



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

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION
Off-site Evaluation

Date of Evaluation: December 31, 2003

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

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

TABLE OF CONTENTS

Section		
General Information		1
Overview of Institution's Performance		2
Performance Context.....		3
Institution's Profile		
Assessment Area		
Performance Standards and Assessment Factors		4
Loan-to-Deposit Analysis and Other		
Lending-Related Activities		
Assessment Area Concentration		
Geographic Distribution of Loans		
Distribution by Borrowers Characteristics		
Action Taken in Response to Written Complaints		
With Respect to CRA		
Discrimination or Other Illegal Practices		
Process Factors		
Other Factors		
Glossary		5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Community Mutual Savings Bank ("CMSB") prepared by the New York State Banking Department. The evaluation represents the Banking Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2003.

Section 28-b of the New York 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;
- (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 of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York 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

CMSB 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.
 - CMSB's average LTD ratio for the evaluation period was 73.4%, slightly below the peer group's average of 77.1%.
 - The bank enhanced the availability of credit in its assessment area by providing 10 community development loans totaling \$3.5 million.
- ***Assessment Area Concentration:*** The bank extended a majority of its HMDA-reportable loans and MECAs in the assessment area.
 - In 2002, the bank originated 79.1% and 82.2% of its HMDA-reportable and MECAs loans, respectively, inside the assessment area. In 2003, the HMDA-reportable and MECA percentages decreased approximately five and eight percentage points, respectively.
- ***Geographic Distribution of Loans:*** The bank's geographic distribution of loans reflects a marginally reasonable dispersion throughout the assessment area.
 - In 2002, all the bank's loans were originated in the upper-income tracts, whereas the aggregate originated 2.3% of their loans in LMI census tracts. In 2003, the bank's LMI penetration ratio increased to two (5.9%) loans and the middle -income penetration ratio increased to three (8.8%). Aggregate data was not available for 2003.
- ***Distribution by Borrowers Characteristics:*** The bank's lending distribution in the assessment area reflects reasonable penetration among individuals of different income levels.
 - In 2002, no loans were extended to LMI borrowers compared to the aggregate penetration level of 7.5%. In 2003, CMSB's LMI penetration increased to 14.7% although middle-income penetration dropped to zero.
- Neither the bank nor the New York State Banking Department received any complaints with respect to its 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

CMSB, formally the Home Building and Loan Association of Mount Vernon was established in 1887. In 1980, the name was changed to Community Mutual Savings Bank of Southern New York, and in 1984, the current name was adopted.

The bank is a community-oriented financial institution offering financial products and services to meet the needs of the community it serves. The bank faces competition from smaller community banks, larger financial institutions, mortgage bankers, finance companies, credit unions, insurance companies and brokerage firms operating in the assessment area.

The CMSB is a participating lender under the Small Business Administration's SBA 7 (a) loan program but originated no loans of this type during the evaluation period.

The bank operates five branches in Westchester County, including one at its main office in Mount Vernon, and one each in Eastchester, Greenburgh, West Harrison (East White Plains/Silver Lake) and White Plains. Three offices offer Saturday banking hours and two feature walk-up windows. Supplementing the banking offices are Automated-Teller-Machines (ATMs) connected to the MAC Network, one ATM located at four of the five branches. ATM's have 24 hours seven days a week access for customers. The corporate office is located in White Plains, New York.

There were no branch openings or closings during the evaluation period. Two of the branches and one ATM, as well as the corporate office, are located in moderate-income census tracts.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition (Call Report) dated December 31, 2003, CMSB reported total assets of \$119.9 million, of which 60.6% were loans and lease finance receivables. According to the most recent deposit data dated June 30, 2003, the bank ranked 23rd (0.5% market share) among 33 deposit-taking institutions in Westchester County.

The following is a summary of the bank's loan portfolio, based on Schedule RC-C of the bank's December 31, 2001, December 31, 2002 and December 31, 2003 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2001		12/31/2002		12/31/2003	
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%
1-4 Family Residential Mortgages	78,232	94.4	77,127	95.7	70,162	96.5
Commercial & Industrial Loans	803	1.0	254	0.3	246	0.3
Commercial Mortgage Loans	2,757	3.3	2,355	2.9	2,043	2.8
Multifamily Mortgages	618	0.7	493	0.6	0	0.0
Consumer Loans	448	0.5	359	0.4	236	0.3
Total Gross Loans	82,858	100.0	80,588	100.0	72,687	100.0

As illustrated in the above chart, CMSB is primarily a 1-4 family residential mortgage lender with over 94% of its loan portfolio in residential mortgages as of the past three year-ends.

In 2002, the bank ranked 110th (0.1% market share) out of 391 HMDA-reporting lenders in Westchester County, with an average loan size of \$151 thousand.

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 as of December 31, 2001.

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 bank’s assessment area is comprised of Westchester County in its entirety. Westchester County is one of eight counties that comprise Metropolitan Statistical Area (“MSA”) 5600 New York. According to 2000 U.S. census data, the county has 221 census tracts which included four (1.8%) zero-income, two (0.9%) low-income, 17 (7.7%) moderate-income, 37 (16.7%) middle-income and 161 (72.9%) upper-income tracts.

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

Details of Assessment Area:

Westchester County had a population of 923.5 thousand in 2000 and it increased 1.8% to 940.3 thousand in 2003. Approximately 14% of the population were over the age of 65 and 22.4% were under 16.

In 2000, there were 237 thousand families in the county of which 21.5% were LMI families. Approximately 13.2% were middle-income and 65.4% were upper-income families. There were 337.5 thousand households, 8.5% of which had income below the poverty level. Approximately 21.8% of the LMI families lived in LMI census tracts.

There were 349.4 thousand housing units in Westchester County, 68% were 1-4 family units and 32% were multifamily units. Owner-occupied units accounted for 58% while rental units accounted for 38%. Approximately 4% of all units were vacant. The median housing value was \$285.8 thousand, and the median age of housing was 36 years. In 2003, there were 75.9 thousand business units in the county, of which 65.9% had reported revenue of \$1 million or less, 6.1% reported revenues of over \$1 million and 28% did not report their revenues.

Approximately 90.7% of the businesses were operating from a single location and 76.5% had less than 50 employees. About 41% of the businesses were in the service industry, 14.4% in retail trade and 14.3% in non-classified establishments.

According to the New York State Department of Labor, the county's average unemployment rates were 4.2% in 2002 and 4% in 2003, which were well below the state's average rates of 6.1% in 2002 and 6.3% in 2003.

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 evaluation period included calendar years 2002 and 2003. Examiners considered HMDA-reportable mortgage lending in evaluating factors (2), (3) and (4), as noted above. CMSB's primary lending activity for CRA purposes is residential mortgage loans.

The demographic data referred to in this report was obtained from the 1990 U.S. census for 2002 data and 2000 U.S. census for 2003 data. Updated median family income figures provided by the Department of Housing and Urban Development ("HUD") were used for borrower's characteristics.

- **Loan-to-Deposit Ratio ("LTD") Analysis and Other Lending-Related Activities:**
"Satisfactory"

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

CMSB's average LTD ratio for the eight quarters ending December 31, 2003, was 73.4%, which was proportionally lower than the peer group's average of 77.1% by 8.4%. The peer group is comprised of all insured savings banks having assets between \$100 million and \$300 million. 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 reflect a declining trend.

Loan-to-Deposit Ratios									
	3/31/02	6/30/02	9/30/02	12/31/02	3/31/03	6/30/03	9/30/03	12/21/03	Average LTD
Bank	81.76	80.33	79.16	78.04	71.54	66.54	64.48	65.70	73.44
Peer	80.39	79.42	78.31	76.77	75.32	74.56	75.56	76.71	77.13

Other Lending-Related Activities:

As of the evaluation date, the bank had 10 community development loans totaling \$3.5 million. One loan totaling \$100 thousand was originated in 2003 while nine loans were originated prior to the evaluation period. Following is a brief description of three of the loans:

- CMSB extended a \$100 thousand line of credit to the Westchester Nonprofit Loan Fund in 2003. The fund is a program of the United Way of Westchester and Putnam County. Its mission is to provide secured loans and loan related technical

assistance to non-profit agencies that provide direct services to the residents of the county.

- The bank had a 50% participation in a \$1.3 million loan; their balance as of December 31, 2003, was \$496 thousand. The purpose of the loan was to finance the construction of a new church building located in a moderate-income area. The church's ancillary programs include day care and senior citizens programs that benefit LMI individuals residing in the county.
- CMSB provided a \$500 thousand first mortgage loan on a one-storey 12-store commercial building located in Mount Vernon. The property is located in a moderate-income area. Tenants include the government funded Mount Vernon Community Action Group, which runs a food pantry and clothes closet. This financing helps the regeneration of the south side of Mount Vernon by offering affordable rents, as well as job development.

- **Assessment Area Concentration: "Satisfactory"**

CMSB originated a majority of its HMDA-reportable and MECA loans within the assessment area.

In 2002, CMSB originated 43 HMDA-reportable loans totaling \$6.5 million of which 34 loans (79.1%) totaling \$5.1 million loans (79.4%) were originated inside the assessment area. During 2003, 46 HMDA-reportable loans totaling \$8.3 million were originated; however, the number of loans originated inside the assessment area did not change but the percentage originated declined to 73.9% with a dollar volume of 72.9% (\$6.1 million).

In 2002, the bank extended 45 MECA loans totaling \$8.4 million, of which 37 (82.2%) loans totaling \$6.9 million (81.7%) were extended inside the assessment area. In 2003, 39 MECA loan were extended, of which 29 (74.4%) loans totaling \$6.1 million (76.4%) were extended inside the assessment area. The number of loans extended inside the assessment area declined by 21.6% between 2002 and 2003.

The following chart details the bank's assessment area percentages in loan and dollar volume:

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
	#	%	#	%		\$	%	\$	%	
HMDA										
2002	34	79.1	9	20.9	43	5,136	79.4	1,334	20.6	6,470
2003	34	73.9	12	26.1	46	6,081	72.9	2,263	27.1	8,344
Subtotal	68	76.4	21	23.6	89	11,217	75.7	3,597	24.3	14,814
MECA										
2002	37	82.2	8	17.8	45	6,904	81.7	1,538	18.2	8,442
2003	29	74.4	10	23.6	39	6,075	76.4	1,876	23.6	7,951
Subtotal	66	78.6	18	21.4	84	12,979	79.2	3,414	20.8	16,393
Total	134	77.5	39	22.5	173	24,196	77.5	7,011	22.5	31,207

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

The geographic distribution of loans is considered marginally reasonable. The assessment area is predominately upper-income.

The following chart provides a summary of the bank's HMDA-reportable loan distribution during the evaluation period:

Distribution of HMDA-Reportable Loans by Geography Income Level								
Geography Income Level	2002							
	Bank				Aggregate			
	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low	0	0.0	0	0.0	55	0.1	10,580	0.1
Moderate	0	0.0	0	0.0	817	2.2	167,054	1.6
Middle	0	0.0	0	0.0	3,052	8.3	595,775	5.7
Upper	34	100.0	5,136	100.0	32,931	89.4	9,764,214	92.7
Total	34	100.0	5,136	100.0	36,855	100.0	10,537,623	100.0
Geography Income Level	2003							
	Bank				Aggregate			
	#	%	\$ (000's)	%				
Low	0	0.0	0	0.0				
Moderate	2	5.9	320	5.3				
Middle	3	8.8	338	5.6				
Upper	29	85.3	5,423	89.2				
Total	34	100.0	6,081	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% of the MSA median income, middle-income is 80% to <120% and upper-income is at least 120%.

In 2002, CMSB originated all its HMDA-reportable-loans in upper-income census tracts, while the aggregate lenders originated 2.3% of its loans in LMI areas and 8.3% in middle-income areas. In 2003, however, the bank originated two (5.9%) of its HMDA-reportable loans totaling \$320 thousand (5.3%) in LMI areas and three (8.8%) totaling \$338 thousand (5.6%) in middle-income areas. Aggregate data for 2003 is not available.

The following chart provides a summary of the bank’s MECA lending distribution during the evaluation period:

The bank did not have any MECA activity in LMI areas in 2002; however, one (2.7%) MECA totaling \$140 thousand was extended in a middle-income area. In 2003, the bank extended one (3.4%) MECA totaling \$254 thousand was extended in an LMI area, and one (2.7%) totaling \$118 thousand (1.9%) in a middle-income area. There is no aggregate data for MECAs.

MECA Distribution by Geography Income Level*								
Geography	2002				2003			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Low	0	0	0	0	0	0	0	0
Moderate	0	0.0	0	0.0	1	3.4	254	4.2
Middle	1	2.7	140	2.0	1	3.4	118	1.9
Upper	36	97.3	6,764	98.0	27	93.1	5,703	93.9
Total	37	100.0	6,904	100.0	29	100.0	6,075	100.0

The geographic distribution of MECAs reflects marginally reasonable penetration in the assessment area compared with the owner-occupied housing rates in LMI and middle-income tracts. Owner-occupied housing rates of 1.8% in LMI tracts and 9.1% in middle-income tracts. Lending in LMI tracts improved in 2003, CMSB extended 3.4% of its MECAs in both LMI and middle-income areas compared with owner-occupied housing rates of 1.8% and 8.9%, respectively.

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

The distribution of loans based on borrower characteristics reflects reasonable penetration among individuals of different income levels.

The following chart details the bank’s and the aggregate’s HMDA-reportable lending distribution during the evaluation period:

Distribution of HMDA-Reportable Loans by Borrower Income Level*								
Year 2002								
Borrower Income Level	Bank				Aggregate			
	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low	0	0.0	0	0.0	427	1.2	33,639	0.3
Moderate	0	0.0	0	0.0	2,315	6.3	245,426	2.3
Middle	3	8.8	411	8.0	5,386	14.6	835,935	7.9
Upper	31	91.2	4,725	92.0	25,572	69.4	8,478,204	80.5
N/A	0	0.0	0	0.0	3,158	8.6	944,770	9.0
Total	34	100.0	5,136	100.0	36,858	100.0	10,537,974	100.0
Year 2003								
Borrower Income Level	Bank				Aggregate			
	#	%	\$ (000's)	%				
Low	1	2.9	118	1.9				
Moderate	4	11.8	497	8.2				
Middle	0	0.0	0	0.0				
Upper	29	85.3	5,466	89.9				
Total	34	100.0	6,081	100.0				

*Borrower income level is based upon HUD'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%.

In 2002, CMSB originated no HMDA-reportable loans to LMI borrowers, however, three (8.8%) totaling \$411 thousand were extended to middle-income borrowers. The aggregate penetration ratio to LMI borrowers was 7.5% and 14.6% to middle-income borrowers. In 2003, the bank's performance improved substantially as their LMI penetration increased to 14.7% which represents five loans totaling \$615 thousand. No loans were made to middle-income borrowers.

The following chart provides a summary of the bank's MECA activity during the evaluation period:

- In 2002 and 2003, the bank extended 5.4% and 3.4%, respectively, of its MECAs to LMI borrowers.

MECA Distribution by Borrower Income Level*								
Borrower Income Level	2002				2003			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Low	0	0	0	0	0	0	0	0
Moderate	2	5.4	275	4.0	1	3.4	74	1.2
Middle	1	2.7	135	2.0	3	10.3	615	10.1
Upper	34	91.9	6,494	94.1	25	86.2	5,386	88.7
Total	37	100.0	6,904	100.0	29	100.0	6,075	100.0

* Borrower income level is based upon HUD'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%.

In 2002, the bank originated 37 MECA loans, totaling \$6.9 million, of which two loans were extended to LMI borrowers and one loan was extended to middle-income borrowers. In 2003, one loan was extended to LMI borrowers, while loans to middle-income borrowers increased to three.

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

Since the latest CRA evaluation on December 31, 2001, neither the bank nor the New York State Banking Department has received any written complaints regarding the 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 indicate 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.

Assessment area credit needs are ascertained through direct contacts by bank trustees, officers and employees with local businesses, community leaders, local government officials and religious leaders.

The bank's CRA officer attended church services to speak on financial topics and attended meetings advising on the formation of a 501C3 corporation under the auspices of the Mt. Vernon school system. Branch managers maintain contact with the Mount Vernon Chamber of Commerce, Mount Vernon Business Education Alliance and the Eastchester Chamber of Commerce. A member of management serves on the Board of the Westchester Nonprofit Loan Fund

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.

CMSB advertises its credit products and services through the *Gannett* newspapers and through direct mass mailings to individuals living in LMI geographies. Officers of the bank participate in an active calling program for the purpose of determining and satisfying the credit needs of the area's small and medium size businesses.

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 CMSB Reinvestment Act.

The bank's Board of Trustees monitors and reviews the bank's CRA activities on an ongoing basis.

- **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.

CMSB assisted three organizations with grant applications to the Federal Home Loan Bank ("FHLB"). Habitat for Humanity of Westchester, YWCA of White Plains and Liberty Plaza Senior Campus were awarded grant monies by the FHLB under its Affordable Housing Program.

Members of management provide financial expertise to the WLF and Habitat for Humanity of Westchester. The bank initiated discussions with the City of Mount Vernon to form a task force dealing with predatory lending

CMSB offers flexible underwriting on residential mortgages through its Affordable Housing Program and Consumer Friendliness Mortgage Program. The bank also offers a mortgage modification product titled "M&M Program" which allows existing mortgagors to modify their mortgages without having to incur new closing costs.

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:

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- 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;

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- ❖ 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.