



**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, 2006

Institution: American Community Bank
300 Glen Street
Glen Cove, NY 11542

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 American Community Bank ("ACB") 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, 2006.

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 intermediate small banking institutions are primarily based on a review of performance tests and standards described in Sections 76.7 and detailed in Sections 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

ACB is rated "1," indicating an "Outstanding" 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:*** ACB's LTD ratio is considered reasonable in light of its size, financial condition and the credit needs of its assessment area. ACB's average LTD ratio for the twelve quarters ended December 31, 2006 was 81.9%, higher than the peer group's average of 78.0%.
- ***Assessment Area Concentration:*** ACB extended a substantial majority of its loans inside its assessment area. It originated 89.8% by number and 87.6% by dollar volume of its small business loans within its assessment area.
- ***Geographic Distribution of Loans:*** The geographic distribution of ACB's small business loans reflects an excellent dispersion among census tracts of different income levels. In light of the business demographics of its assessment area, ACB's LMI penetration rates of 29.6%, 27.1% and 26.4% in 2004, 2005 and 2006, respectively were more than reasonable.
- ***Distribution by Borrowers Characteristics:*** ACB's small business lending distribution, based on borrower characteristics, reflects an excellent penetration among businesses of different sizes.

During the evaluation period, ACB extended 26.8% of small business loans in amounts of \$100 thousand or less. This performance is more than reasonable, considering ACB's primary focus is commercial real estate lending in Nassau and Suffolk Counties, where real estate prices are high. During the evaluation period, ACB had an increasing trend in loans of \$100 thousand or less, both by number and dollar volume.

- Neither ACB 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.

PERFORMANCE CONTEXT

Institution's Profile:

Chartered in 1999, ACB is a commercial bank headquartered in Nassau County with a branch in Suffolk County. ACB primarily offers financing to small to medium-sized businesses within the local community.

ACB's small business loans are primarily extended to borrowers in the commercial real estate industry. Recently, ACB raised its lending limit to \$3 million to bring it in line with the rising real estate prices and to better compete with larger institutions in its assessment area.

ACB offers a variety of financial services tailored to the needs of the community it serves, including "Totally Free Checking for Life" and merchant services. It also participates in the Interest on Lawyer Account Fund ("IOLA") program, where interests are remitted to the Board of Trustees of the IOLA Fund, which are used to provide grant monies to non-profit entities that provide civil legal services to low-income New Yorkers.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition ("Call Report") as of December 31, 2006, ACB reported total assets of approximately \$90.7 million, of which \$72.6 million were net loans and leases. ACB's total assets increased 90.1% from \$47.7 million at the prior examination. Its total gross lending increased 149.8% to \$73.7 million from \$29.5 million.

The following is a summary of ACB's lending portfolio based on Schedule RC-C of the end of year 2003, 2004, 2005 and 2006 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
LOAN TYPE	2003		2004		2005		2006	
	\$000	%	\$000	%	\$000	%	\$000	%
1-4 Residential Mortgage Loans	5,540	18.8	6,510	14.3	7,057	11.8	5,088	6.9
Commercial & Industrial Loans	5,289	17.9	4,794	10.5	6,299	10.5	4,125	5.6
Commercial Mortgage Loans	16,897	57.3	30,424	66.8	43,304	72.5	59,135	80.2
Multifamily Mortgages	0	0.0	0	0.0	0	0.0	0	0.0
Consumer Loans	611	2.1	662	1.5	311	0.5	204	0.3
Agricultural Loans	0	0.0	0	0.0	0	0.0	0	0.0
Construction Loans	1,115	3.8	3,178	7.0	2,721	4.6	5,017	6.8
Other Loans	31	0.1	3	0.0	68	0.1	134	0.2
Obligations of states & municipalities	0	0.0	0	0.0	0	0.0	0	0.0
Total Gross Loans	29,483	100.0	45,571	100.0	59,760	100.0	73,703	100.0

As illustrated in the above chart, ACB's primary business focus is commercial lending, which represented 85.8% of its loan portfolio.

As of evaluation date, ACB reported \$72.6 million in net loans and leases and \$79.4 million in total deposits, resulting in a loan-to-deposit ratio of 91.5%. According to the

latest comparative deposit data dated June 30, 2006, ACB obtained a market share of 0.09% or \$71.8 million out of \$82.9 billion inside its market, ranking it 33rd among 40 deposit-taking institutions in its assessment area.

ACB operates two full service banking offices: the main office at 300 Glen Street, Glen Cove, Nassau County and 100 Commack Road, Commack, Suffolk County. It opened the Commack Branch on January 10, 2005.

ACB is a participating lender in the Small Business Administration (“SBA”) Certified Development Company (“CDC” or “504”) loan program. During the evaluation period it extended four of these loans totaling \$4.5 million.

ACB received a “Satisfactory” rating at its prior evaluation conducted by the New York State Banking Department as of December 31, 2003.

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

Assessment Area:

ACB’s assessment area is comprised of Nassau and Suffolk Counties. During the evaluation period, it expanded its assessment area to include all census tracts in Nassau and Suffolk Counties.

The assessment area consists of 597 census tract: 4 are low-income, 84 moderate-income, 375 middle-income, 118 upper-income and 16 zero-income tract. The following chart shows the distribution of census tracts within the assessment area.

Distribution of Assessment Area Census Tracts by Income Level							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Nassau	8	2	20	178	69	277	7.9
Suffolk	8	2	64	197	49	320	20.6
Total	16	4	84	375	118	597	14.7

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

Details of Assessment Area

Both counties of ACB’s assessment area are part of Metropolitan Division¹ (MD) 35004. Of the 597 census tracts in its assessment area, 14.7% are LMI.

¹ Metropolitan Division is a county or group of counties within a Core Based Statistical Area that contains a core with a population of at least 2.5 million.

Assessment Area Economic and Demographic Data:

In 2006, there were 264.3 thousand businesses operating in the assessment area, distributed as follows: 98.4 thousand (37.2%) services; 37.9 thousand (14.4%) retail; 24.2 thousand (9.2%) finance, insurance & real estate; 23.8 thousand (9.0%) construction, and 41.6 thousand non-classifiable establishments. Agriculture, mining, manufacturing, transportation, wholesale trade and public administration accounted for less than 5% each.

The following is a listing of charts containing important economic and demographic information about each county comprising ACB's assessment area. Economic and statistical data used in this evaluation were obtained from various sources. The demographic data is obtained from the 2000 U.S. Census. The 2004, 2005 and 2006 updated median family income figures were obtained from Department of Housing and Urban Development ("HUD") estimates.

Chart #1: Shows population and income.

Chart #2: Shows business demographics.

Provided below, are the annual unemployment rates for the counties of the assessment area. The state-wide and metropolitan division rates are included for comparison:

Assessment Area Unemployment Rate by County and MD				
	State-wide	MD 35004	Nassau County	Suffolk County
2004 Annual	5.8	4.6	4.5	4.6
2005 Annual	5.0	4.1	4.1	4.2
2006 Annual	4.5	3.8	3.7	3.9

American Community Bank
CRA Evaluation
as of 12/31/2006

CHART # 1

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	# of Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
Nassau	1,334,544	200,841	15.0	293,128	22.0	85,752	91,000	447,803	23,537	5.3	349,694	58,413	16.7	59,669	17.1	80,471	23.0	151,141	43.2	17,024	14.4
Suffolk	1,419,369	167,558	11.8	332,521	23.4	74,455	91,000	469,535	26,498	5.6	362,857	70,052	19.3	72,922	20.1	91,882	25.3	128,001	35.3	44,099	30.8
TOTAL A/A*	2,753,913	368,399	13.4	625,649	22.7	80,000	91,000	917,338	50,035	5.5	712,551	128,465	18.0	132,591	18.6	172,353	24.2	279,142	39.2	61,123	23.4

* Assessment Area

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CHART # 2

<i>BUSINESS DEMOGRAPHICS BY COUNTY</i>											
COUNTY	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
Nassau	131,503	89,999	68.4	7,506	5.7	33,998	25.9	100,231	76.2	122,174	92.9
Suffolk	132,765	91,797	69.1	7,725	5.8	33,243	25.0	102,936	77.5	122,773	92.5
Total A/A*	264,268	181,796	68.8	15,231	5.8	67,241	25.4	203,167	76.9	244,947	92.7

* Assessment Area

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

ACB'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) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; (5) Action Taken in Response to Written Complaints Regarding CRA.

The assessment period included calendar years 2004, 2005 and 2006. ACB is primarily a commercial lender and originates few HMDA-type and consumer loans. Therefore, only its small business lending was considered in evaluating factors (2), (3) and (4), as noted above.

Statistics utilized in this evaluation were derived from various sources¹. In the evaluation, number volumes are the primary factors used to weigh ACB's performance, evaluate trends and draw comparisons. References to dollar amounts are clearly stated whenever they occur.

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

ACB's LTD ratio is reasonable considering its size, financial condition and the credit needs of the assessment area.

ACB's average LTD ratio for the 12 quarters since the previous evaluation ended December 31, 2003 was 81.9%, compared to the peer group's average of 78.0%. ACB's peer group includes all insured commercial banks having assets between \$50 and \$100 million in a metro area with two or fewer full service offices. These ratios were derived from the Uniform Bank Performance Report ("UBPR") prepared by the Federal Deposit Insurance Corporation ("FDIC"). As shown in the table below, ACB's LTD ratios were above peer in seven of the 12 quarters and have improved considerably to 91.5% at December 31, 2006 from 70.4% at March 31, 2004.

Loan-to-Deposit Ratios													
	2004 (Q1)	2004 (Q2)	2004 (Q3)	2004 (Q4)	2005 (Q1)	2005 (Q2)	2005 (Q3)	2005 (Q4)	2006 (Q1)	2006 (Q2)	2006 (Q3)	2006 (Q4)	Aver* LTD
Bank	70.4	72.7	74.6	84.3	73.1	77.2	80.7	86.5	90.3	89.5	92.2	91.5	81.9
Peer	75.3	76.5	78.0	78.1	78.3	78.6	78.7	77.9	78.5	79.1	79.1	77.7	78.0

* Average

ACB enhanced the availability of credit in its assessment area by contributing to the Federal Home Loan Bank of New York, which in turn has allocated funds to numerous affordable housing initiatives.

¹ Information submitted by the institution, Federal Financial Examination Council ("FFIEC") and PCI Services, Inc. CRA Wiz, an external vendor.

- **Assessment Area Concentration: “Outstanding”**

A substantial majority of loans were made inside ACB's assessment area. During the evaluation period, ACB originated 89.8% by number and 87.6% by dollar volume of its small business loans within its assessment area. This is a significant improvement from the prior evaluation's ratios of 39.3% and 23.3%, respectively. The increase in ACB's concentration ratios was primarily due to the expansion of its assessment area during this evaluation period.

The following table depicts the distribution of loans inside and outside the assessment area during the evaluation period:

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
	#	%	#	%		\$	%	\$	%	
Small Business										
2004	71	92.2	6	7.8	77	22,071	86.0	3,580	14.0	25,651
2005	70	90.9	7	9.1	77	23,627	91.4	2,236	8.6	25,863
2006	53	85.5	9	14.5	62	18,010	84.9	3,201	15.1	21,211
Total	194	89.8	22	10.2	216	63,708	87.6	9,017	12.4	72,725

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

The geographic distribution of small business loans reflects an excellent penetration throughout the assessment area. During the evaluation period, ACB extended 54 loans totaling \$12.7 million in LMI areas.

In 2004, ACB originated 71 small business loans within its assessment area, of which 29.6% was made in LMI areas. Considering that only 0.7% of businesses are located in the low-income areas and 13.1% are located in the moderate income of its assessment area, ACB's LMI penetration rate is more than reasonable.

Although ACB's LMI penetration by number of small business loans declined slightly to 27.1% in 2005, its dollar volume increased to 23.2% from 18.4% in 2004. For comparison, only 13.2% of businesses were in LMI areas. Additionally, this performance level surpassed the aggregate's LMI penetration ratio of 13.5% in 2005, the only year aggregate figures were available.

In 2006, ACB originated 14 loans in LMI areas achieving a penetration rate of 26.4% by number and 17.6% by dollar volume. ACB's LMI penetration ratio remained more than reasonable given the percentage of businesses in LMI areas of 13.8%.

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

Distribution of Small Business Loans by Geography Income Level						
2004						
Geography Income Level	Bank				Distribution of Businesses	
	#	%	\$000's	%	#	%
Low	1	1.4	550	2.5	1,663	0.7
Moderate	20	28.2	3,512	15.9	30,529	12.3
Middle	39	54.9	15,459	70.0	155,392	62.7
Upper	11	15.5	2,550	11.6	60,064	24.3
NA	0	0.0	0	0.0	27	0.0
Total	71	100.0	22,071	100.0	247,675	100.0
2005						
Geography Income Level	Bank				Distribution of Businesses	
	#	%	\$000's	%	#	%
Low	1	1.4	50	0.2	1,824	0.7
Moderate	18	25.7	5,434	23.0	33,023	12.5
Middle	44	62.9	16,613	70.3	164,485	62.5
Upper	7	10.0	1,530	6.5	63,865	24.3
NA	0	0.0	0	0.0	31	0.0
Total	70	100.0	23,627	100.0	263,228	100.0
2006						
Geography Income Level	Bank				Distribution of Businesses	
	#	%	\$000's	%	#	%
Low	0	0.0	0	0.0	1,842	0.7
Moderate	14	26.4	3,174	17.6	33,980	13.1
Middle	33	62.3	12,420	69.0	161,684	62.4
Upper	6	11.3	2,416	13.4	61,461	23.7
NA	0	0.0	0	0.0	28	0.0
Total	53	100.0	18,010	100.0	258,995	100.0

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

ACB’s small business lending distribution based on borrower characteristics reflects an excellent penetration among businesses of different sizes. Loan data based on borrowers’ revenue size is not available, therefore loan size was used as a proxy because it closely reflects the borrower’s characteristics. During the evaluation period, ACB extended 26.3% of small business loans in amounts of \$100 thousand or less.

In 2004, ACB granted 16 small business loans (22.5%) totaling \$534 thousand (2.4%) in amounts of \$100 thousand or less. In 2005, these ratios increased to 28.6% by number and 4.1% by dollar volume and remained at the same level in 2006.

This performance is more than reasonable considering that the average loan size during the evaluation period was \$330 thousand. This average loan size was due to the high real estate prices in Nassau and Suffolk Counties.

The following chart provides a summary of ACB’s small business lending distribution based on loan size.

Distribution of Small Business Loans by Loan Size				
Loan Size	2004			
(\$in thousands)	#	%	\$000	%
<=\$100	16	22.5	534	2.4
>\$100 - <=\$250	20	28.2	3,268	14.8
>\$250 - <=\$1,000	35	49.3	18,269	82.8
>\$1,000	0	0.0	0	0.0
Total	71	100.0	22,071	100.0
Loan Size	2005			
(\$in thousands)	#	%	\$000	%
<=\$100	20	28.6	962	4.1
>\$100 - <=\$250	9	12.9	1,812	7.7
>\$250 - <=\$1,000	41	58.6	20,853	88.3
>\$1,000	0	0.0	0	0.0
Total	70	100.0	23,627	100.0
Loan Size	2006			
(\$in thousands)	#	%	\$000	%
<=\$100	15	28.3	717	4.0
>\$100 - <=\$250	8	15.1	1,337	7.4
>\$250 - <=\$1,000	30	56.6	15,956	88.6
>\$1,000	0	0.0	0	0.0
Total	53	100.0	18,010	100.0

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

Since the latest CRA evaluation conducted as of December 31, 2003, neither ACB nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance.

- **Services**

ACB's president serves on the board of a non-profit organization that provides residents of Nassau and Suffolk Counties with a range of services, including small business loans and business training, housing counseling programs, homeownership assistance and financial education.

A senior vice president serves on a not-for-profit organization that provides LMI communities with educational and human services.

A senior vice president serves on the fund raising committee of a non-profit organization that provides child care to LMI families.

A senior vice president serves on the board of a local non-profit organization that provides senior citizens of the community with a vast array of services.

A vice president served as the head of logistics of a national organization that helped the victims of hurricane Katrina.

- **Discrimination and other Illegal Practices**

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

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

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations conducted as of March 31, 2006 indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

- **Process Factors**

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

ACB continues its ascertainment effort through its contacts with various community organizations serving the needs of its community, particularly Harbor Child Care Center, La Fuerza Unida and the Glen Cove Senior Center. ACB's president serves on the Board of Directors of Community Development Corporation.

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.

Members of the community are made aware of ACB's credit services through referrals and direct mail program.

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 discusses CRA activities regularly and supports management's recommendations regarding its CRA initiatives. Recently, the board reinstated the CRA Committee.

- **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:

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

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

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

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- ◆ 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.