



**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: Walden Savings Bank
15 Scott's Corners Drive
Montgomery, NY 12549

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 Walden Savings Bank ("WSB") 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.

OVERVIEW OF INSTITUTION'S PERFORMANCE

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

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

WSB's Loan-to-Deposit ("LTD") ratio was marginally reasonable given its size, financial condition and the assessment area's credit needs. Its average LTD ratio for the eight consecutive quarters ending December 31, 2005, was 60.8%, which is significantly below the peer's average LTD ratio of 80.1%. While WSB's LTD ratio was low, it was mitigated by WSB's efforts to enhance the availability of credit within its assessment area by originating community development loans totaling \$1.1 million during the evaluation period.

- **Assessment Area Concentration:** "Outstanding"

WSB originated a substantial majority of its HMDA-reportable loans inside its assessment area. During the evaluation period, it originated 94.7% by number of loans and 92.7% by dollar volume inside its assessment area.

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

WSB's geographic distribution of HMDA-reportable loans reflected a marginally reasonable dispersion of loans to census tracts of various income levels throughout its assessment area.

In 2004, WSB's penetration rate in LMI areas was 8% by number and 4.1% by dollar volume, compared to the 16.9% and 13.2%, respectively, for the aggregate. In 2005, WSB's LMI penetration rate improved to 10.5% and 8.8%, respectively.

- **Distribution by Borrowers Characteristics:** "Satisfactory"

WSB's lending distribution of HMDA-reportable loans in its assessment area reflected a reasonable penetration among borrowers of different income levels.

In 2004, WSB originated 20.0% by number and 13.1% by dollar volume of its total loans to LMI borrowers compared with 23.9% and 16.7% respectively for the aggregate. In 2005, these percentages improved further to 24.7% and 16.6% respectively. Aggregate data was unavailable for comparison.

- **Complaints related to CRA:** Neither WSB nor the New York State Banking Department has received any CRA-related complaints during the evaluation period.

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

PERFORMANCE CONTEXT

Institution's Profile:

WSB is a community-oriented financial institution chartered by New York State in 1872. It is a mutual savings bank, headquartered in the town of Montgomery in Orange County. WSB's competition includes other commercial banks as well as a broad range of non-bank financial institutions: such as mortgage lenders, finance companies, credit unions, insurance companies and brokerage firms.

WSB operates a network of nine branches, including its corporate office. Seven of the branches are located in Orange County, which includes the towns and villages of Cornwall, Montgomery, New Windsor, Pine Bush, Scott's Corners, Walden, and Washingtonville. The two branches located in Ulster County are at Gardiner and Milton.

The banking services are supplemented by ATMs at every branch and drive-through facilities available at all branches except the branches located at Montgomery and Milton. WSB does not operate any offsite ATM.

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

As of December 31, 2005, WSB reported total assets of \$247.4 million, including \$154.7 million net loans. On the same date, WSB also reported total deposits of \$220.6 million resulting in an LTD ratio of 70.1%.

Based on the Deposit Market Share Report as of June 30, 2005, WSB ranked 11th among 27 deposit taking financial institutions operating in Orange and Ulster Counties with 2.9% market share.

The following is a summary of WSB's loan portfolio, based on the Consolidated Statement of Condition on December 31, 2003 through 2005:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	2003		2004		2005	
	\$000	%	\$000	%	\$000	%
1-4 family residential real estate loans	71,068	70.93	78,308	64.57	102,851	65.70
Secured by non-farm, non-residential properties	5,815	5.80	16,987	14.01	26,238	16.76
Construction and land development loans	9,320	9.30	13,017	10.73	11,862	7.58
Commercial and industrial loans	9,983	9.96	6,264	5.16	8,343	5.33
Multifamily mortgages	881	0.88	3,683	3.04	3,847	2.46
Consumer loans	3,095	3.09	2,936	2.42	3,289	2.10
Other Loans	28	0.03	87	0.07	118	0.08
Total Gross Loans	100,190	100.00	121,282	100.00	156,548	100.00

As illustrated above, the residential real estate lending is the primary product of WSB, with almost two-thirds of its loan portfolio in one- to four-family residential real estate loans.

However, the percentage of one- to four-family residential loans decreased to about 66% from approximately 71% from year-end 2003 to year-end 2005, while the percentage of non-farm, non-residential loans increased to 17% from approximately 6% during the same time period.

WSB is an approved Federal Home Loan Mortgage Lender. During the evaluation period, it made two loans for \$485 thousand under its product HP100 program.

Based on the 2004 Lender Market Share Report of HMDA-reportable loans, WSB ranked 40th among 374 financial institutions, with a 0.54% market share by number of loans and 0.61% market share by dollar volume.

WSB received a “satisfactory,” rating for helping to meet community credit needs in the CRA performance evaluation conducted by the New York State Banking Department as of December 31, 2003.

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

Assessment Area:

Since the prior evaluation, WSB’s management has expanded its assessment area by adding 18 more census tracts in Ulster County.

WSB’s assessment area includes Orange County (“MSA #39100”) in its entirety and part (36 census tracts) of Ulster County. The 36 census tracts of Ulster County include: the towns of Denning, Olive, Hurley, Kingston, Esopus, Rosendale, Marbletown, Accord, New Paltz, Village of New Paltz, Lloyd, Marlboro, Plattekill, Gardiner, Shawangunk, and Rochester. The assessment area is located within the Hudson Valley Region in New York.

There are several hospitals, two prisons in both Ulster and Orange County, and Stewart International Airport within the assessment area.

The following table shows the distribution of assessment area census tracts by income level based on the 2000 census:

Distribution of Assessment Area Census Tracts by Income Level							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Orange	0	5	14	35	13	67	28.4
Ulster	0	0	6	25	5	36	16.7
Total:	0	5	20	60	18	103	24.3

Please note that census tract income designations were revised by the Office of Management and Budget in 2004. As a consequence, Orange County’s moderate-income

areas increased by three while Ulster gained six moderate income census tracts. Both of these counties gained middle income tracts and lost upper income census tracts.

Demographic & Economic Data

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

The demographic data is obtained from the 2000 U.S. Census.

Chart 1: Population and income

Chart 2: Housing demographics

Unemployment Rates

According to the Bureau of Labor Statistics, in 2005 the average unemployment rate for Orange County was 4.2% while Ulster County's rate was 4.3%. These rates were lower than the New York State 2005 average unemployment rate of 5.0%.

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

CHART # 1

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																										
COUNTY	Total Population**		Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	Households			Household below poverty level			Total Families		Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
	#	%	#	%	#	%	\$	\$	#	#	%	#	#	%	#	#	%	#	%	#	%	#	%	#	%	
Orange	341,367		35,185	10.3	88,699	26.0	61,313	71,650	114,809	10,461	9.1	85,028	17,610	20.71	15,465	18.19	20,475	24.08	31,478	37.02	11,861	35.9				
Ulster*	137,395		17,929	13.0	28,904	21.0	52,065	59,950	52,068	5,781	11.1	33,666	6,577	19.54	5,985	17.78	8,024	23.83	13,080	38.85	2,492	19.8				
Total AA**	478,762		53,114	11.1	117,603	24.6	58,690	67,561	166,877	16,242	9.7	118,694	24,187	20.38	21,450	18.07	28,499	24.01	44,558	37.54	14,353	31.5				

*Assessment Area ** In thousands

CHART # 2

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	Total	1-4 family		Multifamily		Owner-Occupied		O-O Units in		O-O Units in		O-O Units in		O-O Units in		Rental		Vacant	
	Housing Units	Units		Units		Units (O-O)		Low-income Tracts		Mod-income Tracts		Mid-income Tracts		Upp-income Tracts		Units			
	#	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Orange	122,754	104,229	84.9	14,868	12.1	76,948	62.7	1,919	2.5	8,087	10.5	48,750	63.4	18,190	23.6	40,353	32.9	7,966	6.5
Ulster*	59,125	49,182	83.2	5,221	8.8	34,405	58.2	0	0.0	3,207	9.3	25,566	74.3	5,632	16.4	18,860	31.9	7,175	12.1
Total**	181,879	153,411	84.3	20,089	11.0	111,353	61.2	1,919	1.7	11,294	10.1	74,316	66.7	23,822	21.4	59,213	32.6	15,141	8.3

Assessment Area**

Partial*

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

WSB's performance was evaluated according to the small bank's performance criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints regarding CRA.

The assessment period included calendar years 2004 and 2005. During the evaluation period, HMDA-reportable loans comprised a substantial majority of WSB's loan portfolio, therefore analysis was based on HMDA-reportable loans to evaluate factors (2), (3) and (4), noted above.

In addition to loan information submitted by WSB, aggregate data for HMDA-reportable loans were obtained from the Federal Financial Institution Examination Council ("FFIEC") and PCi Corporation CRA Wiz software.

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

Loan-to-Deposit Analysis and other Lending-Related Activities: "Satisfactory"

WSB's LTD ratio was marginally reasonable considering its size, financial condition and the credit needs of the assessment area.

Loan-to-Deposit Ratios									
	3/31/04	6/30/04	9/30/04	12/31/04	3/31/05	6/30/05	9/30/05	12/31/05	Average
Bank	52.3	51.2	57.1	57.7	63.0	65.5	69.9	70.1	60.8
Peer	76.8	77.6	79.1	79.3	80.2	81.3	82.1	84.3	80.1

WSB's average LTD ratio of 60.8% for the eight consecutive quarters ending December 31, 2005 was significantly lower than its peer's 80.1%. However, WSB's LTD ratio has steadily increased during the evaluation period. WSB's peer group includes 143 FDIC insured institutions located nationwide with eight in New York State as of December 31 2005. Total assets for these institutions range from \$100 million to \$300 million.

Other Lending Related Activities

WSB increased the availability of credit in its assessment area by granting qualified community development lines and loans.

During the evaluation period, WSB originated three loans totaling \$531 thousand to St. John Bosco Child and Family Services ("SJBCFS"). SJBCFS is a not-for-profit corporation

that provides housing and counseling services to teenage boys and girls who are victims of broken homes and or lack of parents for other reasons. The borrower operates three homes in Orange and Ulster Counties for families dealing with domestic abuse issues.

In addition, WSB made qualified charitable contributions of approximately \$36 thousand to various community organizations, such as food banks.

Assessment Area Concentration: “Outstanding”

During the evaluation period, WSB originated a substantial majority of its HMDA-reportable loans within its assessment area. Refer to chart below for details:

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
	#	%	#	%		\$	%	\$	%	
2004	125	94.0	8	6.0	133	23,532	92.2	1,998	7.8	25,530
2005	162	95.3	8	4.7	170	24,868	93.3	1,794	6.7	26,662
Total	287	94.7	16	5.3	303	48,400	92.7	3,792	7.3	52,192

During the evaluation period, WSB originated 94.7% by number and 92.7% by dollar amount of its total HMDA-reportable loans inside the assessment area. The concentration of WSB’s HMDA-reportable loans within the assessment area was consistent for both years.

Geographic Distribution of Loans: “Satisfactory”

During the evaluation period, WSB’s geographic distribution of its HMDA-reportable loans reflected a marginally reasonable dispersion among census tracts of different income levels. The major contributing factor to WSB’s lackluster performance in LMI areas has been its lack of physical presence in Newburgh and Middletown, where most LMI tracts within their assessment area are located. See chart for details:

Distribution of HMDA-reportable Loans by Geographic Income Level*								
Geography Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	0	0.0	0	0.0	784	3.4	107,875	2.8
Moderate	10	8.0	968	4.1	3,126	13.5	400,427	10.4
Middle	94	75.2	17,785	75.6	14,553	62.9	2,360,982	61.3
Upper	21	16.8	4,779	20.3	4,543	19.6	964,551	25.0
NA	0	0.0	0	0.0	114	0.5	17,392	0.5
Total	125	100.0	23,532	100.0	23,120	100.0	3,851,227	100.0

Geography Income Level	Bank				Aggregate			
	#	%	\$000	%	Not Available			
Low	1	0.6	50	0.2				
Moderate	16	9.9	2,145	8.6				
Middle	117	72.2	17,878	71.9				
Upper	28	17.3	4,795	19.3				
Total	162	100.0	24,868	100.0				

* Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120%, and upper-income is at least 120%.

During the evaluation period, WSB's performance in low-income areas continued to be weak. In 2004, WSB did not originate any HMDA-reportable loans in low-income areas. However, in moderate-income geographies, WSB's performance has improved significantly increasing its penetration rate to 8% in 2004 and increasing to 9.9% in 2005. WSB's LMI penetration rate of 8% was well below the aggregate's 16.9% in 2004.

Distribution by Borrower Characteristics: "Satisfactory"

For the evaluation period, WSB's distribution of HMDA-reportable loans reflected a reasonable penetration among borrowers of different income levels as shown in the following chart:

Distribution of HMDA-reportable Loans by Borrower Characteristics*								
Borrower Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	5	4.0	641	2.7	1,172	5.1	105,985	2.8
Moderate	20	16.0	2,457	10.4	4,335	18.8	536,253	13.9
Middle	38	30.4	6,351	27.0	7,132	30.8	1,115,056	29.0
Upper	57	45.6	12,781	54.3	9,114	39.4	1,872,773	48.6
NA	5	4.0	1,302	5.5	1,367	5.9	221,160	5.7
Total	125	100.0	23,532	100.0	23,120	100.0	3,851,227	100.0
Geography Income Level	Bank				Aggregate			
	#	%	\$000	%	Not Available			
Low	10	6.2	850	3.4				
Moderate	30	18.5	3,275	13.2				
Middle	39	24.1	5,006	20.1				
Upper	75	46.3	13,794	55.5				
NA	8	4.9	1,943	7.8				
Total	162	100.0	24,868	100.0				

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

In 2004, of the total 125 HMDA-reportable loans originated by WSB in its assessment area, 25 loans (20.0%) were extended to LMI borrowers as compared to 23.9% for the aggregate. Thus, WSB's performance fared unfavorably with the aggregate.

In 2005, WSB's LMI penetration rate increased to 24.7% by number and 16.6% by dollar volume.

Action Taken In Response to Written Complaints With Respect to CRA

Neither WSB nor the New York State Banking Department has received any CRA-related complaints against WSB 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 concurrently with this evaluation indicated 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.

WSB ascertains the credit needs of its community through regular involvement of its directors, officers and employees in community and various non-profit organizations. Several officers and employees of WSB hold executive positions in these community organizations.

WSB's CRA officer is an education coordinator for Cornell Cooperative Extension's Home Buyer Education Program and is a member of a task force dedicated to an affordable housing initiative headed by the Community Development Director of Orange County. She is also a member of the Mid-Hudson Valley Mortgage Banker's Association, the Mortgage Banker's Association of Northeastern NY, and New York Association of Mortgage Brokers.

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.

WSB advertises its credit products and banking services through local newspapers. In addition, WSB's employees continue to support the local community through active participation in community events as well as holding executive positions in various community organizations.

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 Trustees takes an active role in formulating WSB's CRA policies. The CRA statement is reviewed annually to determine if any change is required. The CRA activities are reported to the Board by the CRA Officer semi-annually.

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:

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

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ 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 2000 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.