



**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, 2005

**Institution:** Country Bank  
200 East 42<sup>nd</sup> Street  
New York, NY 10017

**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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## 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
Lending Test	
Loan-to-Deposit Analysis	
Assessment Area Concentration	
Geographic Distribution of Loans	
Distribution by Borrowers Characteristics	
Action Taken in Response to Written Complaints With Respect to CRA	
Community Development Test	
Community Development Lending	
Investments	
Services	
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 Country Bank ("CB") 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, 2005.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. 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 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.

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

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

### **I. Lending Test: Satisfactory**

- Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities: CB's LTD ratio is considered reasonable in light of its size, financial condition and the credit needs of its assessment area.
- Assessment Area Concentration: CB extended a majority of loans in the assessment area. Of the total small business loans originated during the evaluation period, 51.6% were extended inside the assessment area.
- Geographic Distribution of Loans: CB's geographic distribution of loans reflects a reasonable dispersion among census tracts of different income levels. During the evaluation period, CB extended 23 (7.7%) of its small business loans in LMI areas.
- Distribution by Borrowers Characteristics: CB's lending distribution in the assessment area reflects an excellent penetration among businesses of different revenue sizes. CB extended 88.6% of its small business loans, to businesses with gross annual revenues of \$1 million or less.
- Neither CB nor the New York State Banking Department received any complaints with respect to its CRA performance during the evaluation period.

### **II. Community Development Test: Satisfactory**

- Community Development: CB's community development performance demonstrates a marginally adequate responsiveness to the community development needs of its assessment area.

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:

In 1988, CB was established as a New York State chartered commercial bank in Carmel, New York. In 2003, CB became a wholly owned subsidiary of Country Bank Holding Company ("CBHC"). CB has a wholly owned subsidiary, Country Financial Services, Inc., offering insurance products and financial planning.

CB's total assets were over the \$250 million threshold for the prior two calendar years. It is now evaluated for the first time as an intermediate small bank.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition and Income ("Call Report") at December 31, 2005, CB reported total assets of \$342.6 million, including \$228.9 million net loans and lease finance receivables. It also reported total deposits of \$283.3 million, resulting in a loan-to-deposit ratio of 80.8%. For the three-year evaluation period, its total loans was increasing at a faster rate than the rate of total deposits resulting in a gradual increase in the LTD ratio, which was 56.1% in 2003. Stiff competition from the large banks around the area offering higher interest on deposits, particularly certificates of deposit, was the primary reason for the decline in total deposits.

### Branch Network

CB operates five banking offices, of which two are located in New York, two in the Bronx and one in Westchester counties. It has not opened or closed any branches during the evaluation period. Supplementing the banking offices is an automated-teller-machine ("ATM") network consisting of four machines, one at each branch, except the main office. Four offices are located in the upper-income census tracts and one in a middle-income census tract. The two branches in the Bronx are located near or adjacent to the LMI census tracts.

Except for the main office in midtown Manhattan, the other four branches are open until 7 p.m. during weekdays and are open half-day on Saturdays to serve its customers.

### Deposit Market Share

According to the latest available comparative deposit data dated June 30, 2005, CB obtained a market share of 0.07% or \$280 million out of \$421.9 billion inside its market, ranking it 44th among other 108 deposit-taking institutions in New York, Bronx and Westchester counties.

### Loans and Leases

CB is primarily a commercial lender, with 54.5% of its loan portfolio in commercial mortgages and industrial loans. As of December 31, 2006, CB's loan portfolio consisted of the following: 43.3% commercial mortgage loans, 22.4% multi-family loans, 19.3% 1-4

family loans, 11.2% commercial and industrial loans, 3.6% construction loans and 0.1% consumer loans. The loans originated as 1-4 family loans were primarily for security for small business loans.

CB is a member of the Federal Home Loan Bank but does not participate in any government guaranteed or sponsored loan programs.

At the prior New York State Banking Department CRA Performance Evaluation conducted as of December 31, 2002, CB received a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

There are no known financial or legal impediments that adversely impacted CB's ability to meet the credit needs of its community.

**Assessment Area:**

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

CB's assessment area is comprised of parts of New York, Bronx and Westchester counties. There are 363 census tracts in the area, of which 44 (12.12%) are low-income, 62 (17.08%) are moderate-income, 45 (12.40%) are middle-income, 207 (57.02%) are upper-income and five (1.38%) are zero-income tracts.

<b>Distribution of Assessment Area Census Tracts by Income Level</b>							
<b>County</b>	<b>Zero</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>Total</b>	<b>LMI %</b>
New York	2	39	33	18	141	233	30.9
Bronx	2	1	14	7	18	42	35.7
Westchester	1	4	15	20	48	88	21.6
<b>Total</b>	<b>5</b>	<b>44</b>	<b>62</b>	<b>45</b>	<b>207</b>	<b>363</b>	<b>29.2</b>

**Details of the assessment area:**

According to a Dun and Bradstreet survey in 2005, the chart below depicts assessment area standard industrial classification by county.

2005						
Assessment Area Businesses	Counties					
	New York		Bronx		Westchester	
	#	%	#	%	#	%
Agriculture, Forestry & Fishing	535	0.2	28	0.5	208	0.9
Mining	91	0.0	2	0.0	3	0.0
Construction	3,984	1.8	334	6.3	1,896	8.2
Manufacturing	11,383	5.2	117	2.2	663	2.9
Transportation, Communication	6,753	3.1	161	3.0	852	3.7
Wholesale Trade	15,484	7.1	164	3.1	949	4.1
Retail Trade	31,313	14.3	1,015	19.0	3,757	16.2
Finance, Insurance & Real Estate	24,566	11.2	534	10.0	2,256	9.7
Services	91,997	41.9	2,207	41.4	9,126	39.3
Public Administration	1,520	0.7	14	0.3	126	0.5
Non-Classifiable Establishments	31,734	14.5	753	14.1	3,400	14.6
<b>Total Businesses</b>	<b>219,360</b>	<b>100.0</b>	<b>5,329</b>	<b>100.0</b>	<b>23,236</b>	<b>100.0</b>

**Unemployment Rates**

According to the Bureau of Labor Statistics, the table below shows CB's assessment area unemployment rate compared with the statewide rate during the evaluation period.

State-wide and Counties Unemployment Rate				
	State-wide	New York County	Bronx County	Westchester County
2004	5.8	6.2	9.1	4.5
2005	5.0	5.1	7.5	4.1

The unemployment rates in New York State for both years were lower than the unemployment rates in New York and Bronx counties but higher than the unemployment rates in Westchester county.

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

The following charts show demographic and economic data for each county of CB's assessment area.

Chart 1: Shows population and income.

Chart 2: Shows business demographics.

CHART # 1

<b>ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY</b>																					
COUNTY	Total Population**	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	# of Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
<b>NEW YORK</b>	1,193,703	150,136	12.6	150,995	12.6	85,644	57,650	615,940	86,265	14.0	230,181	55,068	23.9	25,780	11.2	26,359	11.5	122,974	53.4	54,614	67.6
<b>BRONX</b>	141,363	22,568	16.0	29,392	20.8	51,173	57,650	56,277	9,026	16.0	34,028	8,974	26.4	5,506	16.2	6,336.0	18.6	13,212	38.8	9,747	67.3
<b>WESTCHESTER</b>	335,438	49,064	14.6	75,277	22.4	73,237	57,650	126,379	15,248	12.1	86,036	16,005	18.6	11,018	12.8	13,571	15.8	45,442	52.8	12,138	44.9
<b>TOTAL A/A*</b>	1,670,504	221,768	13.3	255,664	15.3	79,247	57,650	798,596	110,539	13.8	350,245	80,047	22.9	42,304	12.1	46,266	13.2	181,628	51.9	76,499	62.5

\* Assessment Area \*\* In thousands

CHART # 2

<b>BUSINESS DEMOGRAPHICS BY COUNTY</b>											
COUNTY AND ASSESSMENT AREA(A/A)	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	
		#	%	#	%	#	%	#	%	#	%
New York	218,825	128,778	58.8	22,666	10.4	67,381	30.8	161,966	73.8	191,308	87.2
Bronx	5,301	3,579	67.5	191	3.6	1,531	28.9	4,005	75.2	4,978	93.4
Westchester	23,028	15,406	66.9	1,101	4.8	6,521	28.3	17,632	75.88	21,586	92.9
<b>Total A/A</b>	<b>247,154</b>	<b>147,763</b>	<b>59.8</b>	<b>23,958</b>	<b>9.7</b>	<b>75,433</b>	<b>30.5</b>	<b>183,603</b>	<b>74.1</b>	<b>217,872</b>	<b>89.9</b>

## PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

*The Banking Department assesses an intermediate small bank's CRA performance under the Lending and Community Development test. The lending test is evaluated according to the following criteria: (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 Community Development Test is evaluated according to the following criteria: (1) community development loans, (2) qualified investments and (3) community development services. These two tests are pursuant to part 76.11 and 76.12 of the General Regulations of the Banking Board.*

The assessment period included calendar years 2003, 2004 and 2005. Small business loans accounted for 86.4% of combined number of consumer and small business loans originated by CB during the evaluation period. Therefore, examiners considered small business lending in evaluating factors (2), (3) (4) and (5), as noted above.

Statistics utilized in this evaluation were derived from various sources. In the evaluation process, the number of loans originated is the primary factors used to weigh CB's performance, evaluate trends and draw comparisons. References to dollar amounts are clearly stated wherever they occur.

Since CB is exempt from reporting small business loan data due to their asset size and is not part of the aggregate, therefore, comparison to the aggregate was not performed.

### **I. Lending Test: "Satisfactory"**

#### **Loan-to-Deposit Ratio and other Lending-Related Activities: "Satisfactory"**

CB's LTD ratio is reasonable given its size, financial condition, seasonal variations, other lending-related activities and the credit needs of the assessment area.

CB's average LTD ratio for the prior twelve quarters since the prior evaluation ending December 31, 2002 was 63.5%, which is well below peer group's average of 82.9%. Peer group is comprised of 1,076 FDIC insured commercial banks located nationwide with 37 banks in New York State; having assets of over \$250 million but less than \$1 billion. These ratios were calculated 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, CB's average LTD ratio bottomed out in the second quarter of 2003 to 49.9% and gradually recovered and went up to 80.8% in the last quarter of 2005.

Loan-to-Deposit Ratios													
	2003				2004				2005				Average LTD
	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31	
Bank	57.1	49.9	52.5	56.1	59.3	58.1	62.8	68.6	71.6	73.3	72.2	80.8	63.5

**Assessment Area Concentration: “Satisfactory”**

CB originated the majority of its small business loans within the assessment area during the three-year evaluation period as detailed in the following chart.

Distribution of Loans Inside and Outside of the Assessment Area											
Loan Type	Number of Loans					Loans in Dollars (in thousands)					
	Inside		Outside		Total	Inside		Outside		Total	
	#	%	#	%		\$	%	\$	%		
2003	105	51.5	99	48.5	204	37,111	41.1	53,216	58.9	90,327	
2004	103	51.2	98	48.8	201	44,090	46.0	51,858	54.0	95,948	
2005	90	52.0	83	48.0	173	40,829	42.7	54,894	57.3	95,723	
<b>Total</b>	<b>298</b>	<b>51.6</b>	<b>280</b>	<b>48.4</b>	<b>578</b>	<b>122,030</b>	<b>43.3</b>	<b>159,968</b>	<b>56.7</b>	<b>281,998</b>	

The majority of small business loans by number were made within the assessment area. However, in terms of dollar volume, only 43.3% by dollar volume were made inside the assessment area. This trend was consistent over the evaluation period.

**Geographic Distribution of Loans: “Satisfactory”**

The geographic distribution of small business loans reflects a reasonable dispersion among census tracts of each income level. During the evaluation period, the 3.8% average of small business loans originated in the low-income census tracts was consistent with the average 3.9% small businesses located in the same census tracts. In 2003 and 2004, CB’s performance in moderate-income geographies was below the demographics. However, CB’s penetration rate in moderate-income areas increased to 7.8%, which is above the 6.6% businesses located in moderate-income geographies in 2005.

The following chart provides a summary of CB’s small business lending distribution during the evaluation period.

Distribution of Small Business Loans by Geographic Income Level*												
Geography	2003				2004				2005			
Income Level	#	%	\$000	%	#	%	\$000	%	#	%	\$000	%
Low	4	3.8	3,150	8.5	3	2.9	1,775	4.0	4	4.4	591	1.4
Moderate	2	1.9	905	2.4	3	2.9	3,383	7.7	7	7.8	7,450	18.2
Middle	8	7.6	2,108	5.7	11	10.7	2,958	6.7	10	11.1	2,221	5.4
Upper	86	81.9	30,665	82.6	80	77.7	35,224	79.9	68	75.6	30,467	74.6
N/A	5	4.8	283	0.8	6	5.8	750	1.7	1	1.1	100	0.2
<b>Total</b>	<b>105</b>	<b>100.0</b>	<b>37,111</b>	<b>100.0</b>	<b>103</b>	<b>100.0</b>	<b>44,090</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>40,829</b>	<b>100.0</b>

\* Geography income level is based upon 2000 Census data on median family income figure for the MSA. 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%.

While total originations have gradually decreased from 2003 to 2005, CB's LMI penetration rates increased significantly to 12.2% by number and 19.6% by dollar volume in 2005 from its level in 2003 and 2004.

### **Distribution by Borrower Characteristics: "Outstanding"**

CB's small business lending distribution based on borrower characteristics reflects an excellent penetration among businesses of different sizes.

The following chart provides a summary of CB's small business lending distribution based on borrower revenues.

Distribution of Small Business Loans by Business Revenue Size												
Revenue Size	2003				2004				2005			
	#	%	\$000	%	#	%	\$000	%	#	%	\$000	%
\$1million or less	84	80.0	34,586	93.2	95	92.2	39,775	90.2	85	94.4	40,106	98.2
Over \$1 million	21	20.0	2,525	6.8	7	6.8	3,065	7.0	5	5.6	723	1.8
N/A	0	0.0	0	0.0	1	1.0	1,250	2.8	0	0.0	0	0.0
<b>Total</b>	<b>105</b>	<b>100.0</b>	<b>37,111</b>	<b>100.0</b>	<b>103</b>	<b>100.0</b>	<b>44,090</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>40,829</b>	<b>100.0</b>

CB's small business loans granted to businesses with revenue of \$1 million or less were consistently above the percentage of businesses with revenue of \$ 1 million or less during the evaluation period.

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

Since the prior CRA evaluation as of December 31, 2002, neither CB nor the New York State Banking Department has received any written complaints regarding its CRA performance.

## **II. Community Development Test: “Satisfactory”**

CB’s community development performance demonstrates a marginally adequate responsiveness to the community development needs of its assessment area through qualified investments and community development services.

### **Community Development Loans**

CB did not grant any community development loans during the evaluation period.

### **Qualified Investments & Grants**

During the evaluation period, CB made a total of \$20 thousand in contribution to the Federal Home Loan Bank to fund its affordable housing program. In addition, CB contributed \$52 thousand to the following organizations: Young World Athletic Association (“YWAA”), Neighborhood Housing Services and Red Cross Disaster Relief.

### **Community Development Services**

CB’s Chairman provided community development services through its involvement in the following non-profit organizations. He serves as a member of the Strategic Planning Committee of Columbia Presbyterian Health Sciences Advisory Council. He is also the Chairman of the Finance Planning Committee.

## **III. 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 concurrently with this evaluation indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

## **IV. 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.**

CB developed a branch officer's call program that requires managers to visit at least five business establishments a month. This program is a tool for identifying the credit needs and services to small businesses. CB's officers and staff also identify the credit needs of the community through their participation in the local community and non-profit organizations activities.

### **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.**

CB's marketing efforts include direct mail, donations to non-profit organizations, such as schools, local business groups and hospitals. It also advertises in local newspapers.

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

The board of directors monitors CB's performance with respect to CRA regularly. All loans are presented to the board for review and approval. A quarterly compliance update that includes CRA related activities is also discussed at the board meetings.

## **V. 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.

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## **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;

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- ❖ 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

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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.