

**NEW YORK STATE BANKING DEPARTMENT  
CONSUMER SERVICES DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2004

**Institution:** Amalgamated Bank  
15 Union Square  
New York, NY 10003

**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 Tests and Assessment Factors .....	4
Lending Test	
Investment Test	
Service Test	
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 Amalgamated Bank (“Amalgamated”) 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, 2004.

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**

### **Overall Rating**

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

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

- Lending levels reflect good responsiveness to assessment area credit needs. For the period under evaluation, Amalgamated originated or purchased 712 HMDA-reportable loans totaling \$213.9 million.
- A high percentage of loans were made in the bank's assessment area. The total assessment area percentages reflect lending of 76.7% and 86.7% in 2003 and 2004, respectively.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution by borrower characteristics reflects good penetration among customers of different income levels.
- The institution makes extensive use of innovative and/or flexible lending practices in serving assessment area credit needs.
- The bank had an excellent level of community development lending. For the period under evaluation, Amalgamated's community development lending activity totaled approximately \$257 million of which \$172.4 million (67.1%) is considered new money.

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

- Amalgamated has an excellent level of qualified community development investments. During the evaluation period, investments totaled \$19.5 million, with \$8.9 million or 45.6% defined as new money.

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

- Delivery systems are accessible to essentially all portions of the bank's assessment area.
- The bank is a leader in providing community development services.
- Amalgamated offers an alternative basic banking account that is more beneficial to the consumer than mandated by NYS regulation.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

## PERFORMANCE CONTEXT

### Institution's Profile:

Chartered in 1923 as Amalgamated Bank of New York, the bank changed to its present name in 2000. Amalgamated is a commercial bank headquartered in New York City and a wholly-owned subsidiary of UNITE HERE which also has seven non-bank subsidiaries. Amalgamated is the only union-owned bank in the country.

UNITE HERE is a trade union of textile and hospitality trade employees with union membership growth and organization as its main priority. UNITE HERE was formed in 2004 as a result of a merger between the Union of Needletrades, Industrial and Textile Employees and the Hotel Employees and Restaurant Employees International Union.

Amalgamated owns six subsidiaries: Amalgamated Real Estate Management Co., Amdel, Inc., Klik Technologies Corp., New Abony Co., New Amalgamated Co. and New Hillman Co.

As of December 31, 2004 Amalgamated operated five branches in New York County<sup>1</sup> (including the main office), two in Bronx County and one in Queens. In addition, the bank has one branch each in Bergen County, New Jersey; Washington D.C. and Los Angeles County, California.

The following table illustrates the composition of the bank's loan portfolio for year-ends 2002 through 2004:

<b>Amalgamated Total Gross Loans Outstanding</b>						
<i>LOAN TYPE</i>	12/31/2004		12/31/2003		12/31/2002	
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%
1-4 Family Mortgage Loans	867,210	61.4	1,011,494	71.1	292,185	46.7
Commercial Real Estate Loans	236,047	16.7	222,390	15.6	146,618	23.4
Commercial and Industrial Loans	200,486	14.2	152,575	10.7	111,310	17.8
Multifamily Mortgage Loans	97,456	6.9	18,214	1.3	36,336	5.8
Consumer Loans	9,578	0.7	15,758	1.1	37,262	6.0
Other Loans	1,955	0.1	1,537	0.2	1,638	0.3
<b>Total Gross Loans</b>	<b>1,412,732</b>	<b>100.0</b>	<b>1,421,968</b>	<b>100.0</b>	<b>625,349</b>	<b>100.0</b>

Residential and commercial lending comprised the majority of Amalgamated's lending portfolio at year-end 2002, 2003 and 2004.

As of December 31, 2004, Amalgamated reported total assets of \$4.1 billion, of which 60.9% were securities and net loans and leases comprised 34.5%. At the prior evaluation end-date of December 31, 2002, net loans and leases comprised less than 20% of the bank's total assets.

<sup>1</sup> In February 2005 Amalgamated opened a sixth branch in New York County beyond the scope of this evaluation.

Amalgamated increased its lending category almost 126% on a proportionate basis between evaluations while overall asset size increased approximately 24%. The bank attributed the loan percentage change to a management decision to increase the loan-to-deposit ratio.

According to the most recent deposit market data available from the Federal Deposit Insurance Corporation (“FDIC”), dated June 30, 2004, the bank’s network of branches in New York State held \$1.7 billion in its assessment area. The bank was the 21st largest deposit-taking institution among 102 deposit-taking institutions with 0.44% of the total deposits where it maintained branches.

The following chart details Amalgamated’s retail deposits by county:

<b>Amalgamated County Market Share based on Deposits as of 6/30/2004</b>						
<b>County</b>	<b>Number of Amalgamated Branches</b>	<b>Deposits \$ (000's)</b>	<b>Bank Deposits per County</b>	<b>County Market Share</b>	<b>County Ranking</b>	<b>Competing FDIC Insured Institutions</b>
<b>Bronx</b>	<b>2</b>	<b>301,831</b>	<b>17.69</b>	<b>3.04%</b>	<b>8</b>	<b>23</b>
<b>New York</b>	<b>5</b>	<b>1,301,709</b>	<b>76.31</b>	<b>0.38%</b>	<b>20</b>	<b>92</b>
<b>Queens</b>	<b>1</b>	<b>102,355</b>	<b>6.00</b>	<b>0.29%</b>	<b>35</b>	<b>46</b>
<b>Assessment Area*</b>	<b>8</b>	<b>1,705,895</b>	<b>100.0</b>	<b>0.44%</b>	<b>21</b>	<b>102</b>
<b>* Includes only those counties where Amalgamated has a branch presence.</b>						

There are no known financial or legal impediments affecting the bank’s ability to meet the credit needs of its community.

**Assessment Area:**

Amalgamated’s New York State assessment area includes eight full counties and is unchanged from the prior review.

The assessment area includes seven of the eight counties in Metropolitan Statistical Area (“MSA”) 5600<sup>2</sup>: Kings, Queens, New York, Bronx, Richmond, Westchester and Rockland. The area also includes Nassau County which is in MSA 5380.

As of 2004, the Office of Management and Budget (“OMB”) re-defined MSAs and other statistical areas. The changes affected Amalgamated’s assessment area only in categorizing counties as the bank neither added nor removed any census tracts from the prior evaluation.

MSA 5600 and MSA 5380 are now contained in an expanded MSA 35620 entitled “New York-Northern-New Jersey-Long Island, NY-NJ-PA”. This new MSA 35620 incorporates

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<sup>2</sup> Putnam County is the sole county in MSA 5600 excluded from the assessment area.

four metropolitan divisions (“MD”) of which one is MD 35004 (Nassau and Suffolk counties) and another is MD 35644. MD 35644 contains the eight counties from “old” MSA 5600 plus three New Jersey counties: Bergen, Hudson and Passaic.

The following chart details the distribution of census tracts based on updated OMB’s revisions as well as the 2000 United States Census.

Based on 2004 census tract income characteristics and MD and MSA definition, the assessment area has 2,773 census tracts, of which 35.7% are LMI tracts.

<b>Assessment Area Geo-coded Census Tracts Based on 2004 OMB Revisions</b> <i>(Italicized Data is Based on 2000 Census)</i>														
<i>County</i>	Zero		Low		Moderate		Middle		Upper		2004		2003	
	Total	LMI %	Total	LMI %	Total	LMI %	Total	LMI %	Total	LMI %	Total	LMI %	Total	LMI %
<b>Kings</b>	15	15	119	100	297	271	235	250	117	147	783	53.1	783	47.4
<b>Bronx</b>	14	14	132	117	98	99	65	72	46	53	355	64.8	355	60.8
<b>New York</b>	9	9	60	47	59	68	24	26	144	146	296	40.2	296	38.9
<b>Queens</b>	18	18	12	12	148	107	310	298	185	238	673	23.8	673	17.7
<b>Richmond</b>	2	2	3	3	11	7	29	25	65	73	110	12.7	110	9.1
<b>Rockland</b>	0	0	2	2	2	1	9	9	45	46	58	6.9	58	5.2
<b>Westchester</b>	4	4	4	2	21	17	39	37	153	161	221	11.3	221	8.6
<b>Nassau</b>	8	8	2	2	20	20	178	179	69	68	277	7.9	277	7.9
<b>AA TOTAL</b>	70	70	334	285	656	590	889	896	824	932	2,773	35.7	2,773	31.6
<b>AA Tract Geo-code Pct.</b>	2.5	2.5	12.0	10.3	23.7	21.3	32.1	32.3	29.7	33.6	100		100	

The following chart details the 2003 and 2004 unemployment rates for New York State, particular MAs and whole counties:

<b>Unemployment Rates Comparison</b>								
	Bronx	Kings	New York	Queens	Richmond	Westchester	Rockland	Nassau
<b>2004</b>	9.1	7.7	6.2	6.4	6.3	4.5	4.4	4.5
<b>2003</b>	10.4	9.0	7.5	7.4	7.3	4.6	4.7	4.7
	<b>New York City</b>					<b>Putnam-Rockland-Westchester</b>		<b>MD 35004</b>
<b>2004</b>	7.1					4.4		4.6
<b>2003</b>	8.3					4.6		4.8
	<b>New York State</b>							
<b>2004</b>	5.8							
<b>2003</b>	6.4							

Please refer to the following four charts for demographic, housing and small business data for the eight counties in Amalgamated’s assessment area.

This is the bank’s second evaluation as a large bank for CRA purposes. The bank received a rating of “1,” reflecting an outstanding record of helping to meet community credit needs, at its most recent Performance Evaluation on December 31, 2002 by the New York State Banking Department.

*The bank's assessment area appears reasonable based upon the location of its branches, and its lending patterns. There is no evidence that LMI areas are arbitrarily excluded.*

Please refer to the following charts for demographic information pertaining to each county within the assessment area:

Chart #1 – Population and Income Characteristics by County

Chart #2 – Housing Characteristics by County

Chart #3 – Business Demographics by County

Chart #4 – Standard Industrial Classification by County

**CHART # 1**

<b>AMALGAMATED BANK ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY</b>																						
<b>COUNTY</b>	<b>Total Population</b>	<b>Age 65 and over</b>		<b>Age 16 and less</b>		<b>Median Family Income(MFI)</b>	<b>HUD MSA MFI</b>	<b>Total Households</b>			<b>Total Families</b>	<b>Low income</b>			<b>Moderate income</b>		<b>Middle income</b>		<b>Upper income</b>		<b>LMI families in LMI tracts</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>			<b>#</b>	<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>
<b>BRONX</b>	1,332,650	133,948	10.1	356,895	26.8	33,099	57,000	463,242	134,404	29.0	317,248	133,175	42.0	58,715	18.5	51,854	16.3	73,504	23.2	163,697	85.3	
<b>KINGS</b>	2,465,326	282,658	11.5	587,575	23.8	39,349	57,000	881,006	211,538	24.0	588,870	211,549	35.9	103,997	17.7	99,118	16.8	174,206	29.6	233,373	74.0	
<b>NEW YORK</b>	1,537,195	186,776	12.2	229,772	14.9	71,629	57,000	739,167	123,037	16.6	306,220	89,281	29.2	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2	
<b>QUEENS</b>	2,229,379	283,042	12.7	453,930	20.4	49,815	57,000	782,646	110,462	14.1	542,804	123,580	22.8	94,780	17.5	108,206	19.9	216,238	39.8	84,937	38.9	
<b>RICHMOND</b>	443,728	51,433	11.6	100,675	22.7	64,545	57,000	156,416	15,815	10.1	114,667	17,182	15.0	13,876	12.1	20,679	18.0	62,930	54.9	5,893	19.0	
<b>ROCKLAND</b>	286,753	33,853	11.8	72,084	25.1	79,882	57,000	92,744	6,955	7.5	71,741	8,154	11.4	6,852	9.6	10,431	14.5	46,304	64.5	2,145	14.3	
<b>WESTCHESTER</b>	923,459	128,964	14.0	207,207	22.4	89,228	57,000	337,486	28,554	8.5	237,010	30,205	12.7	24,729	10.4	33,274	14.0	148,802	62.8	14,189	25.8	
<b>NASSAU</b>	1,334,544	200,841	15.0	293,128	22.0	85,752	87,400	447,803	23,537	5.3	349,694	58,413	16.7	59,669	17.1	80,471	23.0	151,141	43.2	17,024	14.4	
<b>TOTAL A/A*</b>	10,553,034	1,301,515	12.3	2,301,266	21.8	58,108	60,037	3,900,510	654,302	16.8	2,528,254	671,539	26.6	403,318	16.0	442,837	17.5	1,010,560	40.0	621,616	57.8	

\* Assessment Area

**CHART # 2**

<b>AMALGAMATED BANK ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY</b>																					
<b>COUNTY</b>	<b>Total Housing Units</b>	<b>1-4 family Units</b>		<b>Multifamily Units</b>		<b>Owner-Occupied Units (O-O)</b>		<b>O-O Units in Low-income Tracts</b>		<b>O-O Units in Mod-income Tracts</b>		<b>O-O Units in Mid-income Tracts</b>		<b>O-O Units in Upp-income Tracts</b>		<b>Rental Units</b>		<b>Vacant/ Boarded-up Units</b>		<b>Medium House Value</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$</b>	
<b>BRONX</b>	490,659	132,650	27.0	357,495	72.9	90,522	18.4	11,370	12.6	20,802	23.0	33,285	36.8	25,066	27.7	391,918	79.9	27,447	5.6	159,625	
<b>KINGS</b>	930,866	455,859	49.0	474,122	50.9	238,290	25.6	13,368	5.6	77,659	32.6	92,885	39.0	54,378	22.8	670,996	72.1	50,139	5.4	235,737	
<b>NEW YORK</b>	798,144	28,178	3.5	769,392	96.4	148,695	18.6	3,881	2.6	12,773	8.6	7,108	4.8	124,934	84.0	616,053	77.2	59,500	7.5	345,099	
<b>QUEENS</b>	817,250	494,122	60.5	322,175	39.4	334,894	41.0	1,013	0.3	43,109	12.9	162,131	48.4	128,641	38.4	462,179	56.6	34,586	4.2	199,093	
<b>RICHMOND</b>	163,993	141,014	86.0	22,645	13.8	99,732	60.8	489	0.5	3,790	3.8	18,391	18.4	77,063	77.3	59,962	36.6	7,652	4.7	214,761	
<b>ROCKLAND</b>	94,973	77,801	81.9	15,958	16.8	66,461	70.0	598	0.9	479	0.7	5,569	8.4	59,815	90.0	27,349	28.8	2,298	2.4	228,035	
<b>WESTCHESTER</b>	349,445	237,122	67.9	112,117	32.1	202,765	58.0	507	0.3	4,887	2.4	20,824	10.3	176,547	87.1	140,169	40.1	12,303	3.5	285,775	
<b>NASSAU</b>	458,151	408,695	89.2	48,950	10.7	359,257	78.4	647	0.2	16,993	4.7	247,420	68.9	94,197	26.2	91,345	19.9	10,764	2.3	278,789	
<b>TOTAL A/A*</b>	4,103,481	1,975,441	48.1	2,122,854	51.7	1,540,616	37.5	31,872	2.1	180,491	11.7	587,613	38.1	740,641	48.1	2,459,971	59.9	204,689	5.0	248,661	

\* Assessment Area

**CHART # 3**

<b>AMALGAMATED BANK BUSINESS DEMOGRAPHICS BY COUNTY</b>													
<b>COUNTY AND ASSESSMENT AREA(A/A)</b>	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location		Businesses Located in LMI Areas	
		#	%	#	%	#	%	#	%	#	%	#	%
<b>BRONX</b>	38,647	25,300	65.5	1,861	4.8	11,486	29.7	28,775	74.5	35,601	92.1	25,207	65.2
<b>KINGS</b>	108,481	71,831	66.2	5,359	4.9	31,291	28.8	80,804	74.5	101,940	94.0	58,013	53.5
<b>NEW YORK</b>	219,934	131,891	60.0	23,025	10.5	65,018	29.6	164,325	74.7	190,968	86.8	28,299	12.9
<b>QUEENS</b>	102,659	66,902	65.2	5,442	5.3	30,315	29.5	75,894	73.9	95,959	93.5	29,282	28.5
<b>RICHMOND</b>	23,027	15,535	67.5	894	3.9	6,598	28.7	17,470	75.9	21,724	94.3	1,114	4.8
<b>ROCKLAND</b>	23,878	15,773	66.1	1,177	4.9	6,928	29.0	18,390	77.0	22,389	93.8	1,122	4.7
<b>WESTCHESTER</b>	76,247	51,018	66.9	4,683	6.1	20,546	26.9	60,079	78.8	70,460	92.4	8,199	10.8
<b>NASSAU</b>	126,042	82,492	65.4	7,203	5.7	36,347	28.8	95,607	75.9	118,453	94.0	8,298	6.6
<b>Total A/A</b>	718,915	460,742	64.1	49,644	6.9	208,529	29.0	541,344	75.3	657,494	91.5	159,534	22.2

\* Data is from NEW YORK STATE Labor Department

**CHART # 4**

<b>AMALGAMATED BANK ASSESSMENT AREA STANDARD INDUSTRIAL CLASSIFICATION* BY COUNTY</b>																				
<b>COUNTY</b>	<b>Establishment Total</b>		<b>Service Providers</b>		<b>Retail Trade</b>		<b>Finance, Insurance and Real Estate</b>		<b>Wholesale Trade</b>		<b>Construction</b>		<b>Manufacturing</b>		<b>Transportation and Communication</b>		<b>Non-Classifiable Establishments</b>		<b>Other Establishments</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>KINGS</b>	108,807		40,264	37.0	22,688	20.9	8,727	8.0	6,510	6.0	6,101	5.6	4,173	3.8	4,647	4.3	14,834	13.6	863	0.8
<b>BRONX</b>	38,751		14,613	37.7	9,376	24.2	3,553	9.2	1,690	4.4	2,317	6.0	989	2.6	1,671	4.3	4,144	10.7	398	1.0
<b>NEW YORK</b>	220,439		94,320	42.8	33,571	15.2	25,030	11.4	15,852	7.2	4,096	1.9	11,698	5.3	7,175	3.3	26,539	12.0	2,158	1.0
<b>QUEENS</b>	103,066		35,978	34.9	20,315	19.7	8,328	8.1	5,882	5.7	7,745	7.5	3,372	3.3	6,096	5.9	14,488	14.1	862	0.8
<b>RICHMOND</b>	23,276		8,991	38.6	3,900	16.8	1,751	7.5	870	3.7	2,419	10.4	473	2.0	1,046	4.5	3,440	14.8	386	1.7
<b>WESTCHESTER</b>	77,584		32,562	42.0	11,266	14.5	7,560	9.7	3,166	4.1	6,214	8.0	2,465	3.2	2,770	3.6	9,653	12.4	1,928	2.5
<b>ROCKLAND</b>	24,317		9,920	40.8	3,491	14.4	1,992	8.2	1,179	4.8	1,929	7.9	794	3.3	811	3.3	3,568	14.7	633	2.6
<b>NASSAU</b>	127,869		50,136	39.2	19,173	15.0	12,309	9.6	6,299	4.9	8,868	6.9	4,066	3.2	4,640	3.6	19,921	15.6	2,457	1.9
<b>TOTAL A/A**</b>	724,109		286,784	39.6	123,780	17.1	69,250	9.6	41,448	5.7	39,689	5.5	28,030	3.9	28,856	4.0	96,587	13.3	9,685	1.3

\*The Standard Industrial Classification codes are set by the Occupational Safety & Health Administration of the U.S. Department of Labor  
 \*\*Assessment Area

## **PERFORMANCE TESTS AND ASSESSMENT FACTORS**

*The bank's CRA performance is assessed by evaluating its lending, investment and service activities within its assessment area, and applies 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 performance evaluation incorporates a review of Amalgamated's lending, investment and service activities within its assessment area during 2003 and 2004

Products considered for this evaluation include HMDA-reportable loan originations and purchases excluding multi-family loans. Amalgamated obtained its home purchase and refinance loans from General Motors Acceptance Corporation ("GMAC") and originates its home improvement loans. HMDA-reportable multi-family lending is not an integral product line for the bank and comprised less than 7% of the bank's lending portfolio as of December 31, 2004. In 2004 Amalgamated originated two multi-family loans totaling \$15 thousand. Consequently, this loan product was not included in the evaluation.

The bank offers small business loans but the product line was offered on an accommodation basis. Amalgamated originated 12 small business loans over the evaluation period and consequently this loan product was not analyzed.

Statistics utilized in this public summary were derived from various sources. HMDA-reportable loan information was submitted by the bank, aggregate data for HMDA-reportable loans was obtained from FFIEC and PCI Services, Inc.'s CRA Wiz<sup>®</sup>, an external vendor. U.S. census data for 1990 and 2000 was the basis for geography income levels for 2003 and 2004, respectively. The U.S. Department of Housing and Urban Development's ("HUD") estimates of 2003 and 2004 median family incomes were utilized for borrower income levels.

### **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: "High Satisfactory"**

Amalgamated's lending levels reflect good responsiveness to assessment area credit needs based on the volume of HMDA-reportable loan originations and purchases.

Amalgamated originated or purchased 924 HMDA-reportable loans totaling \$274.7 million over the review period. The bank's HMDA-reportable lending increased 139.7% and 331.4% by loan number and dollar volume, respectively, from levels reported at the prior evaluation. This substantial improvement is tempered by a major decline in lending volume from 2003 to 2004. Amalgamated originated and/or purchased loan volume in 2004

declined by 660 loans and approximately \$205 million compared to 2003. The bank stated the volume increase in 2003 was due to a management decision to vary the asset portfolio and increase the bank's loan-to-deposit ratio.

▪ **Assessment Area Concentration:** "High Satisfactory"

A high percentage of loans were originated in the bank's assessment area.

The following chart details, Amalgamated extended on a proportionate basis approximately 77% of its HMDA-reportable loans and 78% dollar volume inside the bank's assessment area in the evaluation period:

<b>Amalgamated Assessment Area Lending Comparison</b>								
	<b>2003</b>				<b>2004</b>			
	<b>Nbr.</b>	<b>Nbr. %</b>	<b>\$ (000's)</b>	<b>\$ %</b>	<b>Nbr.</b>	<b>Nbr. %</b>	<b>\$ (000's)</b>	<b>\$ %</b>
<b>IN</b>	686	76.7	209,381	77.7	26	86.7	4,565	89.0
<b>OUT</b>	208	23.3	60,146	22.3	4	13.3	566	11.0
<b>TOTAL</b>	894	100.0	269,527	100.0	30	100.0	5,131	100.0
<b>2003 and 2004 Combined</b>								
	<b>Nbr.</b>	<b>Nbr. %</b>	<b>\$ (000's)</b>		<b>\$ %</b>			
<b>IN</b>	712	77.1	213,946		77.9			
<b>OUT</b>	212	22.9	60,712		22.1			
<b>TOTAL</b>	924	100.0	274,658		100.0			

▪ **Geographical Distribution:** "High Satisfactory"

The geographical distribution of the bank's loans reflects good penetration throughout the entire assessment area.

The following chart illustrates the outstanding penetration Amalgamated made in LMI census tracts and its adequate penetration in middle-income tracts during the evaluation period.

The bank's outstanding LMI penetration in 2003 appears to come at the expense of its middle-income penetration performance as its upper-income tract lending (56%) is similar to the aggregate percentages (53.3%). In 2004 the bank continued its outstanding LMI penetration while mirroring its adequate middle-income performance. The loan volume of Amalgamated includes originations and purchases while the aggregate percentages only consider originations.

Distribution of HMDA Reportable Loans by Census Tract Income Level							2003 Owner Occupied Housing Unit %
Census Tract	Amalgamated in 2003				AGGREGATE in 2003		
	Nbr.	Nbr. %	\$ (000's)	\$ %	Nbr. %	\$ %	
Low	20	2.9	4,025	1.9	1.8	1.7	1.6
Moderate	120	17.5	27,965	13.4	9.9	8.9	9.8
<b>LMI Total</b>	<b>140</b>	<b>20.4</b>	<b>31,990</b>	<b>15.3</b>	<b>11.7</b>	<b>10.6</b>	<b>11.4</b>
Middle	161	23.5	40,901	19.5	34.8	29.7	36.7
Upper	384	56.0	136,452	65.2	53.3	59.3	51.9
N/A	1	0.1	38	0.0	0.2	0.4	0.0
<b>Total</b>	<b>686</b>	<b>100</b>	<b>209,381</b>	<b>100</b>	<b>100</b>	<b>100</b>	
Census Tract	Amalgamated in 2004				AGGREGATE in 2004		2004 Owner Occupied Housing Unit %
	Nbr.	Nbr. %	\$ (000's)	\$ %	Nbr. %	\$ %	
Low	5	19.2	784	17.2	3.5	3.0	2.1
Moderate	5	19.2	689	15.1	15.5	13.8	11.7
<b>LMI Total</b>	<b>10</b>	<b>38.4</b>	<b>1,473</b>	<b>32.3</b>	<b>19.0</b>	<b>16.8</b>	<b>13.8</b>
Middle	5	19.2	894	19.6	38.6	33.0	38.1
Upper	10	38.5	1,873	41.0	42.3	50.0	48.1
N/A	1	3.9	325	7.1	0.1	0.2	
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>4,565</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

In 2003 and 2004, the bank's LMI tract penetration level compared with the owner-occupied housing unit percentage is outstanding: 20.4% compared with 11.4% in 2003 and 38.4% compared with 13.8% in 2004.

The bank's middle-income penetration is poor compared with the percentage of owner-occupied housing. In 2003 and 2004 Amalgamated's percentages were 23.5% and 19.2%, respectively, compared with owner-occupied unit rates of 36.7% and 38.1%.

■ **Borrower Characteristic: "High Satisfactory"**

The distribution of borrowers reflects, given the products offered, good penetration among customers of different income levels.

The following chart illustrates Amalgamated's and the aggregate's performance in the entire assessment area.

The bank outperformed the aggregate's LMI borrower penetration on a proportionate basis 28.3% in 2003 and underperformed in 2004 by 35.1%. The bank's middle-income borrower penetration trailed the aggregate on a proportionate basis by 18% in 2003 and then outperformed the aggregate by 5% in 2004.

Distribution of HMDA Reportable Loans by Borrower Income Level						
Borrower Income	Amalgamated in 2003				AGGREGATE in 2003	
	Nbr.	Nbr. %	\$ (000's)	\$ %	Nbr. %	\$ %
Low	9	1.3	1,169	0.6	1.5	0.7
Moderate	72	10.5	10,934	5.2	7.7	4.6
<b>LMI Total</b>	<b>81</b>	<b>11.8</b>	<b>12,103</b>	<b>5.8</b>	<b>9.2</b>	<b>5.3</b>
Middle	112	16.3	25,916	12.4	19.2	14.1
Upper	253	36.9	65,281	31.2	61.9	71.3
N/A	240	35.0	106,081	50.6	9.7	9.3
<b>Total</b>	<b>686</b>	<b>100.0</b>	<b>209,381</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Borrower Income	Amalgamated in 2004				AGGREGATE in 2004	
	Nbr.	Nbr. %	\$ (000's)	\$ %	Nbr. %	\$ %
Low	0	0.0	-	0.0	1.7	0.7
Moderate	2	7.7	20	0.4	8.7	5.0
<b>LMI Total</b>	<b>2</b>	<b>7.7</b>	<b>20</b>	<b>0.4</b>	<b>10.4</b>	<b>5.7</b>
Middle	6	23.1	1,222	26.8	22.0	16.2
Upper	16	61.5	3,308	72.5	60.3	71.2
N/A	2	7.7	15	0.3	7.3	6.9
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>4,565</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

■ **Community Development Loans: “Outstanding”**

Amalgamated's level of community development loans is excellent. Between evaluations, the bank's community development loans totaled approximately \$257 million, of which \$172.4 million or over 67% is considered new money. At the prior evaluation Amalgamated received an outstanding rating in this facet of the lending examination and the bank increased its community development lending on a proportionate basis about 145% at this review. The sheer level of activity demonstrates exceptional responsiveness to community development needs as Amalgamated utilized term loans, mortgages, lines-of-credit, construction loans, revolving lines as well as unsecured loans through its Housing Loan Program.

Of the \$257 million in community development loans, \$211.1 million, or 82.1%, support affordable housing and \$44.8 million, or 17.4%, provide community development services.

The community development loans that support community services include loans to nursing homes, organizations that provide shelter and services to the mentally or physically handicapped, and organizations that provide needed services funded by Medicaid or government contracts.

Following are three examples of the bank's community development loans:

- Amalgamated extended a \$650 thousand unsecured term loan as part of NYC's Article 8A Loan Program which provides rehabilitation loans to correct substandard or unsanitary conditions and to prolong the useful life of multiple dwellings in New York City.

Rehabilitation is generally limited to the upgrading or replacement of major building

systems with an emphasis on energy items and loans are restricted to buildings occupied by tenants of low income.

- The bank extended a \$1 million unsecured term loan to a housing company for various capital improvements. The building is regulated by the NYS Division of Housing and Community Renewal as to rent charges and operating methods. The company's income is supplemented by rent subsidies on behalf of its tenants from NYC.
- Amalgamated extended a \$3.2 million secured revolving credit/term. The loan will be used to pay off a construction loan and the start-up costs associated with a new diagnostic and treatment center being constructed in a moderate-income census tract in Jackson Heights, Queens. Among other services, the corporation will provide psychiatric therapy, rehabilitative therapies and occupational therapies. The bank stated that there is a large immigrant community with a high incidence of Medicaid enrollment in the area with strong preferences for local medical practitioners.

▪ **Innovative and Flexible Lending Practices - Outstanding**

The bank makes extensive use of innovative and/or flexible lending practices in serving assessment area credit needs during the period under review.

Amalgamated has a special loan program entitled Amalgamated Bank Housing Loan Program ("HLP" or "program") which is not HMDA-reportable that targets government supervised multi-family housing companies providing homes to LMI families. The objective of the program is to provide assistance in funding debt service costs, capital improvements and necessary repairs at affordable costs to creditworthy borrowers.

Many government-assisted housing projects are not able to take advantage of traditional refinancing options that private developers use. These projects are not allowed to assume additional debt in conventional real estate terms and as a result capital improvement funds are drawn upon by: tapping reserves, increasing rents or carrying charges, or imposing capital assessments (upon residents of co-ops). The HLP was instituted in 1992 by Amalgamated in response to this housing credit need.

The Housing Loan Program offers flexible credit guidelines including:

- Accommodating repayment terms
- No points
- No application fees
- No prepayment penalties
- Appraisal and attorney fees are monitored to ensure consistency with the program's goals

A tri-party agreement between the borrower, a government agency and Amalgamated is

required under this unsecured program. Such agreements require the government agency to keep the borrower’s budget sufficient to pay the term loan’s debt service. Originally working with the NYS Division of Housing and Community Renewal, several years ago the HLP was expanded and made available to federal and NYC supervised housing companies.

The bank stated that over the evaluation period approximately \$111 million was extended through this program affecting over 13 thousand LMI families.

Amalgamated is an approved Small Business Administration (“SBA”) lender but did not originate any SBA loans during the examination period.

**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 innovation or complexity, their responsiveness to community development needs, and the degree to which these investments are not routinely provided by private investors.*

Amalgamated had an excellent level of qualified community development investments, compared with the asset size of the bank. During the evaluation period, qualified investments totaled \$19.5 million, with \$8.9 million (45.6%) considered new money. Included in the investment total are 196 qualified grants totaling \$820.5 thousand distributed to a variety of social, educational, housing and community organizations.

The bank’s qualified investment total reflects a 43.6% (\$15.1 million) decline from the prior examination total. The following chart details the bank’s qualified investments:

Summary of Qualified Investments \$ (000's)				
Investment	Nbr.	Dollar Commitment	Dollar Commitment Pct.	New Dollar Commitment
FNMA Mortgage Backed Security	1	\$8,000	41.04%	\$8,000
FNMA Mortgage Backed Security	1	\$105	0.54%	\$0
Access Capital Strategies Fund	1	\$6,969	35.75%	\$0
National Federation of Community Development Credit Unions	1	\$2,000	10.26%	\$0
CPC Trust Note Program	1	\$1,500	7.69%	\$0
Certificate of Deposit	1	\$100	0.51%	\$100
Grants	196	\$821	4.21%	\$821
<b>Total</b>	<b>202</b>	<b>\$19,495</b>	<b>100.00%</b>	<b>\$8,921</b>

The following are some of the notable qualified investments Amalgamated made:

- In 1999, the bank purchased a \$10 million share in an SEC registered, closed-end, mutual fund that invests solely in CRA-eligible investments such as affordable housing, commercial real estate in LMI areas, home mortgages in LMI areas, small business loans and student loans. Amalgamated's designated target region includes portions of New York, New Jersey, Maryland, Virginia and the District of Columbia. The New York portion totals approximately \$6 million.
- In 2004, the bank renewed a \$2 million commitment to purchase collateralized trust notes of which \$1.5 million is targeted for New York State. The corporation is a lending consortium that makes construction and permanent loans for the creation, rehabilitation and preservation of affordable housing throughout the State of New York.
- In 2000, the bank made a five-year commitment to invest \$2 million in certificates of deposits with a not-for-profit organization that works to revitalize neighborhoods by bringing community development credit union services to communities in need and strengthening the management and financial base of existing community development credit unions. Amalgamated has targeted low-income and minority communities in portions of New York, New Jersey, Maryland, Virginia, California and the District of Columbia. Of this \$2 million commitment, \$1 million has been funded with \$300 thousand invested in four New York City federal credit unions.
- During this evaluation period, the bank contributed \$166.3 thousand, which represents the bank's pro-rata share of 10% of a federal agency's earnings that goes toward funding Affordable Housing Program.
- Amalgamated provided \$391.5 thousand in 28 separate grants during the evaluation period to a nonprofit organization that develops and rehabilitates affordable housing. The organization also promotes investment in underserved and declining New York City neighborhoods through a broad range of lending, development/rehabilitation and homebuyer education and counseling initiatives.
- The bank approved over \$17 thousand in five grants to an organization, which operates many programs including: six day care centers; a program for severely handicapped preschoolers; a senior citizen center; and after school care and transportation.
- Amalgamated provided approximately \$14 thousand in six grants to a partnership which works to revitalize and stabilize a lower Manhattan neighborhood.

The bank occasionally uses innovative or complex investments to support community development initiatives.

### 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: “High Satisfactory”**

Amalgamated’s delivery systems are accessible to essentially all portions of the bank’s assessment area

#### Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the assessment area. The bank operates eight full-service branches: two are located in Bronx County; five in New York County (Manhattan); and one in Queens County. The Harlem Branch is the bank’s lone office located in an LMI area: 87.5% of the branches are located in middle or upper income census tracts.

Amalgamated does not operate a large branch network, having only eight branches in its New York assessment area, due to the nature of its business and its deposit base. The bank’s deposit base largely consists of various unions and their members. Consequently, the bank does not need a large retail branch network in order to attract and conduct its business.

The following alternative delivery systems, which are readily available to all portions of the assessment area, supplement the relatively small network of branches:

- Bank-by-Phone - customers may conduct transactions during business days from 7:30 A.M to 7:30 P.M. Eastern Standard Time, and on weekends and holidays, 24 hours a day.
- Bank-By-Mail - The bank provides customers with self-addressed envelopes for mailing in deposits and/or loan payments.
- 24-Hour ATMs are available at all branches, except the Flushing office where the ATM is only available during normal branch banking hours.
- AB ACCESS+ PC Banking cash management banking for commercial customers and Health Care Facilities (nursing homes).
- AB Fast PC provides “PC” access for Health Care Facilities to handle the accounts of nursing home residents.
- Direct Deposit Program – An account can be automatically credited with Social Security, Government & Military pensions, income tax refunds, payroll, dividends, etc. at no charge.
- Direct Payment Program –An account can be automatically debited for club dues, insurance, mortgage, loan and utility payments, etc.

- Internet Banking - Amalgamated Online gives customers 24-hour access to their accounts via the Internet. An online new account application and approval is also provided.
- Multi-lingual services are available at all branches.

Amalgamated offers an approved alternative account in its Standard Personal Checking Account, which is more favorable than that required by the General Regulations of the Banking Board – Part 9, “Basic Banking Accounts.” The bank’s *Standard Personal Checking Account* features free checking with no minimum balance, no monthly maintenance fee, no “per check” charge, unlimited deposits and withdrawals, and ATM Card or Amalgamated Cash Plus (Debit) Card.

### Changes in Branch Locations

The bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals. Since the prior evaluation, the bank has opened two new branches in New York County. In 2003 Amalgamated opened a branch in a moderate income census tract in Harlem and in 2004 the bank opened a branch in an upper census tract in lower Manhattan.

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

Services including business hours do not vary in a way that inconveniences certain portions of its assessment area, particularly low and moderate income geographies and/or individuals.

The business hours of the bank are from 8:30 A.M. to 3:30 P.M., Monday, through Friday except on Tuesdays and Thursdays when some branches in Manhattan, Queens, and Bronx are open until either 6:00 PM or 7:00 PM. Additionally, the bank provides Saturday hours from 9:00 A.M. to 1:00 P.M. at the 23<sup>rd</sup> Street and Harlem branches in Manhattan (New York County), the Electchester branch in Queens, and the Throgs Neck branch in The Bronx.

### **Community Development Services: “Outstanding”**

The bank is a leader in providing community development services, which include the following:

- Amalgamated is the largest annual sponsor of a not-for-profit citywide organization working to create and promote affordable housing and to educate first time LMI home buyers of the fundamentals of purchasing a home, as well as assisting them in attaining financing.

- In its business services, the bank has an extensive program that is geared specifically to the needs of the nursing home industry. As a member of the New York Association of Homes and Services for the Aging and the American College of Health Care Administrators, the bank provides credit, cash management and regulatory reporting services to over 200 nursing homes and health related facilities, the majority of whose residents are on Medicare and Medicaid. Additionally, the bank president and the executive vice president provide technical assistance to other health care organizations through board membership.
- In 2003 and 2004 bi-lingual bank staff participated in the Earned Income Tax Credit Program (“EITC”). Amalgamated staff volunteered to work with LMI individuals regarding EITC qualification and prepared tax returns at no cost. The bank also encouraged qualifying individuals to open savings accounts.
- Several senior bank officers are actively involved with various organizations in the community benefiting the LMI residents and neighborhoods of the banks assessment area which, include the following:
  - o Advisory Board Member
  - o Resource Development Committee Member
  - o Citywide Loan Committee Member
  - o Board Member
  - o Director and Executive Committee Member
  - o Advisory Group Member
  - o Director

In addition, officers of the bank are members of civic, charitable, and minority organizations. Furthermore, all of the bank’s directors are labor union leaders and in that capacity they serve as directors of many not for profit organizations.

#### **IV. Discrimination or Other Illegal Practices**

##### **Atlantic practices intended to discourage applications for types of credit set forth in the banking institution’s CRA Public File.**

No practices intended to discourage applications for the types of credit offered by the institution were noted.

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

The most recent regulatory compliance and fair lending examinations, conducted concurrently with this evaluation, indicate satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

## 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.**

The bank ascertains the credit needs of its community by having the officers of the bank call on both existing and potential customers, attend meetings and functions, and maintain ongoing communication with unions, nonprofit organizations, small businesses, ethnic and religious organizations, minority and women's groups and other civic organizations.

Under NYSBD sponsorship Amalgamated management toured Harlem and met with many representatives of community groups. As a result of the dialogue with area leaders the bank decided to open a branch in Harlem on 125<sup>th</sup> Street.

**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.**

Amalgamated advertises in area newspapers including: *The Daily News*, *The Villager*, *The Amsterdam News* and *El Diario/La Prensa*. Promotional materials for bank products are printed in English and Spanish.

**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.**

All board of directors members, with the exception of the President/Chief Executive Officer, are labor union leaders from the Union of Needletrades, Industrial and Textile Employees and the Hotel Employees and Restaurant Employees. The board members are particularly engaged in the needs of working men and women.

## VI. Other Factors

**Other factors that in the judgement 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.**

Amalgamated made grants totaling \$100.7 thousand to many organizations that do not have a primary purpose of community development. Nonetheless, many of these organizations contribute to the quality of life for the community and are remarkably diverse.

## **GLOSSARY**

### **Aggregate**

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

### **Community Development**

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

### **Demand-Adjusted Penetration Rate**

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

### **Demand-Adjusted Penetration Ratio**

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

### **Home Mortgage Disclosure Act (“HMDA”)**

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

### **Loans to Small Businesses**

Small business loans to businesses with gross annual revenues of \$1 million or less.

### **Low or Moderate Income (“LMI”) Geographies**

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

### **LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

### **LMI Individuals/Persons**

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

### **Small Business Loans**

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