



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

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: January 1, 2004

Institution: Sleepy Hollow Bank
49 Beekman Avenue
Sleepy Hollow, NY 10591

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Sleepy Hollow Bank ("SHB") prepared by the New York State Banking Department. The evaluation represents the Banking Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of January 1, 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 ("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 an institution's 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 ("Evaluation") be made available to the public. 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 State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Sleepy Hollow Bank 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:*** SHB's LTD ratio is marginally reasonable in light of the bank's size, financial condition and the credit needs of its assessment area.

SHB's average LTD ratio for the four consecutive quarters ending December 31, 2003, was 56.4%. This ratio is lower than the national peer group's average of 77.8%, but is in-line with similarly situated banks in the assessment area.

- ***Assessment Area Concentration:*** The bank extended a majority of loans inside of the assessment area.
- ***Geographic Distribution of Loans:*** The bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

The bank extended five (5.0%) HMDA-reportable loans totaling \$1.7 million (6.9%) in moderate-income tracts. The bank did not originate any loans in low-income tracts; however, less than 1.0% of total housing units in Westchester County are located in low-income tracts.

The bank generated 18 modification, extension and consolidation agreements ("MECAs") during the evaluation period. All of these transactions involved properties in non-LMI tracts.¹

- ***Distribution by Borrowers Characteristics:*** The bank's lending distribution in the assessment area reflects reasonable penetration among individuals of different income levels.

SHB extended 6.9% of its total number, and 3.0% of its total dollar volume, of HMDA-reportable loans to low- and moderate-income borrowers within the assessment area.

Neither the bank nor the New York State Banking Department received any complaints with respect to SHB's CRA performance during the evaluation period.

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

¹ MECAs are arrangements through which a lender and a borrower agree to modify the terms of an existing loan. MECAs do not involve lending additional money and are not HMDA-reportable. Nonetheless, since they achieve the same result as a loan refinancing, they are eligible for CRA consideration.

PERFORMANCE CONTEXT

Institution's Profile:

When established in 1924, the bank obtained a federal charter under the name Sleepy Hollow National Bank. In 2002, the bank converted to a state-issued charter and dropped the word "national" from its name, becoming simply Sleepy Hollow Bank ("SHB"). SHB is a commercial bank headquartered in Sleepy Hollow, New York in Westchester County, and is a wholly-owned subsidiary of Sleepy Hollow Bancorp, a one-bank holding company formed in 2003.

This evaluation represents the first review of SHB's CRA performance by the New York State Banking Department. In its final examination of Sleepy Hollow National Bank, conducted as of July 24, 2000, the Office of the Comptroller of the Currency assigned the bank a rating of "Satisfactory."

On its year-end Call Report for 2003, SHB reported total assets of \$210.2 million, including \$117.8 million (56.0%) in loans and lease finance receivables. SHB also reported total deposits of \$192.6 million, resulting in a loan-to-deposit ratio of 60.9%.

A breakdown of SHB's year-end loan portfolio for 2002 and 2003 is provided in the table below:

GROSS LOANS OUTSTANDING				
LOAN TYPE	12/31/2002		12/31/2003	
	\$000s	%	\$000s	%
1-4 Residential Mortgage Loans	33,224	48.3	64,956	54.9
Commercial & Industrial Loans	2,325	3.4	3,504	3.0
Commercial Mortgage Loans	20,767	30.2	27,173	23.0
Multifamily Mortgages	9,528	13.9	20,365	17.2
Consumer Loans	1,932	2.8	1,853	1.6
Agricultural Loans	0	0.0	0	0.0
Construction Loans	941	1.4	380	0.3
Other Loans	46	0.1	126	0.1
Total Gross Loans	68,763	100.0	118,357	100.0

Source: FDIC Call Reports for 12/31/02 and 12/31/03

As illustrated above, the bank is primarily a mortgage lender, with 54.9% of its loan portfolio in residential mortgages and 23.0% in commercial mortgages as of December 31, 2003.

SHB operates in a highly competitive market that includes numerous large commercial banks, savings banks, thrifts and non-depository mortgage lenders.

According to the most recent deposit market data available from the FDIC, dated June 30, 2003, SHB holds a deposit market share of 0.71% in its assessment area, ranking it 21st among 33 deposit-taking institutions.

The bank does not participate in any governmentally guaranteed loan programs.

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

Assessment Area:

SHB's assessment area comprises Westchester County in its entirety. According to data from the 2000 U.S. Census, there are 221 census tracts in Westchester County, including two (0.9%) low-income, 17 moderate-income (7.7%), 37 middle-income (16.7%), 161 (72.9%) upper-income, and four (1.8%) zero-income tracts.

SHB's assessment area appears reasonable based on its lending patterns and the location of its branches. The bank does not have any branches in LMI census tracts; however, LMI tracts represent a very small percentage of the county's total tracts. There is no evidence that LMI areas have been arbitrarily excluded from the assessment area. The bank's Ossining branch is in a middle-income census tract that is adjacent to an LMI tract. The bank's headquarters in Sleepy Hollow is located in a middle-income tract and its branches in Pleasantville and Yonkers are in upper-income tracts.¹

Details of Assessment Area:

Total Population: According to data from the 2000 U.S. Census, Westchester County has a population of 923.5 thousand, which represents an increase of 5.6% (48.6 thousand) since the 1990 Census. The county's population includes 129.0 thousand residents (14.0%) over the age of 64 and 207.2 thousand residents (22.4%) under the age of 16.

Households: Westchester County is home to 337.5 thousand households, including 90.5 thousand households (26.8%) with income from social security and 28.6 thousand households (8.5%) living below the poverty line.

Families: There are 237.0 thousand families within Westchester County, including 27.8 thousand low-income and 23.1 thousand moderate-income families. On a combined basis, LMI families account for 21.5% of all families living in the county.

Income: As of the 2000 Census, the New York metropolitan statistical area ("MSA") had a median family income of \$46,471. By comparison, the Westchester County portion of the MSA had a median family income of \$89,228. According to updated data from HUD, the New York MSA's estimated median family income for 2003 was \$51,900. Updated figures for Westchester County were not available.

Unemployment: Westchester County's economy has experienced strong growth over the past several years. As a result, the county's average unemployment rate for 2003, at 4.2%, was well below the statewide average of 6.1%.²

¹ A second branch was opened in Yonkers during 2004, outside the review period for this evaluation.

² Source: New York State Department of Labor

Housing: There are 349.5 thousand housing units in the county, including 202.8 thousand owner-occupied, 134.4 thousand renter-occupied and 12.3 thousand vacant units. Housing units in multifamily buildings account for 32.1% (112.1 thousand) of the county's housing units, while units in 1-4 family buildings represent the remaining 67.9% (237.1 thousand) of total units. Housing units in LMI census tracts account for 8.2 % of all housing units located in the county.

As of the 2000 Census, the median housing price in Westchester County was \$285.8 thousand; however, prices have been driven up by the county's strong growth and the lack of new housing development. The county's supply of housing has remained almost constant due to a lack of available land for construction and stringent local zoning requirements. As a result, the median price for a single-family house in Westchester County reached \$564 thousand in 2003.³

³ Source: Westchester County Board of Realtors

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

SHB's performance was evaluated using 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.

This is Sleepy Hollow Bank's first evaluation as a state-chartered bank. The evaluation period covers calendar year 2003 in its entirety. Examiners considered a sample of residential mortgage loan originations in evaluating factors (2), (3) and (4), as noted above.

The bank is a HMDA reporter; however, a sample consisting of 129 HMDA-reportable loans and 22 MECA transactions was used for this evaluation. Aggregate data for 2003 were not available for comparison when this report was prepared.

The demographic data used in this report was obtained from the 2000 U.S. Census, with updated median family income figures for 2003 provided by the U.S. Department of Housing and Urban Development ("HUD").

Loan-to-Deposit Ratio Analysis: "Satisfactory"

SHB's average loan-to-deposit ("LTD") ratio is marginally reasonable considering the bank's size, financial condition and the credit needs of the assessment area.

SHB's average LTD ratio over the four calendar quarters of 2003 was 56.42%, which is well below the peer group's average of 77.76%. These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR"), as published by the Federal Deposit Insurance Corporation ("FDIC").

To provide a local reference point, SHB's average LTD ratio also was compared against the ratios of two peer banks that compete in essentially the same market. These peer institutions are Country Bank ("CB") and Community Mutual Savings Bank ("CMSB").

Loan-to-Deposit Ratios					
	12/31/03	09/30/03	06/30/03	03/31/03	Average LTD
Sleepy Hollow Bank	60.89	59.33	54.20	51.25	56.42
Community Mutual Savings Bank	65.70	64.48	66.54	71.54	67.07
Country Bank	56.10	52.45	49.92	57.12	53.90
UBPR Peer Group	78.83	77.92	77.26	77.02	77.76

SHB's average LTD ratio of 56.42% is below CMSB's ratio of 67.07%, but slightly above CB's ratio of 53.90%.

Assessment Area Concentration: “Satisfactory”

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

HMDA-Reportable Loans

The sample of HMDA-reportable loans consisted of 129 loans totaling \$31.8 million. The sample included 101 loans (78.3%), summing to \$24.7 million (77.5%), originated within the bank’s assessment area.

Distribution of Loans Inside and Outside of Assessment Area										
Loan Type	Number of Loans					Dollar Volume (In Thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
2003 HMDA	101	78.3	28	21.7	129	24,670	77.5	7,143	22.5	31,813

MECAs

The sample of MECAs consisted of 22 transactions totaling \$7.3 million. The sample included 18 loans (81.8%), totaling \$6.1 million, originated in Westchester County.

Distribution of Loans Inside and Outside of Assessment Area										
Loan Type	Number of Loans					Dollar Volume (In Thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2003 MECA	18	81.8	4	18.2	22	6,077	83.8	1,174	16.2	7,251

Geographic Distribution of Loans: “Satisfactory”

Considering the following mitigating factors, the geographic distribution of SHB’s loans reflects reasonable dispersion throughout the assessment area:

- The loan sample did not capture one home purchase loan and two refinance loans that SHB originated in moderate-income tracts within the assessment area;
- The bank’s assessment area is located entirely within Westchester County, which is an affluent suburb of New York City. There are only two low-income tracts (0.9%) and 17 moderate-income tracts (7.7%) among the county’s 221 census tracts.
- Housing units located in LMI tracts account for only 8.2% (28,552 units) of total housing units in the assessment area.

These demographic data explain some of the difficulty SHB has encountered finding lending opportunities in LMI tracts within the assessment area.

HMDA Loans

SHB achieved a reasonable geographic dispersion of HMDA-reportable loans within the assessment area.

The following chart summarizes the geographic distribution of SHB's HMDA-reportable during the evaluation period:

Geographic Distribution of HMDA Loans within the Assessment Area							
Geographic Income Level	2003						
	Assessment Area		Sleepy Hollow Bank				% Total Housing Units
	# of Tracts	% of Total	# of Loans	% by #	\$000s	% by \$	
Low	2	0.9	0	0.0	0	0.0	0.9%
Moderate	17	7.7	5	5.0	1,690	6.9	7.2%
Middle	37	16.7	11	10.9	2,939	11.9	17.2%
Upper	161	72.9	85	84.2	20,041	81.2	74.7%
NA	4	1.8	0	0.0	0	0.0	0.0%
Total	221	100.0	101	100.0	24,670	100.0	100.0%

* Geography income level is based upon 2000 Census data on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80%, middle-income is 80% to <120% and upper-income is at least 120%.

SHB originated 101 HMDA-reportable loans, totaling \$24.7 million, within its assessment area. Five of these loans (5.0%), totaling \$1.7 million (6.9%), were made in moderate-income tracts, while no loans were made in low-income tracts.

The five loans originated in moderate-income tracts were multifamily loans and represented 31.3% by number and 21.5% by dollar volume of the bank's total multifamily lending.

Of the 35 home purchase loans, only four loans (11.4%) totaling \$485 thousand (6.9%) were extended in middle-income tracts. The remaining loans were extended in upper-income tracts.

Refinancing loans totaled 49, of which three or 6.1% totaling \$614 thousand or 6.4% were extended in middle-income tracts while the remainder was extended in upper-income tracts.

The only home improvement loan originated during the year, totaling \$147 thousand was extended in an upper-income tract.

MECAs

The bank originated 18 MECA loans, which included 11 multi-family loans. None of these transactions was extended in a low- or moderate-income tract. Six MECAs (33.3%), totaling \$1.7 million (27.3%), were extended in middle-income tracts. The remaining 12 MECAs (66.7%), totaling \$4.4 million (72.7%), were extended in the upper-income tracts.

The following chart summarizes the bank's distribution of MECA transactions during the

evaluation period:

Geographic Distribution of MECAs within the Assessment Area							
2003							
Geographic Income Level	Assessment Area		Sleepy Hollow Bank				% Owner-Occupied
	# of Tracts	% of Total	# of Loans	%	\$000	%	
Low	2	0.9	0	0.0	0	0.0	0.1
Moderate	17	7.7	0	0.0	0	0.0	1.7
Middle	37	16.7	6	33.3	1,660	33.3	8.9
Upper	161	72.9	12	66.7	4,417	66.7	89.3
NA	4	1.8	0	0.0	0	0.0	0.0
Total	221	100.0	18	100.0	6,077	100.0	100.0

Distribution by Borrower Characteristics: “Satisfactory”

The distribution of HMDA-reportable loans and MECA transactions by borrower characteristics reflects reasonable penetration among individuals of different income levels. This assessment takes into account the limited opportunity to make loans to LMI borrowers in Westchester County due to the high cost of housing. To be specific, the median price for a single-family house in Westchester County was \$564 thousand during 2003. At the same time, the income thresholds for low- and moderate-income families in the New York MSA were \$25.9 thousand and \$41.5 thousand, respectively.¹

HMDA Loans

The bank’s distribution of HMDA-reportable loans based on borrower characteristics reflects reasonable penetration among individuals of different income levels. Please note that, since income data is not reported for multifamily HMDA loans, these transactions were excluded for purposes of this analysis.

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

Year 2003					
Borrower Income Level	Bank				Distribution of Families in Westchester County
	#	% by #	\$000	% by \$	
Low	1	1.2%	130	0.8%	11.7%
Moderate	4	4.7%	366	2.2%	9.7%
Middle	15	17.6%	1,994	11.9%	13.2%
Upper	58	68.2%	12,582	74.8%	65.4%
Income not Available	7	8.2%	1,739	10.3%	0.0%
Total	85	100.0%	16,811	100.0%	100.0%

LMI families represent 21.4% of all the families residing in the bank’s assessment area.

¹ Income levels are determined at the MSA level. Low-income is defined as less than 50% of the MSA median family income. Moderate-income is defined as 50% to less than 80% of the MSA median family income. The figures provided above are 49.9% and 79.9%, respectively, of the New York MSA’s estimated median family income for 2003.

This total includes 27.8 thousand (11.7%) low-income families and 23.1 thousand (9.7%) moderate-income families.

The bank extended five (5.9%) HMDA-reportable loans totaling \$496 thousand (3.0%) to LMI borrowers.

MECAs

The bank's distribution of MECAs based on borrower characteristics reflects poor penetration among individuals of different income levels.

The bank originated 18 MECAs, including seven refinance transactions for upper-income individuals. The remaining 11 MECAs were multifamily transactions for which borrower income data is unavailable.

Action Taken In Response to Written Complaints With Respect to CRA

Neither the bank nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance since the bank received its charter from the Department.

Services

SHB's record of providing branches and/or other services enhances credit availability in the assessment area. During the evaluation period, the bank operated four full service-banking offices that provide traditional retail and commercial banking services in the assessment area. Although there are no branches in LMI areas, the Ossining branch is located in a middle-income census tract that is adjacent to an LMI area. The Sleepy Hollow branch is in a middle-income area, while the Yonkers and Pleasantville branches are in upper-income areas.

The retail services available through SHB's branches are supplemented by a network of four deposit-taking ATMs. One ATM is located at each of SHB's branches. The bank does not operate any off-site ATMs.

In-addition the bank offers 24-hour telephone banking ("Fast & Easy Banking by Phone"), which allows customers to check account balances, verify their latest transactions and transfer funds between accounts.

Furthermore, SHB offers a website that enables customers to access their accounts, transfer funds between accounts, view transaction histories, order checks and view current deposit interest rates.

Each of the bank's retail offices is open until 4:00pm Monday through Thursday. On Fridays, each branch is open until at least 6:00 pm. Additional hours are provided on

Saturdays from 8:30 am to 1:00 pm at all locations.

The bank did not open or close any branches during the evaluation period.

Discrimination and other Illegal Practices

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations conducted as of November 30, 2002, 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.

All branch managers are involved in local community groups such as the Rotary Club and the local Chamber of Commerce.

The bank also sponsors a booth every year during Yonkers' Business Week to promote business within the city.

Two of the bank's loan officers took part in two different first-time home buyer seminars hosted by the Yonkers Housing Authority.

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 regularly advertises in local newspapers, such as the Westchester Journal, the Westchester Pennysaver, and the Westchester Business Journal.

The extent of participation by the banking institution's board of directors/trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

SHB does not have a CRA committee or a formal internal process to review its CRA performance. The bank's board of directors has appointed John Stroligo, the bank's senior loan officer, to assume the responsibilities of CRA officer for the bank.

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

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- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

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

Loans to Small Businesses

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

Low or Moderate Income (“LMI”) Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family

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

LMI Penetration Rate

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

Small Business Loans

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