



**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, 2009

**Institution:** Savoy Bank  
1675 Broadway  
New York, NY 10019

**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 Savoy Bank ("Savoy") 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, 2009

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

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public ("Evaluation"). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

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

Savoy's performance was evaluated according to the small bank performance criteria. The assessment period included calendar years 2008 and 2009. During this period, Savoy Bank originated very few loans<sup>1</sup>. Therefore, rating many of the factors considered for CRA performance was not meaningful. Within this context, Savoy is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs. This rating is based on the following factors:

- **Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:**  
"Satisfactory"  
Savoy's LTD ratio was reasonable considering its size, financial condition and the credit needs of the assessment area<sup>2</sup>. The bank's median LTD ratio of 78.75% is very close to the peer group ratio of 81.99%.
- **Assessment Area Concentration:** "Outstanding"  
Savoy originated a majority of its small business loans within its assessment area. While the two-year average reflected a more than reasonable concentration of loans within Savoy's assessment area, the 2009 concentration was only reasonable within the context of the very limited lending done in 2009. Only four out of seven loans were made within the assessment area.
- **Distribution by Borrowers Characteristics:** "Not Rated"  
Savoy's volume of lending was low, particularly in 2009, making it difficult to perform meaningful analyses of lending by borrower characteristics.
- **Geographic Distribution of Loans** "Not Rated"  
Savoy's volume of lending was low, making it difficult to perform meaningful analyses of lending by geographic distribution.
- **Action Taken In Response to Written Complaints With Respect to CRA:**  
"Satisfactory"  
Neither the bank nor the New York State Banking Department 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.

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<sup>1</sup> Savoy is subject to orders from both the New York State Banking Department and the FDIC. These orders may affect Savoy's ability to extend additional credit and thus may affect the level of lending activity that Savoy can perform. The orders do not, however, affect Savoy's ability to lend in LMI geographies, to LMI borrowers or to small businesses. The orders are publicly available on the NYSBD and FDIC's websites.

<sup>2</sup> The LTD ratios include all outstanding loans. In contrast, other CRA factors focus on originations made during the evaluation period.

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## PERFORMANCE CONTEXT

### **Institution's Profile:**

Savoy Bank ("Savoy") opened for business in January 2008 as a state-chartered commercial bank. Savoy operates one branch, located at 1675 Broadway, New York, NY 10019, which is also the bank's official headquarters.

According to its Call Report dated December 31, 2009, Savoy reported total assets of \$61.6 million, with \$45.4 million in net loans and \$52.803 million in deposits. According to the latest available comparative deposit data, dated June 30, 2009, Savoy has a market share of .01% out of \$2.4 billion inside its market, ranking it 102<sup>nd</sup> among 117 deposit-taking institutions in its assessment area.

The following is a summary of Savoy's lending portfolio, based on Schedule RC-C of the bank's year-end Call Reports for calendar years 2008 and 2009:

<b>TOTAL GROSS LOANS OUTSTANDING</b>				
LOAN TYPE	12/31/2008		12/31/2009	
	\$(000s)	%	\$(000s)	%
Multifamily Mortgages	27,036	64.6	19,356	42.7
Commercial and Industrial Loans	3,977	9.5	12,270	27.0
1-4 Residential Mortgage Loans	4,917	11.8	4,763	10.5
Construction and Land Dev.		0.0	3,608	8.0
Commercial Mortgage Loans	3,890	9.3	3,427	7.5
Consumer Loans	2,004	4.8	997	2.2
Other Loans		0.0	957	2.1
Total Gross Loans	41,824	100.0	45,378	100.0

Savoy's primary focus is commercial lending, which consists of loans secured by multifamily residential property, commercial and industrial loans, construction loans and other commercial mortgages.

The bank's deposit market share within the assessment area is relatively insignificant. According to FDIC's deposit market data, compiled as of June 30, 2009, Savoy ranked 102<sup>nd</sup> among 117 deposit-taking institutions within New York County, and the bank's corresponding market share was 0.01%.

Savoy is subject to orders from both the New York State Banking Department and the FDIC. In June 2009, the New York State Banking Department issued a Cease and Desist order to Savoy. A similar order was issued by the FDIC. These supervisory actions relate to safety and soundness matters and the orders are publicly available on the NYSBD and FDIC's websites. Although addressing safety and soundness concerns, these orders may affect Savoy's ability to extend additional credit and thus may affect the level of lending activity that Savoy can undertake. The orders do not, however, affect Savoy's ability to lend in LMI geographies, to LMI borrowers or to small businesses.

This is the first CRA evaluation of Savoy conducted by The New York State Banking Department.

*The cease and desist orders may have created impediments that adversely impacted the bank's ability to meet the credit needs of its community.*

**Assessment Area:**

Savoy has delineated New York, Kings and Queens Counties as its assessment area. Based on the 2000 U.S Census, the assessment area consists of 1752 census tracts, 695 (39.67%) of which are LMI, 569 (32.48%) are middle-income, 446 (25.46%) are upper-income, and 42 (2.40%) are unknown income tracts.

Distribution of Assessment Area Census Tracts by Income Level							
County	NA	Low	Moderate	Middle	Upper	Total	LMI %
Kings	15	119	297	235	117	783	53.1
Queens	18	12	148	310	185	673	23.8
New York	9	60	59	24	144	296	40.2
<b>Total</b>	<b>42</b>	<b>191</b>	<b>504</b>	<b>569</b>	<b>446</b>	<b>1,752</b>	<b>39.7</b>

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

**Demographic & Economic Data**

Demographic data regarding small businesses located in LMI census tracts, as well as businesses with revenues of less than \$ 1MM, are included in the appropriate sections.

According to the 2000 Census data, the assessment area had a population of 6231.9 thousand. About 12.1% were over the age of 65 and 20.4% were under the age of 16.

There were 576 thousand businesses in the assessment area. Of these 74% were businesses with reported revenues of less than or equal to \$1 million, 6% reported revenues of more than \$1 million and 20% did not report their revenues. Of all the businesses in the assessment area, 81.5% were businesses with less than fifty employees while 93% operated from a single location. The largest industries in the area were service providers (44.1%), followed by retail trade companies (16.4%) and finance, insurance and real estate (9.7%), while 11.8% of establishments in the assessment area were not classified. 28.4% of businesses are located in LMI geographies.

According to the New York State Department of Labor, in 2009, the average unemployment rate for both New York County and New York State was 8.3%, while the average unemployment rate for New York City was 9.2%. These unemployment rates have not been seasonally adjusted. These rates are significantly higher than the unemployment rates in 2008. The average rate for New York County in 2008 was 4.9%, for New York State it was 5.4%. The 2009 increase was associated with the nationwide recession.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*Savoy's performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Assessment Area Concentration; (3) Distribution by Borrower Characteristics; (4) Geographic Distribution of Loans; and (5) Action Taken in Response to Written Complaints Regarding CRA. The following factors were also considered in assessing the Bank's record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and 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.*

The assessment period included calendar years 2008 and 2009. Examiners considered small business loans in evaluating factors (2), (3) and (4), as noted above. **HMDA loans were not analyzed as there were only three HMDA loans originated during the evaluation period.** Small business loan aggregate data are shown for comparative purposes. Savoy is not required to report small business loan originations; as such, Savoy is not included in the aggregate data.

Statistics employed in this evaluation were derived from various sources. In addition to bank-specific loan information submitted by the bank, aggregate data for small businesses were obtained from the Federal Financial Institutions Examination Council ("FFIEC"). The demographic data referred to in this report were obtained from the 2000 U.S. Census data, with updated median family income figures provided by the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report derive from information on U.S. businesses, enhanced by Dun & Bradstreet and updated annually. As Savoy does not make farm loans, the data only include non-farm loans.

This is the first CRA examination conducted by New York State. During the evaluation period, Savoy originated very few loans. Therefore, rating many of the factors considered for CRA performance was not meaningful. Within that context, Savoy is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

### **Overall CRA Rating: "Satisfactory"**

- **Loan-to-Deposit ("LTD") Ratio Analysis and other Lending-Related Activities:**  
**"Satisfactory"**

Savoy's LTD ratio was reasonable considering its size, financial condition and the credit needs of the assessment area<sup>1</sup>. The bank's average LTD ratio of 67% for the prior eight quarters during this evaluation was lower than the peer group's average of 82.2%. Savoy began the evaluation period as a de novo institution with a LTD ratio of 10.9%. Therefore, it was more meaningful to compare median LTD ratios. Using this measure, Savoy's LTD ratio of 78.75% was very close to the peer group ratio of 81.99%. Beginning in the 4<sup>th</sup> quarter of 2008, Savoy's LTD ratios exceeded or were comparable to the peer group's LTD ratio. These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") prepared by the FDIC. The following chart illustrates Savoy's and its peer group's LTD ratios for the 8 quarters ending December 31, 2009:

<b>Loan-to-Deposit Ratios</b>									
	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	Average LTD
Bank	10.93	26.71	68.32	96.83	82.08	88.50	78.75	84.21	67.04
Peer	73.58	93.19	84.77	85.44	79.37	81.99	79.51	80.84	82.23

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

Savoy originated a majority of its small business loans within its assessment area.

During 2008 and 2009, Savoy originated 90% by number and 94.7% by dollar volume of its small business loans inside the assessment area. While the two-year average reflected a more than reasonable concentration of loans within Savoy's assessment area, the 2009 concentration is only reasonable within the context of the very limited lending done in 2009. Only four out of seven loans were made within the assessment area. The orders described in Section 3, may have affected the level of lending activity that Savoy could undertake. Therefore, more effort should have been made to direct limited resources within Savoy's assessment area. The following table illustrates the distribution of loans originated inside and outside of the assessment area:

<b>Distribution of Small Business Loans Inside and Outside of the Assessment Area</b>										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2008	23	100.0	0	-	23	15,148	100.0	0	-	15,148
2009	4	57.1	3	42.9	7	2,865	74.1	1,004	25.9	3,869
<b>2-year total</b>	<b>27</b>	<b>90.0</b>	<b>3</b>	<b>10.0</b>	<b>30</b>	<b>18,013</b>	<b>94.7</b>	<b>1,004</b>	<b>5.3</b>	<b>19,017</b>

<sup>1</sup> The LTD ratios include all outstanding loans. In contrast, other CRA factors focus on originations made during the evaluation period.

- **Distribution by Borrower Characteristics: “Not Rated”**

Savoy’s volume of lending was low, particularly in 2009, making it difficult to perform meaningful analyses of lending by borrower characteristics. Below are charts that detail the amount of lending to businesses of different revenue sizes.

The table following on the next page illustrates distribution of small business loans by borrowers’ revenue size.

<b>Distribution of Small Business Loans by Business Revenue Size</b>									
<b>2008</b>									
<b>Business Revenue Level</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Business Demographics</b>
	<b>#</b>	<b>%</b>	<b>\$(000's)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000's)</b>	<b>%</b>	
\$1million or less	23	100.0	878	5.8	57,886	20.4	1,735,064	28.4	66.8%
Over \$1 million		-		-					6.2%
No Revenue Info	0	-	14,270	94.2					27.0%
<b>Total</b>	<b>23</b>	<b>100.0</b>	<b>15,148</b>	<b>100.0</b>	<b>283,560</b>	<b>100.0</b>	<b>6,117,328</b>	<b>100.0</b>	<b>100.0%</b>
<b>2009</b>									
<b>Business Revenue Level</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Business Demographics</b>
	<b>#</b>	<b>%</b>	<b>\$(000's)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000's)</b>	<b>%</b>	
\$1million or less	4	100.0	940	32.8	<i>not available</i>				74.0%
Over \$1 million		-		-					6.0%
No Revenue Info	0	-	1,925	67.2					20.0%
<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>2,865</b>	<b>100.0</b>					<b>100.0%</b>

- **Geographic Distribution of Loans: “Not Rated”**

Savoy’s volume of lending was low, making it difficult to perform meaningful analyses of lending by geographic distribution. Below are charts that detail the amount of lending to businesses at various census tract income levels.

<b>Distribution of Small Business Loans by Geographic Income Level</b>									
<b>2008</b>									
<b>Geography Income Level</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Business Demographics</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	17	73.9	11,198	73.9	15,216	5.4	301,124	4.9	6.8
Moderate	2	8.7	1,450	9.6	54,854	19.3	1,080,477	17.7	21.5
Middle	1	4.3	983	6.5	66,658	23.5	1,342,698	21.9	22.2
Upper	3	13.0	1,517	10.0	143,811	50.7	3,270,181	53.5	48.0
NA	0	0	0	0	3021	1.1	122848	2.0082	1.4
<b>Total</b>	<b>23</b>	<b>100.0</b>	<b>15,148</b>	<b>100.0</b>	<b>283,560</b>	<b>100.0</b>	<b>6,117,328</b>	<b>100.0</b>	<b>100.0</b>
<b>2009</b>									
<b>Geography Income Level</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Business Demographics</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0	0	0.0	<i>Not Available</i>				6.8
Moderate	1	25.0	950	33.2					21.5
Middle	3	75.0	1,915	66.8					22.2
Upper									48.1
NA									1.4
<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>2,865</b>	<b>100.0</b>					<b>100.0</b>

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

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

- **Additional factors:**

**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 reviewed and approved CRA-related policies annually. The board appointed the Executive VP & COO as the CRA Officer. .

**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 found satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

**The banking institution's record of opening and closing offices and providing services at offices.**

No branches were opened or closed during the evaluation period.

- **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**

Savoy's efforts to identify community credit needs are informal and are accomplished primarily through contact with various local organizations, individuals and other entities that can help the bank understand community credit needs better. Following are some examples of the bank's efforts to communicate with members of its community. While some of these efforts had a primary purpose of marketing bank services, Savoy also used these events to hear feedback from the community regarding credit needs.

Savoy organized an in-house business seminar on April 9, 2009, targeting small businesses in the Hispanic communities of New York City.

On June 23, 2009, Savoy held a business seminar, "Avoiding Risk in Negotiating Commercial Contracts." This presentation targeted an audience of small businesses and entrepreneurs to educate them about important provisions that are sometimes overlooked when negotiating contracts, such as indemnification, representations and warranties and covenants.

**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**

Savoy uses local community organizations, including the Manhattan Chamber of Commerce, as the primary way to promote its loan products. The bank also participates in the business resource fair organized by the Greater New York Chamber of Commerce.

- **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**

As noted in the section on Performance Context, Savoy is subject to orders from both the NYSBD and the FDIC. These orders may affect Savoy's ability to extend additional credit and thus, may affect the level of lending activity that Savoy can perform. The orders do

not, however, affect Savoy's ability to lend in LMI geographies, to LMI borrowers or to small businesses.

Management has indicated that it is working to resolve the Cease and Desist order issued by the New York State Banking Department. Savoy's goal is to grow the bank by raising capital so that it can lend more. As of March 31, 2010, Savoy raised \$3.6 million cash through public offerings. The offering will be completed by October 2010. Savoy plans to raise a total of \$5.25 million.

## 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

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.

**Income Level**

The income level of the person, family or household is based on the income of person, family or household. 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 (“GAR”) of \$1 million or less (“< = \$ 1MM”).

**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**

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 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 in LMI geographies or to LMI borrowers.

### **Small Business Loans**

Loans to businesses with original amounts of  $\leq$  \$1MM.