



**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2009

**Institution:** New York Commercial Bank  
1601 Veteran's Highway  
Islandia, NY 11749

**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 Department of Financial Services 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 New York Commercial Bank (“NYCX”) prepared by the New York State Banking Department, now the New York State Department of Financial Services (“DFS” or the “Department”). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2009

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent 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 Superintendent implements Section 28-b and further requires that the 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 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 banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. 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**

NYCX's performance was evaluated according to the large bank performance criteria pursuant to Part 76.12 of the General Regulations of the Superintendent. This assessment period included calendar years 2006, 2007, 2008, and 2009. NYCX is rated "2," indicating a **"Satisfactory"** record of helping to meet community credit needs.

This rating is based on the following factors:

### **Lending Test – "High Satisfactory"**

#### **Lending Activity: "High Satisfactory"**

NYCX's lending levels reflected an adequate responsiveness to the small business credit needs of its assessment area considering its size, business strategy and financial condition, as well as peer group activity and demographics.

NYCX had an average LTD ratio 91.0% for the 16 calendar quarters of the evaluation period. This level was in line with the corresponding average LTD ratio of the peer group for the same period.

#### **Assessment Area Concentration: "Outstanding"**

During the evaluation period, totaling MECA and small business loans, NYCX originated 91.4% by number, and 92.6% by dollar value of its loans within the assessment area. This substantial majority of lending inside of its assessment area demonstrated an excellent record of lending within NYCX's assessment area.

#### **Geographic Distribution of Loans: "High Satisfactory"**

The distribution of loans based on lending in census tracts of varying income levels demonstrated a satisfactory rate of lending for both MECA loans and small business loans.

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

The distribution of loans based on borrower characteristics demonstrated an excellent penetration rate of lending among individuals of different income levels and businesses of different revenue sizes. As all MECA loans were multifamily loans where borrower income is not applicable in the analysis in this component, the rating of this component is based on the small business loans originated by NYCX.

During the evaluation period, NYCX extended an average of 47.8% by loan count and 32.7% by dollar amount to small business with revenue of \$1 million or less. The penetration ratio by loan count was significantly above the aggregate's small business lending (at 26.5%), and the penetration ratio by dollar amount was slightly below the aggregate performance of 33.8%. The penetration ratio by dollar amount improved

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during the evaluation period comparing to its aggregate level; and for the last two of four years in observation, NYCX outperformed the market aggregate.

**Community Development Lending: “Outstanding”**

NYCX’s Community development performance demonstrates excellent responsiveness to the community development needs of its assessment area.

NYCX originated approximately \$282.9 million in community development loan commitments during the evaluation period, a substantial majority of which (78.4% or \$221.9 million) were extended for affordable housing projects, typically for acquisition and/or renovation of multi-family dwellings. The remaining \$47.4 million were made for economic development purposes, and another \$13.6 million for community services.

**Investment Test: “High Satisfactory”**

**Amount of Community Development Investments: “High Satisfactory”**

During the evaluation period, NYCX made \$20.5 million in community development investments and grants. This demonstrated a high level of community development investments/grants made over the course of the evaluation period.

As of December 31, 2009, NYCX made investments, including grants, totaling \$20.5 million, of which all consisting of new money.

**Innovativeness of Community Development Investments:**

NYCX’s made limited use of innovative and/or complex investments to support community development.

**Service Test: “High Satisfactory”**

**Retail Banking Services: “High Satisfactory”**

NYCX had and continues to have reasonable delivery systems, branch network, branch hours and services, and alternative delivery systems.

**Community Development Services: “High Satisfactory”**

NYCX provided an adequate level of community development services. Directors, Executives, Community Relations representatives and consultants, and other branch personnel of NYCX provided board services and financial and other technical assistance on various community development organizations.

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*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 Superintendent.*

## PERFORMANCE CONTEXT

### Institution Profile:

New York Commercial Bank (“NYCX” or the “Bank”) is a New York State-chartered commercial bank based in Islandia, New York and is the commercial bank subsidiary of New York Community Bancorp, Inc. (“Bancorp”), a bank holding company organized under Delaware law. NYCX was formed when the Bancorp acquired Long Island Commercial Bank (“LICB”) on December 30, 2005. On July 26, 2007 NYCX expanded its operations by acquiring eleven branches in New York City from Doral Bank, FSB. Seven of the acquired branches are located in Manhattan, eleven in Queens, six in Brooklyn, four in Westchester and ten in Long Island.

NYCX was established to address the financial needs of small and mid-sized business and commercial real estate investors. Financial services are made available through its network of 34 branches located throughout its assessment area.

As per the Federal Deposit Insurance Corporations (“FDIC”) Consolidated Report of Condition (“Call Report”) as of December 31, 2009, NYCX reported total assets of \$2.512 billion, of which \$1.849 billion were net loans and lease finance receivables. NYCX also reported total deposits of \$ 1.836 billion resulting in a loan-to-deposit ratio of 100.03%. According to the latest available comparative deposit data as of June 30, 2009, NYCX obtained a market share of 0.29%, or \$1.9 billion out of its \$646 billion market, ranking it 28th among 145th deposit-taking institutions in the assessment area.

The following is a summary of the bank’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2006, December 31, 2007, December 31, 2008 and December 31, 2009’s Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	12/31/2006		12/31/2007		12/31/2008		12/31/2009	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	40,196	1.8	45,039	2.4	40,561	2.4	36,125	2.0
Comm'l & Industrial Loans	509,305	22.4	479,011	25.2	517,920	30.9	495,162	26.8
Comm'l Mortgage Loans	464,520	20.4	475,370	25.0	485,625	29.0	482,236	26.1
Multifamily Mortgages	337,303	14.8	330,238	17.4	307,212	18.3	310,622	16.8
Consumer Loans	26,872	1.2	7,859	0.4	3,916	0.2	3,609	0.2
Construction Loans	77,850	3.4	30,734	1.6	44,551	2.7	40,534	2.2
Other Loans	813,264	35.7	528,248	27.8	275,502	16.4	480,650	26.0
Lease financing	7,079	0.3	4,339	0.2	1,433	0.1	665	0.0
<b>Total Gross Loans</b>	<b>2,276,389</b>	<b>100</b>	<b>1,900,838</b>	<b>100</b>	<b>1,676,720</b>	<b>100</b>	<b>1,849,603</b>	

As illustrated in the above chart, NYCX is primarily a commercial lender with over 50% of its loan portfolio in commercial mortgage and commercial and industrial loans for the years of 2007, 2008, and 2009 consecutively.

The data used in this evaluation includes the loans and investment originated by NYCX and its subsidiary, Standard Funding Corp. (“SFC”). SFC is a premium finance company that is licensed in 49 states, including New York and the District of Columbia. Only the loans made in New York State were included for review.

**Prior CRA Rating**

Prior CRA evaluation of NYCX conducted by the New York State Banking Department as of December 31, 2005, resulted in a rating of “2” or “Satisfactory.”

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

**Assessment Area:**

The bank’s assessment area is comprised of Bronx, Kings, New York, Queens, Westchester and Nassau Counties as well as a part of Suffolk County. All these counties are located within the New York-Northern New Jersey- Long Island, NY-NJ-PA Metropolitan Statistical Area<sup>1</sup> (MSA 35620).

There are 2925 census tracts in the area, of which 331 (11.3%) are low-income, 707 (24.2%) are moderate-income, 1048 (35.8%) are middle-income, 763 (26.1%) are upper-income and 76 (2.6%) are tracts with no income indicated.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
<b>Bronx</b>	14	132	98	65	46	355	64.8	65%
<b>Kings</b>	15	119	297	235	117	783	53.1	53%
<b>Nassau</b>	8	2	20	178	69	277	7.9	8%
<b>New York</b>	9	60	59	24	144	296	40.2	40%
<b>Queens</b>	18	12	148	310	185	673	23.8	24%
<b>Suffolk*</b>	8	2	64	197	49	320	20.6	21%
<b>Westchester</b>	4	4	21	39	153	221	11.3	11%
<b>Total</b>	<b>76</b>	<b>331</b>	<b>707</b>	<b>1,048</b>	<b>763</b>	<b>2,925</b>	<b>35.5</b>	<b>35%</b>

\* Partial County

*The assessment area appears reasonable based upon the location of the bank’s*

<sup>1</sup> Metropolitan Divisions (“MDs”) and Metropolitan Statistical Areas (“MSAs”) are defined by the U.S. Office of Management and Budget.

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*offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.*

### **Demographic & Economic Data**

The assessment area had a population of 11.2 million during the examination period. About 1.4 million (12.3%) of the population were over the age of 65 and 2.5 million (21.9) were under the age of 16.

Of the 2.7 million families in the assessment area, 26.5% were low-income, 16.8% were moderate-income, 18.6% were middle-income and 38.1% were upper-income families. Approximately 56.12% of the LMI families live in LMI areas. There were 4.1 million households in the assessment area, of which 16.0% had income below the poverty level and 5.9% were on public assistance.

The MSA median family income within the assessment area was \$55 thousand according to the 2000 U.S Census. The data shows a significant difference in median family income in Nassau and Suffolk counties (\$76.2 thousand) with rest of the counties (\$49.5 thousand) in the assessment area. The U.S. Department of Housing and Urban Development (“HUD”) estimated median family income for the assessment area was \$72 thousand in 2009.

There were 4.4 million housing units within the assessment area, of which 51.2% were one- to four-family units, and 48.6% were multifamily units. Approximately, 40.0% of the area’s housing units were owner-occupied, 54.3% were rental and 5.7% were vacant. Of the 1.7 million owner-occupied housing units, 14.2% were in moderate-income geographies while 45.8% were in middle-income tracts. The median age of the housing stock was 57 years and the median home value in the assessment area was \$245 thousand.

There were 1.0 million non-farm businesses in the assessment area. Of these, 76.4% were businesses with reported revenues of less than or equal to \$1 million, 5.5% reported revenues of more than \$1 million and 18.1% did not report their revenues. Of all the businesses in the assessment area, 83.7% were businesses with less than fifty employees while 93.6% operated from a single location. The largest industries in the area were Services (45.0%), followed by Retail Trade (15.8%) and Finance, Insurance & Real Estate (9.4%).

### **Statistics on Pre-foreclosure Filings and Unemployment Rates**

The New York State Mortgage Foreclosure Law approved on December 15, 2009 requires that a pre-foreclosure notice be sent, at least 90 days before the lender commences legal action against all borrowers with home loans. Between February 13, 2010 and August 31, 2010, 134,000 pre-foreclosure notices were mailed to borrowers with mortgages on owner-occupied 1-to-4 family residential properties in New York State. Residents from the counties comprising NYCX’s assessment area

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received pre-foreclosure notices ranging from 2.2% (New York County) to 14.8% (Suffolk County) of the total pre-foreclosure filings. The combination of New York City and Long Island made up 53.7% of total notices filed in New York State.

Unemployment rate for New York State was 4.5%, 5.3% and 8.4% for 2007, 2008 and 2009 respectively. Of the seven counties that comprise NYCX's assessment area, Bronx, Kings, New York and Queens Counties had an average unemployment rates higher than New York State's in 2009.

Assessment Area Unemployment Rate								
	NYS	Bronx	Kings	Nassau	New York	Queens	Suffolk	Westchester
2007	4.5	6.6	5.3	3.7	4.2	4.4	3.9	3.8
2008	5.3	7.3	5.8	4.7	4.7	4.8	5	4.8
2009	8.4	11.9	9.9	7.1	8.4	8.3	7.4	7.3

### **Community Information**

A not-for-profit organization operating in Long Island since 1987 was interviewed during the examination. The organization's mission is to provide affordable housing opportunities through technical assistance, mortgage counseling, homebuyer education and lending programs. The organization's representative commented that Nassau and Suffolk Counties are always in need of affordable housing, especially rental housing stock for working class families and for families who have lost their houses through foreclosures due to economic downturn. The community contact did not have any adverse comments regarding NYCX.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*NYCX was evaluated under the large bank's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance:*

- 1. Extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications,*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs*

*Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the FDIC. Aggregate lending data was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data was obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report was derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report is based on Dun & Bradstreet reports which are updated annually. Unemployment data was obtained from the New York State Department of Labor. Some non-specific bank data is only available on a county-wide basis, and was used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2006, 2007, 2008 and 2009.

Examiners considered NYCX's small business and MECA loans in evaluating factors (2), (3) and (4) of the lending test as noted below.

NYCX received a rating of "2", reflecting a "Satisfactory" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2005.

**Current CRA Rating: "Satisfactory"**

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**LENDING TEST:** “High Satisfactory”

*The bank’s lending performance was evaluated pursuant to the following criteria:*

1. *Lending Activity;*
2. *Assessment Area Concentration;*
3. *Geographic Distribution of Loans;*
4. *Borrower Characteristics;*
5. *Community Development Lending and*
6. *Flexible and/or Innovative Lending Practices*

NYCX’s small business and MECA loans were reasonable in light of size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area’s credit needs.

**Lending Activity:** “High Satisfactory”

NYCX’s lending levels reflected an adequate responsiveness to the small business credit needs of its assessment area considering its size, business strategy and financial condition, as well as peer group activity and demographics.

As shown in the table below, NYCX had an average LTD ratio 91.0% for the 16 calendar quarters of the evaluation period. This level was in line with the corresponding average LTD ratio of the national peer group for the same period.

<b>Loan-to-Deposit Ratios</b>																	
	2006	2006	2006	2006	2007	2007	2007	2007	2008	2008	2008	2008	2009	2009	2009	2009	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	65.2	96.7	103.0	108.7	107.2	68.8	56.9	87.1	92.0	94.7	84.5	83.6	91.2	105.6	110.7	100.0	91.0
Peer	85.5	91.8	90.0	89.9	90.8	92.0	91.6	93.3	94.6	96.7	96.0	93.5	90.7	89.4	86.5	83.6	91.0

NYCX’s small business lending performance during the evaluation period reflected an acceptable responsiveness to the small business credit needs of the assessment area. In 2007, NYCX achieved a market share of 0.62%, based on the number of loans originated, and ranked 15th among 252 small business lenders. In 2008, NYCX decreased its ranking to 29th among 241 lenders and achieved a market share of 0.07%. The bank’s 2009 small business originations within the assessment area decreased by 52.5% by number of loans and 30.4% by the dollar volume, as compared to 2008.

Aggregate mortgage data showed that NYCX’s lending was a very small share of the assessment area’s HMDA-reportable lending; the bank’s market share for both 2006 and 2007 was 0.01% and 0.03% respectively.

## Assessment Area Concentration: “Outstanding”

During the evaluation period, totaling MECA and small business loans, NYCX originated 91.4% by number, and 92.6% by dollar value of its loans within the assessment area. This substantial majority of lending inside of its assessment area demonstrated an excellent record of lending within NYCX’s assessment area.

In accordance with Section 76.8(c)(3) of Part 76 of the General Regulations of the Superintendent, affiliate lending is not considered when assessing a bank’s record of lending in its assessment area. Therefore, the following table excludes the loans originated by the bank’s subsidiary, Standard Funding Corp. The assessment area loan figures shown below will not reconcile to lending tables found elsewhere in this report because the other tables include the lending activity of the aforementioned subsidiary.

### MECA Loans

During the evaluation period, NYCB refinanced 96.8% by number, and 98.4% by dollar volume of its MECA loans within the assessment area. This level of lending constitutes an excellent record of lending within NYCX’s assessment area.

### Small Business Loans

During the evaluation period, for small business lending, NYCX originated 91.2% by number, and 90.4% by dollar value of its loans within the assessment area. This level of lending inside of the Bank’s assessment area is an outstanding record of lending.

The following table shows the percentages of the NYCX’s small business and HMDA-reportable loans originated inside and outside of the 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
	#	%	#	%		\$	%	\$	%	
<b>MECA Loans</b>										
2006	8	88.9%	1	11.1%	9	10,199	89.1%	1,250	10.9%	11,449
2007	7	87.5%	1	12.5%	8	35,473	97.3%	977	2.7%	36,450
2008	28	100.0%	-	0.0%	28	57,505	100.0%	-	0.0%	57,505
2009	17	100.0%	-	0.0%	17	34,904	100.0%	-	0.0%	34,904
<b>Subtotal</b>	<b>60</b>	<b>96.8%</b>	<b>2</b>	<b>3.2%</b>	<b>62</b>	<b>138,081</b>	<b>98.4%</b>	<b>2,227</b>	<b>1.6%</b>	<b>140,308</b>
<b>Small Business</b>										
2006	307	93.9%	20	6.1%	327	58,943	92.2%	4,996	7.8%	63,939
2007	306	87.4%	44	12.6%	350	88,655	85.4%	15,194	14.6%	103,849
2008	376	92.2%	32	7.8%	408	108,709	91.6%	9,941	8.4%	118,650
2009	177	91.2%	17	8.8%	194	75,693	93.9%	4,945	6.1%	80,638
<b>Subtotal</b>	<b>1,166</b>	<b>91.2%</b>	<b>113</b>	<b>8.8%</b>	<b>1,279</b>	<b>332,000</b>	<b>90.4%</b>	<b>35,076</b>	<b>9.6%</b>	<b>367,076</b>
<b>Grand Total</b>	<b>1,226</b>	<b>91.4%</b>	<b>115</b>	<b>8.6%</b>	<b>1,341</b>	<b>470,081</b>	<b>92.6%</b>	<b>37,303</b>	<b>7.4%</b>	<b>507,384</b>

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

The distribution of loans based on lending in census tracts of varying income levels demonstrated a satisfactory rate of lending for both MECA loans and small business loans.

### MECA Loans

NYCX’s geographic distribution of MECA’s reflects reasonable penetration among census tracts of different income levels.

NYCX did not originate any MECA loans in LMI areas in 2006. For the following three years however, LMI penetration ratios continuously and increased from 42.9% by number and 22.2% by dollar volume in 2007, to 64.7% by number and 72.0% by dollar volume in 2009. As shown in the chart on the next page, the average LMI penetration ratios during the evaluation are in line with the 48.9% of multifamily housing units in the assessment area that are located in LMI census tracts.

The following chart provides a summary of the distribution of NYCX’s MECA loans based on the income level of the geography.

<b>Distribution of MECA Loans by Geography</b>					
<b>2006</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>MF UNITS</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low		0.0%		0.0%	18.8%
Moderate		0.0%		0.0%	30.1%
LMI	0	0.0%	0	0.0%	48.9%
Middle	5	62.5%	3,350	32.8%	21.0%
Upper	3	37.5%	6,849	67.2%	30.0%
Unknown		0.0%		0.0%	0.0%
<b>Total</b>	<b>8</b>		<b>10,199</b>		<b>100.0%</b>
<b>2007</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>MF UNITS</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	14.3%	1,800	5.1%	18.8%
Moderate	2	28.6%	6,077	17.1%	30.1%
LMI	3	42.9%	7,877	22.2%	48.9%
Middle	1	14.3%	3,560	10.0%	21.0%
Upper	3	42.9%	24,036	67.8%	30.0%
Unknown		0.0%		0.0%	0.0%
<b>Total</b>	<b>7</b>		<b>35,473</b>		<b>100.0%</b>
<b>2008</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>MF UNITS</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	3	10.7%	4,300	7.5%	18.8%
Moderate	14	50.0%	28,240	49.1%	30.1%
LMI	17	60.7%	32,540	56.6%	48.9%
Middle	4	14.3%	7,100	12.3%	21.0%
Upper	7	25.0%	17,865	31.1%	30.0%
Unknown		0.0%		0.0%	0.0%
<b>Total</b>	<b>28</b>		<b>57,505</b>		<b>100.0%</b>
<b>2009</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>MF UNITS</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	2	11.8%	3,325	9.5%	18.8%
Moderate	9	52.9%	21,806	62.5%	30.1%
LMI	11	64.7%	25,131	72.0%	48.9%
Middle	3	17.6%	4,440	12.7%	21.0%
Upper	3	17.6%	5,333	15.3%	30.0%
Unknown		0.0%		0.0%	0.0%
<b>Total</b>	<b>17</b>		<b>34,904</b>		<b>100.0%</b>
<b>GRAND TOTAL</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>MF UNITS</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	6	10.0%	9,425	6.8%	
Moderate	25	41.7%	56,123	40.6%	
LMI	31	51.7%	65,548	47.5%	
Middle	13	21.7%	18,450	13.4%	
Upper	16	26.7%	54,083	39.2%	
Unknown	-	0.0%	-	0.0%	
<b>Total</b>	<b>60</b>		<b>138,081</b>		

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### Small Business Loans

The distribution of small business loans based on the income level of the geography of the business demonstrated a reasonable penetration rate of lending.

In 2006, NYCX extended 32.9% by number and 21.7% by dollar volume of its small business loans in LMI geographies, outperforming the market aggregate LMI penetration rates of 19.6% by number and 20.6% by dollar volume. NYCX improved its performance in 2008 during which 34.1% by number 25.8% by dollar volume of its small business loans were extended in LMI geographies as compared to only 20.3% and 19.7%, respectively, for the aggregate. On the 4-year average, NYCX extended 32.6% by number and 24.2% by dollar volume of its small business loans in LMI geographies, outperformed the market aggregate level of 20.2% by number and 20.1% by dollar respectively. In addition, NYCX's performance compared favorably to the business demographics.

The following chart provides a summary of the NYCX's small business lending distribution based on the income level of the geography.

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2006</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	451	10.2%	9,400	7.8%	24,485	3.9%	496,263	4.4%	5.9%
Moderate	1,001	22.7%	16,615	13.8%	99,226	15.7%	1,806,114	16.1%	18.2%
LMI	1,452	32.9%	26,015	21.7%	123,711	19.6%	2,302,377	20.6%	24.1%
Middle	1,854	42.0%	57,323	47.8%	226,224	35.8%	3,803,758	34.0%	33.4%
Upper	1,091	24.7%	36,057	30.0%	277,997	44.0%	4,974,895	44.4%	41.7%
Unknown	14	0.3%	621	0.5%	3,814	0.6%	117,582	1.0%	0.8%
<b>Total</b>	<b>4,411</b>	<b>100.0%</b>	<b>120,016</b>		<b>631,746</b>		<b>11,198,612</b>		<b>100.0%</b>
<b>2007</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	410	9.4%	10,473	4.9%	27,555	4.2%	526,616	4.1%	6.0%
Moderate	956	22.0%	35,968	16.8%	109,319	16.5%	2,029,701	16.0%	18.3%
LMI	1,366	31.4%	46,441	21.7%	136,874	20.7%	2,556,317	20.1%	24.3%
Middle	1,797	41.3%	93,509	43.6%	237,735	36.0%	4,279,622	33.7%	33.3%
Upper	1,169	26.9%	74,155	34.6%	282,786	42.8%	5,735,164	45.1%	41.6%
Unknown	18	0.4%	250	0.1%	3,766	0.6%	144,382	1.1%	0.8%
<b>Total</b>	<b>4,350</b>	<b>100.0%</b>	<b>214,355</b>		<b>661,161</b>		<b>12,715,485</b>		<b>100.0%</b>
<b>2008</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	294	9.8%	8,095	6.9%	21,595	4.2%	447,249	4.0%	6.3%
Moderate	732	24.4%	22,375	18.9%	83,031	16.1%	1,736,229	15.7%	18.6%
LMI	1,026	34.1%	30,470	25.8%	104,626	20.3%	2,183,478	19.7%	24.8%
Middle	1,252	41.7%	57,208	48.4%	179,167	34.8%	3,707,930	33.4%	33.1%
Upper	718	23.9%	30,406	25.7%	228,402	44.3%	5,065,892	45.7%	41.2%
Unknown	10	0.3%	48	0.0%	3,283	0.6%	136,665	1.2%	0.9%
<b>Total</b>	<b>3,006</b>	<b>100.0%</b>	<b>118,132</b>	<b>100.0%</b>	<b>515,478</b>	<b>100.0%</b>	<b>11,093,965</b>	<b>100.0%</b>	<b>100.0%</b>
<b>2009</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	225	9.0%	4,547	5.4%	10,031	4.3%	246,060	3.9%	6.2%
Moderate	576	23.1%	22,446	26.4%	36,141	15.7%	1,020,687	16.3%	18.6%
LMI	801	32.2%	26,993	31.8%	46,172	20.0%	1,266,747	20.3%	24.8%
Middle	997	40.1%	34,757	40.9%	77,008	33.4%	2,072,025	33.1%	33.1%
Upper	685	27.5%	23,109	27.2%	105,830	45.9%	2,836,393	45.4%	41.2%
Unknown	6	0.2%	36	0.0%	1,656	0.7%	77,752	1.2%	0.8%
<b>Total</b>	<b>2,489</b>	<b>100.0%</b>	<b>84,895</b>	<b>100.0%</b>	<b>230,666</b>		<b>6,252,917</b>		<b>99.9%</b>
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1,380	9.7%	32,515	6.1%	83,666	4.1%	1,716,188	4.2%	
Moderate	3,265	22.9%	97,404	18.1%	327,717	16.1%	6,592,731	16.0%	
LMI	4,645	32.6%	129,919	24.2%	411,383	20.2%	8,308,919	20.1%	
Middle	5,900	41.4%	242,797	45.2%	720,134	35.3%	13,863,335	33.6%	
Upper	3,663	25.7%	163,727	30.5%	895,015	43.9%	18,612,344	45.1%	
Unknown	48	0.3%	955	0.2%	12,519	0.6%	476,381	1.2%	
<b>Total</b>	<b>14,256</b>	<b>100.0%</b>	<b>537,398</b>	<b>100.0%</b>	<b>2,039,051</b>	<b>100.0%</b>	<b>41,260,979</b>	<b>100.0%</b>	

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**Distribution by Borrower Characteristics: “Outstanding”**

The distribution of loans based on borrower characteristics demonstrated an excellent penetration rate of lending among individuals of different income levels and businesses of different revenue sizes. As all MECA loans were multifamily loans where borrower income is not applicable in the analysis in this component, the rating of this component is based on the small business loans originated by NYCX.

**Small Business Loans**

The distribution of small business loans based on the revenue size of the business demonstrated an excellent penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.

During the evaluation period, NYCX extended an average of 47.8% by loan count and 32.7% by dollar amount to small business with revenue of \$1 million or less. The penetration ratio by loan count was significantly above the aggregate’s small business lending (at 26.5%), and the penetration ratio by dollar amount was slightly below the aggregate performance of 33.8%. The penetration ratio by dollar amount improved during the evaluation period comparing to its aggregate level; and for the last two of four years in observation, NYCX outperformed the market aggregate.

The following chart provides a summary of the NYCX's small business lending distribution based on revenue size during the evaluation period:

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2006</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	2,066	46.8%	32,864	27.4%	187,059	29.6%	4,523,023	40.4%	98.7%
Rev. > \$1MM	207	4.7%	43,507	36.3%					
Rev. Unknown	2,138	48.5%	43,645	36.4%					
<b>Total</b>	<b>4,411</b>	<b>100.0%</b>	<b>120,016</b>	<b>100.0%</b>	<b>631,746</b>		<b>11,198,612</b>	<b>40%</b>	<b>98.7%</b>
<b>2007</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,859	42.7%	72,155	33.7%	206,415	31.2%	4,909,151	38.6%	69.2%
Rev. > \$1MM	266	6.1%	52,907	24.7%					6.3%
Rev. Unknown	2,225	51.1%	89,293	41.7%					24.4%
<b>Total</b>	<b>4,350</b>	<b>100.0%</b>	<b>214,355</b>	<b>100.0%</b>	<b>661,161</b>		<b>12,715,485</b>	<b>39%</b>	<b>99.9%</b>
<b>2008</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,526	50.8%	45,443	38.5%	107,435	20.8%	3,105,920	28.0%	67.9%
Rev. > \$1MM	215	7.2%	63,397	53.7%					5.7%
Rev. Unknown	1,265	42.1%	9,292	7.9%					26.4%
<b>Total</b>	<b>3,006</b>	<b>100.0%</b>	<b>118,132</b>	<b>100.0%</b>	<b>515,478</b>		<b>11,093,965</b>	<b>28.0%</b>	<b>100.0%</b>
<b>2009</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,358	54.6%	25,209	29.7%	38,808	16.8%	1,424,188	22.8%	76.4%
Rev. > \$1MM	136	5.5%	51,462	60.6%					5.5%
Rev. Unknown	995	40.0%	8,224	9.7%					18.1%
<b>Total</b>	<b>2,489</b>	<b>100.0%</b>	<b>84,895</b>	<b>%</b>	<b>230,666</b>		<b>6,252,917</b>		<b>100.0%</b>
<b>GRAND TOTAL</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	6,809	47.8%	175,671	32.7%		26.5%		33.8%	
Rev. > \$1MM	824	5.8%	211,273	39.3%					
Rev. Unknown	6,623	46.5%	150,454	28.0%					
<b>Total</b>	<b>14,256</b>	<b>100.0%</b>	<b>537,398</b>	<b>100.0%</b>					

### Community Development Lending: "Outstanding"

NYCX's Community development performance demonstrates excellent responsiveness to the community development needs of its assessment area.

NYCX originated approximately \$282.9 million in community development loan

commitments during the evaluation period, a substantial majority of which (78.4% or \$221.9 million) were extended for affordable housing projects, typically for acquisition and/or renovation of multi-family dwellings. The remaining \$47.4 million were made for economic development purposes, and another \$13.6 million for community services.

<b>Community Development Loans</b>			
Purpose	# of Loans	\$000	Percentage
Affordable Housing	79	221,905	78.4%
Economic Development	14	47,376	16.7%
Community Services	15	13,600	4.8%
<b>Total</b>	<b>108</b>	<b>282,881</b>	<b>100%</b>

The following is a brief description of the bank’s community development lending:

- In 2006, NYCX issued a line of credit for \$300 thousand to a nonprofit community development organization to support its working capital requirements. The line was renewed in 2007, 2008 and 2009. The organization offers a comprehensive package of housing services to low, moderate and middle-income families through three core programs: Housing Development, Property Management and Community Relations.
- In 2006, NYCX extended a \$1 million loan to a nonprofit community revitalization organization, of which the proceeds were used for renovations, refinance of existing mortgages, acquisition of neglected properties by new, responsible ownership and closing costs and fees. The organization utilizes funds to make loans with in LMI areas for residential and mixed-use properties.

In 2006, NYCX issued a line of credit in the amount of \$700 thousand to a nonprofit organization to finance its government receivable and support operations. The line was renewed in 2007 for the same amount and for \$650,000 in both 2008 and 2009. The mission of this organization is to provide legal services to indigent individuals, promote understanding of the legal and justice system, provide representation in court cases, conduct research and disseminate information within the Harlem community.

**Flexible and/or Innovative Lending Practices**

NYCX made limited use of flexible or innovative lending products which require special expertise and effort on the part of the institution.

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**INVESTMENT TEST:** “High Satisfactory”

*NYCX’s investment performance is evaluated pursuant to the following criteria: (1) the dollar amount of qualified investments; (2) the innovativeness or complexity of qualified investments; and (3) the responsiveness of qualified investments to credit and community development needs.*

NYCX’s community development investments were reasonable in light of the assessment area’s credit needs.

**Amount of Community Development Investments:** “High Satisfactory”

During the evaluation period, NYCX made \$20.5 million in community development investments and grants. This demonstrated a high level of community development investments/grants made over the course of the evaluation period.

As of December 31, 2009, NYCX made investments, including grants, totaling \$20.5 million, of which all consisting of new money. The following chart shows classification of investments and grants by the type of the community development investment.

<b>Community Development Investments and Grants</b>			
CD Investments & Grants	# of loans	\$000	Percentage by Dollar Volume
Affordable Housing	18	12,758	62.1%
Economic Development	6	7,144	34.8%
Community Services	53	635	3.1%
<b>Total</b>	<b>77</b>	<b>\$ 20,537</b>	<b>100%</b>

The following are examples of NYCX’s qualified investments:

- NYCX has invested \$1.8 million in an organization which specializes in originating loans to small businesses that meet the size eligibility of the SBA 504 Loan Program or have gross annual revenues of \$1 million or less
- NYCX invested \$2.1 million in an open ended mutual fund in 2006. The fund's objective is to increase low-income housing, job opportunities, and economic development for the needy in its assessment area

**Grants:**

During the evaluation period, the bank made 57 donations totaling \$690 thousand mostly benefiting organizations that provide community development services within the assessment area. Community services supported include health and nutrition services,

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affordable housing, early childhood education and other educational services for LMI families.

**Innovativeness of Community Development Investments:**

NYCX's made limited use of innovative and/or complex investments to support community development.

**Responsiveness of Community Development Investments to Credit and Community Development Needs:**

NYCX's community development investments exhibited adequate responsiveness to credit and community development needs.

**SERVICE TEST:** "High Satisfactory"

*NYCX's retail service performance is evaluated pursuant to the following criteria:*

1. *Current distribution of the banking institution's branches;*
2. *Record of opening and closing branches;*
3. *Availability and effectiveness of alternative systems for delivering retail services;*  
*and*
4. *Range of services provided*

*NYCX's community development service performance is evaluated pursuant to the following criteria:*

1. *Extent to which the banking institution provides community development services;*  
*and*
2. *Innovativeness and responsiveness of community development services*

**Retail Banking Services:** "High Satisfactory"

NYCX had and continues to have reasonable delivery systems, branch network, branch hours and services, and alternative delivery systems.

**Current distribution of the banking institutions branches:**

NYCX branches represented and continue to represent an adequate distribution of branches within its assessment area. NYCX serves its customers through its 34 branches and 54 ATMs. All but two branches (the Westbury branch and Hauppauge branch) have deposit taking automatic teller machines ("ATMs"). While none of NYCX's branches are located in low-income census tracts, the Bank has ten branches and three offsite ATM's in moderate-income tracts. One of these offsite ATMs is located in a designated Empire Zone. In addition, 10 NYCX branch locations are adjacent to LMI tracts.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Suffolk			1	5	2	8	13%
New York			1		4	5	20%
Queens			5	5		10	50%
Brooklyn			2	3		5	40%
Westchester			1		3	4	25%
Nassau				2		2	0%
<b>Total</b>	-	-	<b>10</b>	<b>15</b>	<b>9</b>	<b>34</b>	<b>29%</b>
*Partial County							

Record of opening and closing branches:

NYCX's record of closing branches has adversely affected the accessibility of its delivery systems, including LMI geographies and/or individuals, but remains reasonable.

During the assessment period, NYCX closed five branches, three of which were located in middle income tracts of Suffolk, Queens and Brooklyn counties; and two in the upper income tracts of Nassau and New York counties.

Availability and effectiveness of alternative systems for delivering retail services:

As a subsidiary of New York Community Bancorp, Inc ("Bancorp"), NYCX's customers can use New York Community Bank ("NYCB") branches and ATM networks. Thus, NYCX's alternative systems include a total of 187 24-hour ATM banking locations throughout the assessment area, of which 38 are in LMI tracts.

Cardholders can use their cards to conduct point-of-sale purchases at participating retail and service establishments. NYCX also provides 24-hour access to account holders through online banking and bill payment service for free. Account holders can obtain balance information and make loan and third party payments.

Additionally, NYCX offers toll-free banking by phone and banking by mail.

Range of services provided:

NYCX's services met and continue to meet the needs of its assessment area and vary in a way that provides conveniences particularly to LMI geographies, individuals and small businesses.

Listed below are examples of products and services offered by NYCX to meet the needs of the assessment area:

- *Nonprofit Checking account* – Checking account product offered to all nonprofit

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organizations with no service charge and minimum of a dollar deposit to open

- *Business Checking* – Checking account for small business with moderate check and deposit activity, with minimum of a dollar to open, \$5 thousand minimum balance to avoid fees. It also offers 175 free transactions (checks and deposited items) per cycle

### **Community Development Services: “High Satisfactory”**

NYCX provided an adequate level of community development services. Directors, Executives, Community Relations representatives and consultants, and other branch personnel of NYCX provided board services and financial and other technical assistance on various community development organizations.

Below are highlights of NYCX’s community development services:

- A senior executive serves on the board of an organization that addresses the need for affordable housing opportunities in Long Island through development, technical assistance, mortgage counseling, homebuyer education and lending programs. The organization serves individuals, families and communities in crisis or challenged by homelessness, unemployment or mental illness.
- A branch manager was the Treasurer and a board member of an organization which distributes hot meals daily to individuals in need, homebound or those who cannot afford foods.
- An assistant branch manager was a board member of a community based organization which provides affordable housing services in the assessment area.
- A Community Relations Consultant served on the board of an organization which provides foster care, adoption, counseling services for domestic violence intervention, child abuse prevention services and HIV/AIDS programs in Staten Island and Brooklyn. The same consultant also served as an honorary member of the Advisory Board of another organization which helps disadvantaged New Yorkers gain access to equal opportunity in employment, education, health care, and housing.

### **Additional Factors**

The following factors were also considered in assessing NYCX’s record of CRA performance.

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

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All CRA related activities support NYCX's CRA policies and objectives, and are tracked and monitored closely by the Acting CRA Officer, who reports directly to Executive Management. The Board reviews and approves the CRA qualified investments and loans as well as retail products and services brought to them by senior management.

### **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.*

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

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

No evidence of prohibited discrimination 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.

Bank officers and employees actively participate as volunteers, officers, or serve on boards of numerous prominent community development organizations operating within the communities in which NYCX operates.

- 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.

NYCX markets its products and services primarily through newspaper and radio advertisements. In addition, it makes extra outreach efforts to the underserved, unbanked, and LMI individuals and families throughout its assessment area.

**Other factors that in the judgment of the Superintendent bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.**

Neither NYCX nor the New York State Banking Department received any complaints related to its CRA performance during the evaluation period.

## GLOSSARY

### Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

### Community Development

“Community development”:

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.

### Community Development Loan

A loan that has 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.

## **Community Development Service**

Service that has community development as its *primary purpose*, 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.

## **Geography**

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

## **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.

## **Income Level**

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

## **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 where, according to the 2000 U.S. 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 cases 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**

Individuals or persons 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 represents 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 in LMI geographies or to LMI borrowers.

### **Low-Income Housing Tax Credit (LIHTC)**

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

### **New Markets Tax Credit (NMTC)**

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

### **Qualified Investment**

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.