



**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, 2007

Institution: Cattaraugus County Bank
116-120 Main Street
Little Valley, NY 14755

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 Cattaraugus County Bank ("CCB") 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, 2007.

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

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

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

CCB is rated a "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:*** CCB's LTD ratio is considered reasonable in light of its size, financial condition and the credit needs of its assessment area. CCB's average LTD ratio from 2004 to 2007 was 64.2%, compared to its peer's average of 79.6%.
- ***Assessment Area Concentration:*** CCB extended the vast majority of its mortgage loans in the assessment area. During the evaluation period, CCB extended 91% by number and 76% by dollar volume of its HMDA-related loans inside its assessment area.
- ***Geographic Distribution of Loans:*** CCB's geographic distribution of loans reflects an excellent dispersion among census tracts of different income levels. In 2006, CCB extended 23.9% of its HMDA-related loans in LMI areas, well above the aggregate LMI penetration rate of 6.9%. In 2007, CCB's LMI penetration rate was 21.2%.
- ***Distribution by Borrowers Characteristics:*** CCB's lending distribution in the assessment area reflects a reasonable penetration among individuals of different income levels. In 2006, CCB made 30% of its HMDA-related loans to LMI borrowers, slightly below the aggregate LMI penetration rate of 33.4%. In 2007, CCB made 32% of its HMDA-related loans to LMI borrowers.

Neither the CCB 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 1902, CCB is located in Little Valley, New York. It is wholly-owned by C.C. Bancorp, Inc., a one- bank holding company.

CCB operates seven branches: five in Cattaraugus County, one in Erie, and one in Chautauqua County. Since the previous evaluation, CCB opened a new branch in Cattaraugus County and another one in Chautauqua County. All but the two most recently opened branches have automated teller machines ("ATMs") with withdrawal capabilities only. CCB no longer has off-site ATMs at remote locations. Subsequent to the evaluation, CCB purchased two additional branches in Chautauqua County in March, 2008.

CCB mainly generates mortgages with some commercial and consumer loans; and receives deposits from customers located primarily in Cattaraugus County and surrounding areas.

The consolidated report of condition ("call report") filed with the Federal Deposit Insurance Corporation ("FDIC") as of December 31, 2007 reported total assets of \$131 million, of which \$79 million was net loans. CCB's total deposits were \$115 million, resulting in a loan-to-deposit ratio of 68.7%.

According to the latest available comparative deposit data as of June 30, 2007, CCB obtained a market share of 0.34% or \$117.6 million inside its assessment area, ranking 16th among 20 deposit-taking institutions. Below is the summary of deposits market share by county:

Market Share of Deposits as of June 30, 2007						
County	Number of Branches	Deposits \$000	Deposits %	Deposits as % of County Total	Ranking	Number of Institutions
Cattaraugus	5	96,962	83%	12.51%	3	8
Chautauqua	1	6,103	5%	0.44%	11	11
Erie	1	14,565	12%	0.04%	17	19
Assessment area	7	117,630	100%	0.34%	16	20

The following is a summary of CCB's lending portfolio, based on Schedule RC-C of the fiscal years ending December 31, 2005, 2006 and 2007 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	FYE 12/31/05		FYE 12/31/06		FYE 12/31/07	
	\$000	%	\$000	%	\$000	%
1-4 Residential Mortgage Loans	42,602	53.2	41,822	53.3	41,872	52.9
Commercial & Industrial Loans	15,086	18.8	14,498	18.5	14,685	18.5
Commercial Mortgage Loans	16,351	20.4	14,132	18.0	14,606	18.4
Mutifamily Mortgages	1,309	1.6	1,249	1.6	1,502	1.9
Consumer Loans	4,129	5.2	3,915	5.0	3,655	4.6
Agricultural Loans	137	0.2	119	0.2	177	0.2
Construction Loans	288	0.4	2,542	3.2	2,440	3.1
Other Loans	172	0.2	197	0.3	285	0.4
Total Gross Loans	80,074	100.0	78,474	100.0	79,222	100.0

CCB is primarily a residential real estate lender, with approximately 53% of its loan portfolio consistentling of 1-4 family mortgages during the last three years. CCB's two secondary loan products are commercial & industrial loans (18.5%) and commercial mortgages (18.4%) as of December 31, 2007. The above table reflects that CCB maintained a consistent lending base of roughly \$80 million during the evaluation period.

CCB participates in government guaranteed or sponsored loan programs such as: New York State Development Loans, USDA guaranteed loans, and SBA guaranteed loans. Management expects that the acquisition of two new branches in Chautauqua County will further enhance CCB's capacity to originate loans. In 2006, CCB started offering "No-closing cost mortgages". In 2008, CCB established the "Happy App" program to pre-qualify potential customers for 1-4 family home loans.

CCB received a rating of "2" at its prior Performance Evaluation conducted by the New York State Banking Department as of January 1, 2004, reflecting a "Satisfactory" record of helping to meet community credit needs.

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

Assessment Area:

As of December 31, 2007, CCB's assessment area is comprised of the entire Cattaraugus County with 21 census tracts, the southern part of Erie County with 7 census tracts, and eastern Chautauqua County with 1 census tract.

There are 29 census tracts in its assessment area, of which 1 is low-income, 5 are moderate-income, 22 are middle-income, 1 is upper-income, and none is a zero-income tract.

Distribution of Assessment Area Census Tracts by Income Level							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Cattaraugus	0	1	3	16	1	21	19
Chautauqua	0	0	0	1	0	1	0
Erie	0	0	2	5	0	7	29
Total	0	1	5	22	1	29	21

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

Details of Assessment Area:

Chart #1: Shows population and income.

Chart #2: Shows housing demographics.

Unemployment Rates

The following chart reflects non-seasonally adjusted unemployment rates for the three counties the assessment area covers.

According to the following chart, average unemployment rates in Cattaraugus and Erie Counties are higher than the average for the entire State of New York in 2006 and 2007. Chautauqua County's unemployment rates are the same as the state's rates in both years.

LOCATION	2006 Unemployment Rate	2007 Unemployment Rate
Cattaraugus County	5.2%	5.1%
Chautauqua County	4.6%	4.5%
Erie County	5.0%	4.6%
State of New York	4.6%	4.5%

In 2007, the major industries in Cattaraugus County were services (28.7%), non-classifiable types of businesses (25%) and retail trade (17.3%). In Chautauqua County, non-classifiable accounted for 29.5% of total businesses, with services constituting 22.5%, followed by agriculture, forestry & fishing comprising 13% of all businesses. In Erie County, services represented 27.2% of total businesses while non-classifiable accounted for 24.7%.

Cattaraugus County
Bank

CHART # 1

2007 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	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
Cattaraugus	83,955	12,277	15	19,216	23	39,577	50,900	32,055	3,954	12	21,791	4350	20	4,484	21	5,212	24	7,745	36	1,484	16.8
Chautauqua	5,112	554	11	1,277	25	40,458	50,900	1,858	209	11	1,422	254	18	299	21	368	26	501	35	0	0
Erie	22,848	2,680	12	4,208	18	48,717	59,300	7,254	438	6	5,205	854	16	1,098	21	1,370	26	1,883	36	157	8
TOTAL A/A*	111,915	15,511	13	24,701		42,917	53,700	41,167	4,601	10	28,418	5,458	18	5,881	21	6,950	25	10,129	36	1,641	14.5

* Assessment Area; ** In thousands

CHART # 2

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Midd-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Cattaraugus	39,839	37,822	94.9	2,017	5.1	23,831	59.8	0	0	2,426	10.2	20,619	86.5	786	3.3	9,564	24.0	7,816	19.6
Chautauqua	2,200	2,163	98.3	37	1.7	1,574	71.6	0	0	0	0	1,574	100	0	0	332	15.1	339	15.4
Erie	7,687	7,342	95.5	345	4.5	5,629	73.2	0	0	256	4.55	5,373	95.5	0	0	1,759	22.9	463	6.0
TOTAL A/A*	49,726	47,327	95.2	2,399	4.8	31,034	62.4	0	0	2,683	8.6	27,564	88.8	786	2.5	11,655	20.3	8,618	17.3

* Assessment Area

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

The assessment period covers calendar years 2004 through 2007. CCB's HMDA-related lending for 2006 and 2007 was the focus in evaluating factors 2 through 4 as noted above because that period was the most recent and it was reflective of the bank's strategy.

The demographic data referred to in this report were obtained from the 2000 Census. Updated median family income figures for 2006 and 2007 were obtained from the U. S. Department of Housing and Urban Development ("HUD").

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

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

For the 16 consecutive quarters ending December 31, 2007, CCB's average LTD ratio was 64.2%, which was below the peer group's average of 79.6%. These ratios were calculated from information shown in CCB's Uniform Bank Performance Report ("UBPR") prepared by the Federal Deposit Insurance Corporation ("FDIC"). The peer group consists of 845 insured commercial banks having assets between \$100 million and \$300 million in non-metro areas with three or more full service offices.

As shown in the table below, CCB's LTD ratios are consistently below those of its peers. CCB is located in a depressed area with a high unemployment rate, and businesses in the area have limited growth potential. In addition, CCB is in the lower range of its peers based on asset size.

Loan-to-Deposit Ratios									
	2004 (Q1)	2004 (Q2)	2004 (Q3)	2004 (Q4)	2005 (Q1)	2005 (Q2)	2005 (Q3)	2005 (Q4)	4-year Average LTD
Bank	61.75	64.05	62.36	61.14	59.29	64.48	62.96	66.08	
Peer	76.17	78.16	79.13	78.44	78.40	80.32	80.60	79.41	
	2006 (Q1)	2006 (Q2)	2006 (Q3)	2006 (Q4)	2007 (Q1)	2007 (Q2)	2007 (Q3)	2007 (Q4)	
Bank	64.74	67.26	64.49	66.31	63.21	65.17	66.07	67.93	64.21
Peer	79.28	81.26	81.50	79.76	79.17	80.63	81.07	80.58	79.62

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

CCB originated the vast majority of its loans within its assessment area as shown below:

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
	#	%	#	%		\$	%	\$	%	
HMDA - Reportable										
2006	138	92.6	11	7.4	149	5,803	76.7	1,758	23.3	7,561
2007	118	89.4	14	10.6	132	6,298	76.2	1,963	23.8	8,261
Subtotal	256	91.1	25	8.9	281	12,101	76.5	3,721	23.5	15,822

In 2006 and 2007, CCB originated 281 HMDA-related loans totaling \$15.8 million, of which 91.1% were made within CCB’s assessment area.

Geographic Distribution of Loans: “Outstanding”

The geographic distribution of CCB’s HMDA- related loans reflects an excellent dispersion among census tracts of different income levels.

In 2006, CCB’s LMI area penetration ratio was 23.9%, well above the aggregate penetration rate of 6.9%. In 2007, CCB’s LMI penetration ratio was 21.2%.

The following chart provides a summary of the geographic distribution of CCB’s HMDA related lending within its assessment area during the evaluation period:

Distribution of HMDA-reportable Loans by Geographic Income Level*								
Geography Income Level	2006							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0
Moderate	33	23.9%	1,210	20.9%	172	6.9%	7,647	4%
Middle	105	76.1%	4,593	79.1%	2,272	91.4%	166,423	94%
Upper	0	0.0%	0	0.0%	42	1.7%	3,245	2%
Total	138	100.0%	5,803	100.0%	2,486	100.0%	177,315	100%
Geography Income Level	2007							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	0	0.0%	0	0.0%	Not Available			
Moderate	25	21.2%	1,040	16.5%				
Middle	93	78.8%	5,258	83.5%				
Upper	0	0.0%	0	0.0%				
Total	118	100.0%	6,298	100.0%				

* Geography income level is based upon 2000 Census data on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120%, and upper-income is at least 120%.

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

CCB’s HMDA-related lending distribution based on borrower characteristics reflects a reasonable penetration among individuals of different income levels.

In 2006, CCB originated 38 loans or 30.1% of its total HMDA-related loans to LMI borrowers. By comparison, the aggregate LMI penetration rate was 33.5%. In 2007, CCB made 33 loans or 32% of its total HMDA-related loans in its assessment area to LMI borrowers.

The following chart provides a summary of CCB’s HMDA-related lending distribution to customers of different income levels during the evaluation period:

Distribution of One to Four-Family HMDA-reportable Loans by Borrower Income Level*								
Borrower Income Level	2006							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	14	11.1%	279	5.3%	204	9.0%	6,516	4.0%
Moderate	24	19.0%	737	13.9%	555	24.5%	26,976	16.6%
Middle	39	31.0%	1,563	29.5%	627	27.7%	39,426	24.3%
Upper	49	38.9%	2,712	51.3%	879	38.8%	89,318	55.1%
Total	126	100.0%	5,291	100.0%	2,265	100.0%	162,236	100.0%
Borrower Income Level	2007							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	14	13.6%	272	5.0%	Not Available			
Moderate	19	18.4%	736	13.5%				
Middle	33	32.0%	1,792	32.8%				
Upper	37	35.9%	2,660	48.7%				
Total	103	100.0%	5,460	100.0%				

* Borrower income level is based on HUD's estimate of median family income figures for the MSA of the mortgaged property. Low -income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120%, and upper-income is at least 120%.

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

For calendar years 2004 through 2007, the New York State Banking Department has not received any complaints regarding CRA related topics for CCB.

- **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 CCB.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations were conducted concurrently during this CRA evaluation. The compliance and fair lending examinations indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. There was no evidence of prohibited discriminatory or other illegal credit practices.

- **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.

Many CCB officers are members of local community groups or civic organizations. Through these memberships, CCB maintains regular contact with residents in the assessment area, allowing management to determine local credit needs.

Mr. Yeager, a senior retail loan officer, has been a board member for four years of the "Seneca Nation Mortgage Program." This mortgage program has helped 70 Seneca Nation members to purchase homes on the reservation without down payment.

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.

CCB markets its products via newspapers, radio and television advertisements. Also, CCB uses statement inserts, posters in branch lobbies and billboards to advertise its products.

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.

CCB's board of directors approves the CRA policy and reviews CRA performance annually.

- **Other Factors**

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

To accommodate the members of the large Amish communities, CCB has made some exceptions to its loan underwriting policy for 1-4 family mortgage loans. These exceptions recognize that the Amish community does not have electricity and running water in its homes. Due to the limited marketability of these homes, the loan-to-value is limited to 50%.

In lieu of standard hazard insurance, CCB requires a certificate of "Good Standing" completed by a representative of the borrower's church.

GLOSSARY

Aggregate

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

Community Development

The term “community development” is defined to mean:

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

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

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

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

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

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

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

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

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 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.