



**NEW YORK STATE BANKING DEPARTMENT**  
**CONSUMER SERVICES DIVISION**  
One State Street  
New York, NY 10004

**PUBLIC SUMMARY**  
OFF-SITE EVALUATION

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

**Date of Evaluation:** December 31, 2002

**Institution:** Tompkins Trust Company  
110 North Tioga Street  
Ithaca, NY 14850

**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 off-site evaluation of the Community Reinvestment Act (“CRA”) performance of Tompkins Trust Company (“Tompkins”) 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. Part 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 are primarily based on a review of performance tests and standards described in Part 76.7 and detailed in Parts 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**

### **Overall Rating**

Tompkins is rated "1," indicating an outstanding record of helping to meet community credit needs.

### **Lending Test** - "High Satisfactory"

- The bank's overall lending levels of both its HMDA-type, and small business and small farm loans reflects excellent responsiveness to assessment area credit needs.
- Overall, the bank made a high percentage of its HMDA-type, and small business and small farm loans, by both number and dollar volume, within the assessment area.
- The geographic distribution of the bank's HMDA-type as well as small business and small farm loans reflects good distribution throughout its assessment area.
- The distribution of loans by borrowers' characteristics reflects, given the product lines offered, good penetration among consumers of different income levels and businesses of different sizes.
- The bank made an excellent level of community development loans.
- The bank uses innovative and flexible lending products in serving assessment area credit needs.

### **Investment Test** - "Outstanding"

- The bank had an excellent level of qualified community development investments.
- The bank exhibits good responsiveness to credit and community development needs.

### **Service Test** - "Outstanding"

- The bank's delivery systems are readily accessible to all portions of the assessment area.
- The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies or LMI individuals.
- Services are tailored to the convenience and needs of the assessment area, particularly LMI geographies and LMI individuals.

- During the evaluation period, the bank provided a relatively high level of community development services.

This off-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 1836, Tompkins is a \$943 million commercial bank located in the Finger Lakes region of New York State. Tompkins is a wholly owned subsidiary of Tompkins Trustco, Inc., a bank holding company headquartered in Ithaca, New York.

As of the evaluation date, Tompkins operates 14 banking offices, with 12 offices located in Tompkins County, one office located in Schuyler County and one office located in Cortland County. Supplementing the banking offices are 25 automated teller machines ("ATMs"). As of December 31, 2002, Tompkins reported total assets of \$942.7 million, with net loans of \$478.2 million (50.7%). Total deposits were \$701 million. According to comparative deposit data as of June 30, 2002, the bank ranked first among nine deposit-taking institutions in Tompkins County with 54.4% of all deposits in the county.

The bank offers a variety of loan products including:

- Residential mortgages,
- Commercial loans,
- Consumer loans,
- Small business and farm loans and
- Government guaranteed/participation loans.

Based on regulatory filings, the following table illustrates the bank's loan portfolio for the periods ended December 31, 2002 and December 31, 2001.

<b>TOTAL GROSS LOANS OUTSTANDING</b>				
<b>Loan Type</b>	12/31/2002		12/31/2001	
	\$000s	%	\$000s	%
Residential Mortgage Loans	242,782	50.2	211,313	47.6
Commercial Mortgage Loans	72,032	14.9	70,412	15.9
Multifamily Mortgages	18,207	3.8	15,575	3.5
Consumer Loans	57,510	11.9	57,915	13.0
Construction & Land Loans	7,209	1.5	3,668	0.8
Commercial & Industrial Loans	54,265	11.2	56,886	12.8
Other Loans	31,853	6.6	28,028	6.3
<b>Total Gross Loans</b>	<b>483,858</b>	<b>100.0</b>	<b>443,797</b>	<b>100.0</b>

Tompkins participates in various government insured, guaranteed or subsidized loan programs for housing, small business and small farms, including the following:

- Small Business Administration (“SBA”),
- Federal National Mortgage Association (“FNMA”),
- Federal Home Loan Mortgage Corporation (“FHLMC”) and
- Department of Housing and Urban Development (“HUD”).

Tompkins also works with local, county and state government agencies, as well as nonprofit community development organizations that insure, guarantee or subsidize loans for affordable housing and small business, including:

- Tompkins County Industrial Development Agency,
- Ithaca Neighborhood Housing Services and
- New York Business Development Corporation.

The bank’s primary business is originating real estate loans. As of December 31, 2002, the bank had 50.2% of its loans in 1-4 family residential mortgages, 14.9% in commercial mortgages and a small percentage in multifamily mortgages and construction loans.

**Assessment Area:**

Tompkins’s delineated assessment area includes Tompkins County in its entirety and a portion of Schuyler County, including the towns of Montour, Catherine and Cayuta. The assessment area consists of 24 block-numbering areas (“BNAs”), of which 23 are in Tompkins County and one (BNA 9505) is in Schuyler County. There are no low-income geographies within the assessment area. Five BNAs (20.8%) are moderate-income, nine (37.5%) are middle-income and 10 (41.7%) are upper-income geographies.

The assessment area is unchanged from the prior evaluation. However, since the bank opened a new branch in Cortland County in December 2002, the bank’s assessment area should be expanded accordingly.

According to 1990 census data, there are 37,312 housing units in the assessment area, 67.6% of which are 1-4 family residential structures. Fifty-three percent of the housing units are owner-occupied, renters occupy 41.2% and 5.8% are vacant/ boarded-up. The median housing value is \$102,633.

The assessment area appears reasonable based upon the location of branches and the bank’s lending pattern. There is no evidence that LMI areas were arbitrarily excluded.

## **PERFORMANCE TESTS AND ASSESSMENT FACTORS**

*The Banking Department assessed the bank's CRA performance by evaluating its lending, investment and service performance, and applying the lending, investment and service tests, as provided for in Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board.*

This evaluation covers calendar years 2001 and 2002. Products considered include HMDA-type, and small business and small farm loans. Statistics employed in this evaluation were derived from various sources. Bank-specific loan information was submitted by the bank. HUD estimates of 2001 and 2002 median family incomes were utilized to determine borrower income levels for each respective year.

Aggregate data for small business and small farm loans was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc.'s CRA Wiz®, an external vendor. The bank was not required to report HMDA-data for 2001 or 2002 since Tompkins had neither a home office nor branch office in an MSA as of December 31 of 2000 or 2001. Consequently, the bank is not part of the HMDA aggregate for these years and comparisons to aggregate HMDA data will not be used in this report.

### **I. Lending Test - "High Satisfactory"**

*The bank's lending performance is evaluated pursuant to the following criteria: (1) Lending Activity, (2) Assessment Area Lending, (3) Geographic Distribution, (4) Borrower Characteristics, (5) Community Development Lending and (6) Flexible Lending Practices.*

#### **Lending Activity - "Outstanding"**

The bank's overall levels of its HMDA-type, small business and small farm loans reflects excellent responsiveness to assessment area credit needs.

##### *HMDA-Type Loans*

In 2001, the bank made 522 HMDA-type loans totaling \$51.1 million in its assessment area. This level represented a significant improvement over the 2000 level both by number and dollar volume, when the bank made 336 HMDA-type loans totaling \$28.6 million. In 2002, the bank further increased the number and dollar volume of this type of lending to 755 loans totaling \$79.6 million.

##### *Small Business and Small Farm Loans*

In 2001, the bank originated 316 small business and small farm loans totaling \$27.8 million in the assessment area. In 2002, the bank made 341 such loans for \$25.4 million. The level of small business/farm lending in both years shows an upward trend compared to the 294 such loans totaling nearly \$22 million originated in the assessment area in 2000.

Based on 2002 market share data, the bank ranked 2<sup>nd</sup> based on number of loans originated among 40 other lenders in the assessment area and 1<sup>st</sup> based on the corresponding dollar volume with market shares of 16.2% and 37.6%, respectively.

### **Assessment Area Concentration - “High Satisfactory”**

Overall, the bank made a high percentage, both by number and dollar amount, of its HMDA-type, small business and small farm loans within the assessment area.

#### *HMDA-Type Loans*

In 2001, the bank originated 627 HMDA-type loans totaling \$57.5 million, of which 522 loans totaling \$51.1 million (83.3% by number and 88.9% by dollar amount) were made inside the assessment area. In 2002, the bank originated 908 HMDA-type loans totaling \$90.8 million, of which 755 loans totaling \$79.6 million (83.1% by number and 87.7% by dollar amount) were made in its assessment area.

#### *Small Business and Small Farm Loans*

In 2001, the bank originated 387 small business and farm loans aggregating \$31.7 million, of which 316 loans totaling \$27.8 million (81.7% by number and 87.7% by dollar amount) were within the assessment area. In 2002, the bank made 421 small business and farm loans totaling \$32 million, of which 341 loans totaling \$25.4 million (81% by number and 79.4% by dollar amount) were in the assessment area.

### **Geographic Distribution - “High Satisfactory”**

The overall geographic distribution of the bank’s HMDA-type and small business/farm loans within the assessment area is good.

#### *HMDA-Type Loans*

In 2001, the bank achieved penetration ratios of 5.9% and 5.5% by the number of HMDA-type loans and the corresponding dollar amount, respectively, in moderate-income geographies of its assessment area. This performance indicated a significant decline in penetration of such areas when compared to the bank’s 2000 penetration ratios of 7.7% by both number and dollar volume.

In 2002, however, the bank improved its performance by attaining penetration ratios of 7.4% and 6.1% by number and dollar volume, respectively. Refer to the table below for further details:

Distribution of HMDA-Type Loans by Geography Income Level*								
Geography Income Level	Bank							
	2001				2002			
	#	%	\$000s	%	#	%	\$000s	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	31	5.9%	2,815	5.5%	56	7.4%	4,845	6.1%
Middle	168	32.2%	13,098	25.6%	232	30.7%	18,469	23.2%
Upper	323	61.9%	35,172	68.8%	467	61.9%	56,246	70.7%
<b>Total</b>	<b>522</b>	<b>100.0%</b>	<b>51,085</b>	<b>100.0%</b>	<b>755</b>	<b>100.0%</b>	<b>79,560</b>	<b>100.0%</b>

\* 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% of the MSA median income, middle-income is 80% to <120%, and upper-income is at least 120%.

### *Small Business and Small Farm Loans*

In 2001, as detailed in the table below, the bank attained a 29.1% penetration ratio in moderate-income areas with its number of small business/farm loans, slightly more than the aggregate's ratio of 26.4%, while with the corresponding dollar volume it performed just the opposite, having a 26.6% penetration ratio versus a 27.7% achieved by the aggregate.

In 2002, the bank's performance declined somewhat, especially its penetration by number of small business/farm loans. Despite this, the bank's ratio was still higher than the aggregate based on number of loans, but again slightly lower based on dollar volume. Refer to the table below for details:

Distribution of Small Business/Farm Loans by Geography Income Level								
Geography Income Level	2001							
	Bank				Aggregate			
	#	%	\$000s	%	#	%	\$000s	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	92	29.1%	7,381	26.6%	396	26.4%	17,815	27.7%
Middle	95	30.1%	6,954	25.0%	459	30.6%	17,053	26.5%
Upper	129	40.8%	13,451	48.4%	644	43.0%	29,480	45.8%
<b>Total</b>	<b>316</b>	<b>100.0%</b>	<b>27,786</b>	<b>100.0%</b>	<b>1,499</b>	<b>100.0%</b>	<b>64,348</b>	<b>100.0%</b>
Geography Income Level	2002							
	Bank				Aggregate			
	#	%	\$000s	%	#	%	\$000s	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	85	24.9%	6,390	25.1%	415	23.7%	15,734	27.9%
Middle	95	27.9%	4,341	17.1%	569	32.5%	12,525	22.2%
Upper	161	47.2%	14,683	57.8%	769	43.9%	28,085	49.8%
<b>Total</b>	<b>341</b>	<b>100.0%</b>	<b>25,414</b>	<b>100.0%</b>	<b>1,753</b>	<b>100.0%</b>	<b>56,344</b>	<b>100.0%</b>

The bank's distribution of small business/farm loans both by number and dollar volume among middle- and upper-income geographies is considered good compared to the aggregate.

## Borrower Characteristics - "High Satisfactory"

The bank's lending record shows good penetration among individuals of different income levels and businesses of different sizes.

### *HMDA-Type Loans*

In 2001, the bank had an LMI penetration ratio of 12.4% by number of HMDA-type loans, indicating a declining performance from its 2000 LMI ratio of 16.7%.

In 2002, the bank's performance among LMI individuals further eroded to a 10% penetration ratio. Penetration among middle-income borrowers also declined, while lending to upper-income individuals increased. Refer to the table below for details:

Distribution of HMDA-Type Loans by Borrower Income Level*								
Borrower Income Level	Bank							
	2001				2002			
	#	%	\$000s	%	#	%	\$000s	%
Low	18	3.4%	307	0.6%	14	1.9%	383	0.5%
Moderate	47	9.0%	1,947	3.8%	61	8.1%	2,697	3.4%
Middle	87	16.7%	5,769	11.3%	110	14.6%	7,721	9.7%
Upper	360	69.0%	42,302	82.8%	559	74.0%	67,870	85.3%
Inc. not avail.	10	1.9%	760	1.5%	11	1.5%	889	1.1%
<b>Total</b>	<b>522</b>	<b>100.0%</b>	<b>51,085</b>	<b>100.0%</b>	<b>755</b>	<b>100.0%</b>	<b>79,560</b>	<b>100.0%</b>

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

### *Small Business and Small Farm Loans*

As the table below illustrates, in 2001, the bank made 79.7% by number of its small business/farm loans to entities with gross annual revenues of \$1 million or less, a performance well above that of the aggregate percentage of 53.1%. Based on the corresponding dollar volume, the bank's ratio was 56.7%, exceeding the aggregate's 50.8%.

In 2002, while the bank essentially repeated its 2001 performance by making 78.3% by number of its small business/farm loans to entities with gross annual revenues of \$1 million or less, the aggregate's ratio declined to 39.8%, indicating an exceedingly better performance by the bank. Again, based on dollar volume, the bank's 59.9% ratio exceeded the aggregate's 54.8%.

<b>Distribution of Small Business and Farm Loans by Business Revenue Size</b>								
<b>2001</b>								
<b>Revenue Size</b>	<b>Bank</b>				<b>Aggregate</b>			
	<b>#</b>	<b>%</b>	<b>\$000s</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000s</b>	<b>%</b>
\$1 million or less	252	79.7%	15,759	56.7%	796	53.1%	32,711	50.8%
More than \$1 million	64	20.3%	12,027	43.3%	703	46.9%	31,637	49.2%
No Revenue Info	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>316</b>	<b>100.0%</b>	<b>27,786</b>	<b>100.0%</b>	<b>1,499</b>	<b>100.0%</b>	<b>64,348</b>	<b>100.0%</b>
<b>2002</b>								
<b>Revenue Size</b>	<b>Bank</b>				<b>Aggregate</b>			
	<b>#</b>	<b>%</b>	<b>\$000s</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000s</b>	<b>%</b>
\$1 million or less	267	78.3%	15,230	59.9%	698	39.8%	30,851	54.8%
More than \$1 million	74	21.7%	10,184	40.1%	1,055	60.2%	25,493	45.2%
No Revenue Info	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>341</b>	<b>100.0%</b>	<b>25,414</b>	<b>100.0%</b>	<b>1,753</b>	<b>100.0%</b>	<b>56,344</b>	<b>100.0%</b>

### Community Development Lending - "Outstanding"

The bank had an excellent level of community development loans. At the evaluation date, community development loans totaled nearly \$9 million and \$5.1 million, or 56.7%, is considered new money.

Most of the bank's community development loan commitments support organizations engaged in providing community development services to LMI individuals or LMI geographies within the assessment area. Moreover, as detailed in the table below, new initiatives support affordable housing as well as community development services.

<b>Community Development Lending Summary – Years 2001 and 2002</b>					
<b>Categories</b>	<b>Commitments*</b>	<b>New Money*</b>		<b>Total*</b>	
Community Services	\$6,995	\$3,785	54.1%	\$6,995	77.9%
Affordable Housing	\$1,487	\$1,311	88.2%	\$1,487	16.6%
Economic Development	\$500	\$0	0.0%	\$500	5.5%
<b>Total</b>	<b>\$8,982</b>	<b>\$5,096</b>	<b>56.7%</b>	<b>\$8,982</b>	<b>100.0%</b>

\* In thousands

The following are examples of the bank's community development credit commitments:

- In 2001, the bank renewed an existing \$2.7 million line of credit to a nonprofit organization, which provides educational and clinical therapy for children with disabilities in Tompkins, Schuyler, Cortland and Tioga counties. This organization also provides residential services to adolescents and adults with disabilities. The residential program has nine separate homes providing 24-hour services. This organization is primarily funded by Medicaid and government agencies.

In 2002, the bank renewed the line of credit for another year but reduced it by \$350 thousand. In addition, the bank provided this organization with several term loans and

commercial mortgages. For the evaluation period, commitments to this organization were nearly \$5.7 million.

- In December 2002, the bank provided a \$950 thousand construction line of credit to a housing cooperative in Ithaca, New York. The line proceeds are to be used to complete the second phase of a previously financed housing project completed in 1997. This second phase consists of 16 co-housing units combining privately owned dwellings with some commonly held property, including a community center or “Common House.” Of the total units, six are allocated for LMI families who will receive housing-subsidies provided by the Federal Home Loan Bank Affordable Housing Program.
- The bank renewed a \$250 thousand revolving line of credit to a nonprofit agency providing family and counseling services in Tompkins County. Proceeds are for working capital. This agency gets funding primarily through contractual agreements with government agencies, Medicaid and program fees. In addition to the renewed line of credit, the bank provided two commercial mortgages. Total commitments to this agency aggregated \$816 thousand.
- In each year of the evaluation period, the bank renewed a \$100 thousand line of credit to a nonprofit organization engaged in the prevention of suicide in Tompkins County. This entity provides a 24-hour “crisis line” through which trained counselors are available to talk with community members in distress. Reportedly, these counselors field some 10 thousand calls for help every year. In Tompkins County, suicide is the second leading cause of death among young people. This agency also has an education program to inform community members about the early warning signs of suicide and violence.

### **Innovative or Flexible Lending Practices - “High Satisfactory”**

The bank uses flexible lending products in serving assessment area credit needs. The following are examples of these products:

*First-Time Home Buyer Programs* – The bank is an active participant in first-time homebuyers programs offered through *Better Housing for Tompkins County* and *Ithaca Neighborhood Housing Services, Inc.* These programs help LMI individuals and families attain homeownership through counseling, below-market second mortgages, and flexible approval processes through local participating mortgage lenders. Specifically, the bank offers higher debt-to-income ratios and lower closing costs, such as waiving application fees, discounting appraisal fees and reducing settlement costs.

*Day Care Facility Financial Assistance Program* – This program is a special program for childcare providers and centers, which offers loans of up to \$15 thousand at reduced interest rates to qualified applicants. Loans are promoted through the *Day Care and Child Development Council of Tompkins County, Inc.*

## **II. Investment Test - “Outstanding”**

*This test evaluates the bank's record of helping to meet the needs of its assessment area through qualified investments. Qualified investments are evaluated based on their dollar volume, their level or degree of innovativeness and/or complexity, their responsiveness to community development needs, and the degree to which these investments are not routinely provided by private investors.*

For the evaluation period, the bank had an excellent level of qualified community development investments. These totaled nearly \$5 million, of which about \$1.6 million, or 32%, represented new initiatives and is indicative of the bank's very high level of responsiveness to the credit and community development needs of the assessment area.

*Statewide Zone Capital Corporation of New York (“SZCC”) - The bank has an equity investment totaling \$400 thousand in this privately owned loan fund, whose capital is available to promote expansion and growth of businesses in New York's 51 participating Empire Zones. SZCC makes financing available for both existing and new businesses. Its operations are managed by the New York Business Development Corporation. SZCC is intended to complement conventional bank financing by partnering with banks to provide credit to businesses, many of which do not meet requirements for traditional financing.*

*Cephas Capital Partners, LP (“Cephas”) - As of the evaluation date, Tompkins had an equity investment of nearly \$3 million in this Small Business Investment Company (“SBIC”) headquartered in Rochester, New York. In addition, Tompkins Trustco, Inc., the parent holding company, had invested almost \$1.2 million in a similar qualified investment. These combined investments total \$4.2 million. Tompkins, along with five community banks, established Cephas in 1997 to provide growth capital to small- and medium-sized businesses operating throughout New York State, including the bank's assessment area.*

*Grants - The bank provided grants totaling nearly \$363 thousand, including \$37 thousand that represented its share of the 2001 Federal Home Bank of New York's (“FHLBNY”) earnings, which is used to fund the Affordable Housing Program of the FHLBNY. Grants were presented to numerous nonprofit organizations engaged in community development activities benefiting LMI individuals, families and geographies.*

## **III. Service Test - “Outstanding”**

*The service test evaluates the bank's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.*

## **Retail Banking Services: “Outstanding”**

### *Accessibility of Delivery Systems*

The bank’s delivery systems are readily accessible to all portions of its assessment area. As of the evaluation date, the bank had 14 full-service branches, including one drive-up office. Of these, four, or 28.6%, are in moderate-income geographies and seven, or 50%, are in areas adjacent to moderate-income geographies. All of the branches have an automated teller machine (“ATM”), except for the Kendal office, which is located in an upper-income area and has limited service hours. In addition, the bank had 12 off-site ATMs, of which five, or 41.7%, were located in moderate-income geographies.

The bank also offers bank-by-phone and “Internet Home Banking.”

### *Changes in Branch Locations*

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals. In December 2002, the bank opened a branch in a middle-income area of Cortland County. This branch also provides a deposit-taking ATM which is available 24-hours. In addition, the bank introduced an off-site ATM located in a moderate-income area of Ithaca.

The bank did not close any banking offices during the evaluation period.

### *Reasonableness of Business Hours and Services in Meeting Assessment Area Needs*

The bank’s business hours and services are tailored to the convenience and needs of the assessment area, particularly LMI geographies and/or LMI individuals. All branches located in moderate-income areas offer late closing hours throughout the week. These branches, except the main office, also offer Saturday hours. The drive-up office, which is situated in a moderate-income area, also offers extended hours.

All of the bank’s on-site ATMs are available 24-hours a day, except for the main office which is accessible during regular office hours. The off-site ATMs are available during “store hours,” with three available 24-hours.

## **Community Development Services: “High Satisfactory”**

For the evaluation period, the bank demonstrated a relatively high level of community development services. Almost every month, the commercial lending team participated in activities with nonprofit organizations engaged in community development activities. These included: Ithaca Neighborhood Housing Services Loan Committee, Hospicare Finance Committee, Better Housing Finance Committee and the United Way Allocations Committee.

In 2002, the bank sponsored a request from a housing cooperative located in Ithaca for

FHLBNY's Affordable Housing Program funds to subsidize the purchase of six units by LMI families. This program totaled \$112 thousand. The bank also supported a childcare provider in Ithaca in its request for funding from the New York State Office of Children and Family Services, and the Dormitory Authority of New York to expand the childcare provider's facility.

Moreover, the bank continued to address consumer educational needs through seminars. In this regard, staff from the bank conducted finance workshops at the *Women's Opportunity Center*, discussing budgets, goals and credit issues. The bank also sponsored *Dollars and Sense* seminars presented by Family and Children's Service of Ithaca. These seminars were designed to assist consumers with money managing ideas and proper use of credit.

#### **IV. 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 type of credit offered by the institution.

**Evidence of prohibited discriminatory or other illegal credit practices.**

No evidence of prohibited discrimination or other illegal credit practices were noted. The bank has policies and procedures to ensure employee's adherence to anti-discrimination and consumer protection laws.

#### **V. 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.**

Officers and employees of the bank are involved in various community organizations including Tompkins Better Housing, Ithaca Neighborhood Housing Services, and Family and Children's Services.

The bank has a monthly lending forum where they invite various individuals including appraisers, developers, government officials and economic development representatives.

**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 places its advertisement in local journals and newspapers. In addition, other

media such as radio and cable television are occasionally utilized to provide information regarding the bank's credit facilities to members of the community.

**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 has the responsibility for establishing policies and procedures for the operation of the bank including the annual review and approval of the bank's CRA statement. The board meets monthly to review the bank's CRA activities.

**VI. 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.

### **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.