129	56.6	84	56.4	129	60.8	84	60.9
N/A	16	7.0	11	7.4	-	0.0	-	0.0
Total	228	100.0	149	100.0	212	100.0	138	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%.

Appendix 2:

Residential Real Estate Loans - Year 2001 - by Borrower Income Level*								
Borrower Income Level	Total Lending				Assessment Area Lending			
	Applics.		Originations		Applics.		Originations	
	#	%	#	%	#	%	#	%
Low	15	5.2	6	3.0	14	5.3	6	3.3
Moderate	30	10.3	20	10.0	27	10.2	19	10.4
Middle	60	20.7	39	19.4	54	20.3	34	18.7
Upper	171	59.0	129	64.2	159	59.8	118	64.8
N/A	14	4.8	7	3.5	12	4.5	5	2.7
Total	290	100.0	201	100.0	266	100.0	182	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%.

Residential Real Estate Loans - Year 2001 - by Geography Income Level*								
Geo Income Level	Total Lending				Assessment Area Lending			
	Applics.		Originations		Applics.		Originations	
	#	%	#	%	#	%	#	%
Low	-	0.0	-	0.0	-	0.0	-	0.0
Moderate	13	4.5	8	4.0	13	4.9	8	4.4
Middle	91	31.4	63	31.3	91	34.2	63	34.6
Upper	162	55.9	111	55.2	162	60.9	111	61.0
N/A	24	8.3	19	9.5	-	0.0	-	0.0
Total	290	100.0	201	100.0	266	100.0	182	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 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 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.

Small Business Loans

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