



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, 2008

Institution: Liberty Pointe Bank
120 Broadway
New York, NY 10271

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 Liberty Pointe Bank ("LPB") 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, 2008.

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 76.3 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

LPB 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 Ratio ("LTD"): LPB's LTD ratio is reasonable considering that it is a de novo bank that opened for business in October 2005.

LPB's average LTD ratio for the prior 12 quarters was 69.4% which is below the peer's average of 91.5%. However, LPB's average quarterly LTD ratio has improved from 25.5% at the end of the first quarter of 2006 to 82.6% at December 31, 2008. LPB's average LTD ratio is therefore considered reasonable, given its de novo status, size, financial condition, and assessment area credit needs.

Assessment Area Concentration: LPB originated a majority of its loans within the assessment area. During the evaluation, Liberty Pointe extended 74.7% of its small business and multifamily loans totaling \$100.2 million (70.4%) inside its assessment area.

Geographic Distribution of Loans: The geographic distribution of LPB's small business and HMDA-reportable multi-family loans reflects a reasonable dispersion among census tracts of different income levels.

Distribution by Borrower Characteristics: The distribution of LPB's small business loans based on borrower characteristic reflects a poor penetration among businesses of different income levels. During the evaluation period, Liberty Pointe originated 13.5% of its small business loans totaling \$650.0 thousand to businesses with annual revenues of a million dollars or less. LPB's performance compares unfavorably with the 29% of businesses in its assessment area with revenues less than \$1 million, as well as with the aggregate of 29%.

Action Taken in Response to Written Complaints regarding CRA: Neither LPB nor the NYSBD received any complaints with respect to its CRA performance during the evaluation period.

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

PERFORMANCE CONTEXT

Institution's Profile:

LPB is a New York State chartered commercial bank, headquartered in New York, New York. LPB opened for business on October 24, 2005. Boymelgreen Financial Holdings, Inc., a one-bank holding Co. also headquartered in New York, holds all shares of LPB.

LPB's main office and corporate headquarters are located at 120 Broadway in New York, New York. LPB has two branches located in Brooklyn, New York. The Flatbush branch located at 1427 Coney Island Avenue. opened in October 2007, and The Boro Park Branch, located at 4616 13th Avenue, opened in March 2008.

As of December 31, 2008, LPB reported total assets of \$255.4 million, including total loans of \$200.1 million, and total deposits of \$235.6 million.

LPB provides a significant amount of real estate financing in its loan portfolio. As of December 31, 2008, multi-family mortgages accounted for 44.7%, commercial mortgage loans accounted for 26.5% and construction loans accounted for 18.2% of the loan portfolio.

The following is a summary of LPB's loan portfolio, based on Schedule RC-C of bank's Call Reports of 2006, 2007 and 2008.

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	2006		2007		2008	
	\$000	%	\$000	%	\$000	%
1-4 Residential Mortgage Loans	5,144	5.3	5,656	3.1	7,170	3.6
Commercial & Industrial Loans	2,884	3.0	8,593	4.7	13,731	6.9
Commercial Mortgage Loans	40,410	41.6	60,385	33.4	53,051	26.5
Multifamily Mortgages	36,477	37.6	74,949	41.4	89,381	44.7
Consumer Loans	13	0.0	70	0.0	398	0.2
Construction Loans	12,178	12.5	31,273	17.3	36,437	18.2
Other Loans		0.0	45	0.0		0.0
Total Gross Loans	97,106	100.0	180,971	100.0	200,168	100.0

LPB does not participate in governmentally guaranteed or sponsored loan programs such as Small Business Administration (SBA) loans.

According to the latest available comparative deposit data dated June 30, 2008, LPB obtained a market share of 0.05% inside its assessment area, ranking it 58th out of 106 deposit-taking institutions within its market.

Assessment Area:

Economic and statistical data used in this evaluation was derived from various sources. The demographic data was obtained from the 2000 U.S. Census data. The 2008 updated median family income figures were obtained from Department of Housing and Urban Development ("HUD") estimates.

LPB's assessment area is comprised of New York and Kings Counties. As shown in the following table, there were 1,079 census tracts within the assessment area. Of the total tracts, 49.6% were low- and moderate-income ("LMI") tracts.

Distribution of Census Tracts within Assessment Area							
County	Zero- Income Tracts	Low- Income Tracts	Moderate- Income Tracts	Middle- Income Tracts	Upper- Income Tracts	Total Census Tracts	LMI %
Kings	15	119	297	235	117	783	53.1
New York	9	60	59	24	144	296	40.2
Total	24	179	356	259	261	1079	49.6

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

According to the New York State Department of Labor, the assessment area's average unemployment rate was 5.2% in 2006 and 2007, and 5.6% in 2008, as shown in the following table. The statewide rates are included for comparison.

Assessment Area Unemployment Rate				
	New York State	Kings	New York	Average
2006	4.6	5.4	5.0	5.0
2007	4.5	5.5	4.9	5.0
2008	5.4	5.9	5.5	5.6
Average	4.8	5.6	5.1	5.2

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

Chart #1 – Population and Income Characteristics by County

Chart #2 – Housing Characteristics by County

Chart #3 – Business Demographics by County

Chart #4 – Standard Industrial Classification by County

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CRA Examination Report

CHART # 1

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population	Age Over 65		Age Under 16		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 Living in LMI Tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
Kings	2,465,326	282,658	11.5	587,575	23.8	39,349	63,000	881,006	211,538	24.0	588,870	211,549	35.9	103,997	17.7	99,118	16.8	174,206	29.6	233,373	74.0
New York	1,537,195	186,776	12.2	229,772	15.0	71,629	63,000	739,167	123,037	16.7	306,220	89,281	29.2	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2
TOTAL A/A*	4,002,521	469,434	11.7	817,347	20.4	67,527	72,093	1,620,173	334,575	9.0	895,090	300,830	33.6	144,697	16.2	137,922	15.4	311,641	34.8	333,731	74.9

* Assessment Area

CHART # 2

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY (2008)																			
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		Boarded-up Units					
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%		
KINGS	930,866	456,744	49.1	474,122	50.9	238,290	25.6	13,359	5.6	77,679	32.6	92,886	39.0	54,381	22.8	642,437	69.0	50,139	5.4
NEW YORK	798,144	28,752	3.6	769,392	96.4	148,695	18.6	3,883	2.6	12,770	8.6	7,105	4.8	124,932	84.0	589,949	74.0	59,500	7.5
TOTAL A/A**	1,729,010	485,496	28.1	1,243,514	71.9	386,985	22.4	17,242	5.4	90,449	21.3	99,991	33.2	179,313	40.1	1,232,386	71.3	109,639	6.3

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CHART # 3

BUSINESS DEMOGRAPHICS BY COUNTY											
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		Bussinesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
KINGS	150,537	103,840	68.9	5,727	3.8	40,970	27.2	111,564	74.1	144,089	95.7
NEW YORK	280,475	180,217	64.3	23,614	8.4	76,644	27.3	208,882	74.5	253,942	90.5
Total A/A	431,012	284,057	65.9	29,341	6.8	117,614	27.3	320,446	74.3	398,031	92.4

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CHART # 4

ASSESSMENT AREA STANDARD INDUSTRIAL CLASSIFICATION* BY COUNTY																				
COUNTY	Establishment Total		Service Providers		Retail Trade		Finance, Insurance and Real Estate		Wholesale Trade		Construction		Manufacturing		Transportation and Communication		Non-Classifiable Establishments		Other Establishments	
	#		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
KINGS	150,537		30,306	20.1	51,679	34.3	434	0.3	11,910	7.9	5,917	3.9	7,978	5.3	28,843	19.2	30,306	20.1	43,306	28.8
NEW YORK	280,475		50,891	18.1	115,685	41.3	1,472	0.5	31,652	11.3	7,983	2.9	16,190	5.8	38,509	13.7	50,891	18.1	68,164	24.3
TOTAL A/A**	431,012		81,197	18.8	167,364	16.6	1,906	0.4	43,562	10.1	13,900	3.2	24,168	5.6	67,352	15.6	81,197	18.8	111,470	25.9

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

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The New York State Banking Department assesses the CRA performance of small banks pursuant to the following criteria: (1) Loan-to-Deposit Ratio and other lending activities; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints Regarding CRA.

The evaluation period covers 2006 to 2008. Statistics used in this evaluation were derived from various sources. In addition to specific loan information provided by Liberty Pointe, aggregate data for HMDA-reportable loans were obtained from the Federal Financial Institution Examination Council ("FFIEC") and CRA WIZ of PCI Services, Inc., an external contractor. The aggregate data was not available for 2008. Since LPB is not required to report small business loans, its small business loans are not part of the aggregate. Therefore, aggregate data for small business loans are used for reference only. Unless otherwise noted, demographic information contained in this report was obtained from the 2000 U.S. Census.

Examiners considered 2006, 2007, and 2008 small business loans and multi-family loans in evaluating factors (2), (3) and (4) as noted above.

- **Loan-to-Deposit Ratio Analysis: "Satisfactory"**

LPB's average LTD ratio for the 12 quarters was 69.4%, which is below the peer's average of 91.5%. However, LPB's quarterly average LTD ratio has improved from 25.5% at the end of the first quarter of 2006 to 82.6% on December 31, 2008. LPB's average LTD ratio is therefore considered reasonable, given its de novo status, size, financial condition, and assessment area credit needs.

The table below shows LPB's LTD ratio in comparison with that of the peer group of 149 banks with assets less than \$750 million at 12/31/08 for the 12 quarters.

Loan-to-Deposit Ratios													
	2006	2006	2006	2006	2007	2007	2007	2007	2008	2008	2008	2008	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	LTD.
Bank	25.5	43.3	46.9	67.1	67.6	84.7	87.1	85.0	85.9	76.2	80.8	82.6	69.4
Peer	82.4	88.4	88.9	89.4	87.9	89.5	90.5	93.7	95.4	96.6	97.8	97.0	91.5

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

LPB originated the majority of its loans within its assessment area, as shown in the table below. During the evaluation, Liberty Pointe extended 74.7% of its small business and multifamily loans totaling \$100.2 million (70.4%) inside its assessment area. Of the total small business loans originated by LPB, 72.5% by number and 58.5% by dollar volume were made inside the assessment area. In addition, LPB originated 75.7% by number and 73.2% by dollar volume of its multifamily loans within its assessment area.

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
	#	%	#	%		\$000	%	\$000	%	
Small Business										
2006	5	71.4	2	28.6	7	1,203	67.7	575	32.3	1,778
2007	18	78.3	5	21.7	23	9,911	65.8	5,160	34.2	15,071
2008	14	66.7	7	33.3	21	4,535	45.7	5,387	54.3	9,922
Subtotal	37	72.5	14	27.5	51	15,649	58.5	11,122	41.5	26,771
Multifamily										
2006	32	72.7	12	27.3	44	27,603	69.8	11,917	30.2	39,520
2007	40	74.1	14	25.9	54	34,790	67.7	16,596	32.3	51,386
2008	15	88.2	2	11.8	17	22,167	90.2	2,400	9.8	24,567
Subtotal	87	75.7	28	24.3	115	84,560	73.2	30,913	26.8	115,473
Total	124	74.7	42	25.3	166	100,209	70.4	42,035	29.6	142,244

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

The geographic distribution of LPB’s small business and multi-family loans reflects a reasonable dispersion among census tracts of different income levels.

Small Business Loans

The geographic distribution of LPB’s small business lending reflects a reasonable dispersion among census tracts of different income levels. During the evaluation period, LPB originated 12 loans totaling \$4.3 million and comprising 32.4% of all of its loans and 27.7% of its small business loans in LMI census tracts.

In 2006, LPB originated 40% by number and 43.9% by dollar volume of its small business loans in LMI areas. This level compares favorably to the aggregate’s originations, which totaled 23.4% by number and 21.9% by dollar volume.

In 2007, LPB’s LMI penetration ratio decreased both by number and dollar volume. LPB originated 22.3% by number and 17.7% by dollar volume. LPB’s performance was slightly below the market aggregate’s originations of 25.2% by number and 22.1% by dollar volume.

In 2008, LPB’s LMI penetration ratio improved both by number and dollar volume. LPB originated 42.9% by number and 45.3% by dollar volume of its small business loans in LMI areas.

The following chart provides a summary of LPB's small business lending distribution during the evaluation period:

Distribution of Small Business Loans by Geographic Income Level								
2006								
Geography Income Level	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Low	2	40.0	528	43.9	15,414	6.2	284,849	6.3
Moderate	0	-	0	-	42,473	17.2	699,977	15.6
Middle	1	20.0	75	6.2	39,263	15.9	630,023	14.0
Upper	2	40.0	600	49.9	147,159	59.5	2,802,291	62.2
N/A					2,901	1.2	83,951	1.9
Total	5	100.0	1,203	100.0	247,210	100.0	4,501,091	100.0
2007								
Geography Income Level	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Low	1	5.6	75	0.8	17,554	6.8	316,403	6.1
Moderate	3	16.7	1,675	16.9	47,774	18.4	830,097	16.0
Middle	3	16.7	1,174	11.9	42,915	16.5	714,378	13.7
Upper	6	33.3	5,250	53.0	148,785	57.2	3,248,326	62.4
N/A	5	27.7	1,737	17.4	2,772	1.1	92,098	1.8
Total	18	100.0	9,911	100.0	259,800	100.0	5,201,302	100.0
2008								
Geography Income Level	Bank				Aggregate			
	#	%	\$(000's)	%	Not available			
Low	1	7.2	100	2.2				
Moderate	5	35.7	1,955	43.1				
Middle	1	7.1	10	0.2				
Upper	5	35.7	870	19.2				
N/A	2	14.3	1,600	35.3				
Total	14	100.0	4,535	100.0				

Multi-family HMDA reportable loans:

LPB's multi-family lending reflects an excellent dispersion in LMI census tracts.

During the evaluation, LPB extended 79 multi-family loans totaling \$75.9 million in LMI geographies, achieving LMI penetration rates of 90.8% by number of loans and 79.8% by dollar amount.

In 2006, LPB originated 81.3% by number and 80.0% by dollar volume of its multi-family loans in LMI areas. By comparison, this level was well above the aggregate's originations of 59.9% and 39.4% based on number of loans and dollar volume, respectively.

In 2007, LPB's LMI penetration ratio increased both by number and dollar volume. LPB originated 97.5% by number and 98.3% by dollar volume. LPB outperformed the market aggregate's originations of 58.1% by number of loans and 50.2% by dollar volume of loans.

In 2008, LPB's LMI penetration ratio slightly decreased both by number and dollar volume.

LPB made 93.3% by number and 88.7% by dollar volume of its multi-family loans in LMI areas.

The table below illustrates the distribution of multi-family lending by geographic income level:

Distribution of Multi-family HMDA-reportable Loans by Geographic Income Level								
2006								
Geography	Bank				Aggregate			
Income Level	#	%	\$000	%	#	%	\$000	%
Low	8	25.0	4,935	17.9	395	18.5	505,259	11.8
Moderate	18	56.3	17,142	62.1	884	41.4	1,185,241	27.6
Middle	5	15.6	4,726	17.1	288	13.5	571,350	13.3
Upper	1	3.1	800	2.9	566	26.5	2,020,064	47.1
NA		0.0	1	0.0	1	0.1	6,275	0.1
Total	32	100.0	27,604	100.0	2,134	100.0	4,288,189	100.0
2007								
Geography	Bank				Aggregate			
Income Level	#	%	\$000	%	#	%	\$000	%
Low	15	37.5	12,511	35.9	365	17.7	823,525	16.3
Moderate	24	60.0	21,699	62.4	832	40.4	1,710,636	33.9
Middle	1	2.5	580	1.7	275	13.4	516,043	10.2
Upper	0	0.0	0	0.0	585	28.4	2,001,814	39.6
NA	0	0.0	0	0.0	1	0.1	1,900	0.0
Total	40	100.0	34,790	100.0	2,058	100.0	5,053,918	100.0
2008								
Geography	Bank				Aggregate			
Income Level	#	%	\$000	%	Not available			
Low	4	26.7	5,774	26.0	Not available			
Moderate	10	66.6	13,893	62.7	Not available			
Middle	0	0.0	0	0.0	Not available			
Upper	1	6.7	2,500	11.3	Not available			
NA	0	0.0	0	0.0	Not available			
Total	15	100.0	22,167	100.0	Not available			

- Distribution by Borrower Characteristics: “Needs to Improve”

LPB’s distribution of loans based on borrower characteristics reflects a poor penetration among businesses of different revenue sizes. The borrower characteristics of LPB’s multi-family loans were not evaluated because these loans were made to corporations or partnerships. Therefore, no personal income data is available to determine individual borrower distribution.

Small Business Loans

The distribution of LPB’s small business loans based on borrower characteristics reflects a poor penetration among businesses with revenues of \$1 million or less.

During the evaluation period, LPB originated five or 13.5% of its small business loans totaling \$650.0 thousand to businesses with annual revenues of \$1 million dollars or less.

In 2006, LPB did not extend any loans to businesses with annual revenues of a million dollar or less compared to the aggregate lending level of 28.6%. Further, LPB's performance is well below the business demographic indicator, as 29.3% of assessment area businesses have gross annual revenues of \$1 million or less.

In 2007, LPB extended only 1 (5.6%) of its small business loans to businesses with annual revenue of \$1 million dollar or less, which is below both the aggregate's 29.9% and the business demographic indicator's 29.3%.

In 2008, LPB extended 4 (28.6%) of its small business loans to businesses with annual revenues of \$1 million dollars or less. That level is in line with the 29.3% of the assessment area businesses that have gross annual revenues of \$1 million or less.

The following chart provides a summary of LPB's small business lending distribution based on the borrowers' revenues:

Distribution of Small Business Loans by Business Revenue Size								
2006								
Business	Bank				Aggregate			
Revenue Level	#	%	\$000	%	#	%	\$000	%
\$1million or less	0	-	0	-	70,705	28.6	1,716,700	38.1
Over \$1 million	2	40.0	625	52.0		-		-
No Revenue Info	3	60.0	578	48.0		-		-
Total	5	100.0	1,203	100.0	247,210	100.0	4,501,091	100.0
2007								
Business	Bank				Aggregate			
Revenue Level	#	%	\$000	%	#	%	\$000	%
\$1million or less	1	5.6	175	1.8	77,553	29.9	1,896,752	36.5
Over \$1 million	15	83.3	9,199	92.8				
No Revenue Info	2	11.1	537	5.4				
Total	18	100.0	9,911	100.0	259,800	1.0	5,201,302	1.0
2008								
Business	Bank				Aggregate			
Revenue Level	#	%	\$000	%	N/A			
\$1million or less	4	28.6	475	10.5	N/A			
Over \$1 million	7	50.0	3,270	72.1	N/A			
No Revenue Info	3	21.4	790	17.4	N/A			
Total	14	100.0	4,535	100.0	N/A			

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

Neither LPB nor the New York State Banking Department has received any written complaints regarding LPB's CRA performance.

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 regulatory compliance and fair lending examinations conducted recently by the New York State banking Department 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.

. LPB established advisory boards to advise management of lending opportunities to meet LPB's community investment obligations. As a result of an advisory board recommendation, , LPB established a small commercial and industrial loan department at the end of 2006 to serve small businesses

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.

LPB markets its credit services through a number of advertising media, which include the following:

- newspapers (Jewish Press and Hamodia);
- Radio, including WCBS and an ethnic station
- Direct mail and newsletters to current and prospective clients
- Internet bulletin boards, and a robust website
- LCD window displays

Additionally, LPB has implemented a calling program in the areas served by the branches to attract new depositors and lending opportunities. Further, LPB's branch office advisory boards advise management of lending and service opportunities in its assessment area.

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 revises the CRA policy whenever there is a change or update. The CRA policy was approved by the Board during September 25, 2008 minutes and also included David Jacques as the responsible CRA officer. Management reports annually to the Board regarding business development and marketing activities including community investments and services.

- **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.

GLOSSARY

Aggregate

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

Community Development

The term “community development” is defined to mean:

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

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

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

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

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

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

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

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

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.