



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2018

Institution: Tompkins Mahopac Bank
1441 Route 22
Brewster, NY 10509

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 Tompkins Mahopac Bank (“TMB or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2018.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 (“GRS”) 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 institutions’ 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 in 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 (“Evaluation”) be made available to the public. 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 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

The Department evaluated TMB under the large banking institution performance criteria pursuant to Sections 76.7, 76.8, 76.9, and 76.10 of the GRS. DFS evaluated TMB's performance under the lending test for calendar years 2015, 2016 and 2017, and its community development activities from April 1, 2015 to December 31, 2018. TMB is rated "**Satisfactory**" or "2." This rating means TMB had a satisfactory record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: "High Satisfactory"

TMB's HMDA-reportable, small business and community development lending, as well as its flexible loan programs for LMI borrowers, were more than reasonable in light of the Bank's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: "High Satisfactory"

TMB's lending levels were more than reasonable considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

TMB's average loan-to-deposit ("LTD") ratio for the evaluation period was 78.5%, an increase from the prior evaluation of 74.5%. The Bank's LTD ratio was slightly lower than its peer group average of 82.9%.

Assessment Area Concentration: "High Satisfactory"

During the evaluation period, TMB originated 84.8% by number and 82.9% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This majority of lending inside of the Bank's assessment area reflects a more than reasonable concentration of lending within TMB's assessment area.

Geographic Distribution of Loans: "Low Satisfactory"

TMB's origination of loans in census tracts of varying income levels demonstrated an adequate distribution of lending. The distribution of TMB's HMDA-reportable loans by the income level of the geography was more than reasonable. TMB's rate of such lending in moderate-income geographies exceeded the aggregate's rate each year during the evaluation period.

However, examiners gave greater weight to TMB's small business lending, which trailed the aggregate's lending in LMI census tracts in all three years of the evaluation period. Small business lending represented 78.6% by number of loans and 68% by dollar value of TMB's total HMDA-reportable and small business loan originations.

Distribution by Borrower Characteristics: “Low Satisfactory”

TMB’s HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

TMB’s rates of lending to LMI individuals by number of loans was slightly lower, at 13.5%, compared to the aggregate’s level of 14.2%. TMB’s small business lending also demonstrated an adequate reasonable distribution of loans among businesses of different revenue sizes. During the evaluation period, TMB’s rate of lending to businesses with revenue of \$1 million or less was 44.2% by number and 39.4% by dollar value of loans.

Community Development Lending: “High Satisfactory”

During the evaluation period, TMB originated \$54.5 million in new qualified community development loans, and had \$22.5 million outstanding from prior evaluation periods. This demonstrated a more than reasonable level of community development lending over the course of the evaluation period.

Flexible and/or Innovative Lending Practices

TMB offers LMI borrowers flexibility via its “Community One Mortgage” program, and is a participating State of New York Mortgage Agency (“SONYMA”) lender. The Bank did not engage in innovative lending practices during the evaluation period.

INVESTMENT TEST: “Low Satisfactory”

TMB’s qualified investments were adequate considering the assessment area’s credit and community development needs.

Qualified Investments: “Low Satisfactory”

During the evaluation period, TMB made \$4.2 million in new community development investments and had \$3.2 million outstanding from prior evaluation periods. TMB also made \$194,530 in community development grants. Total investments represented 0.2% of average total assets annualized over the three years and three quarters of the evaluation period. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Innovativeness of Qualified Investments

TMB did not make any innovative investments to support community development.

Responsiveness of Community Development Investments to Credit and Community Development Needs

TMB's qualified community development investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

SERVICE TEST: "High Satisfactory"

Retail Banking Services: "Low Satisfactory"

TMB's branch network, delivery systems, branch hours and services, and alternative delivery systems were adequate ,to meet the needs of LMI individuals.

TMB has an adequate distribution of branches within its assessment area. Its record of opening and closing branches has not adversely affected the accessibility of its delivery systems to LMI geographies and/or LMI individuals. Its delivery systems are accessible to significant portions of the Bank's assessment area, including LMI geographies and individuals.

Community Development Services: "High Satisfactory"

TMB provided a more than reasonable level of community development services during the evaluation period.

Senior management, as well as officers, serve in various leadership positions as board and committee members of community development organizations. In addition, the Bank hosted, participated and sponsored nearly forty workshops, seminars and events to promote affordable housing and providing financial education for LMI individuals, including those owned by minority and women entrepreneurs.

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

PERFORMANCE CONTEXT

Institution Profile

Established in 1927, TMB is a New York State chartered bank headquartered in Brewster, New York. TMB is a full-service community bank with fourteen branches serving Dutchess, Putnam, and Westchester counties in the Hudson Valley region of New York.

TMB is one of four banks wholly owned by Tompkins Financial Corporation (“TFC”), a financial services holding company headquartered in Ithaca, New York. The other three banks are: Tompkins Trust Company, Tompkins Bank of Castile, and Tompkins VIST Bank (a Pennsylvania bank). While TMB is one of four affiliated banks owned by TFC, the Bank operates under the direction of its own local management.

TMB offers a variety of traditional banking products and services. The Bank’s loan products include residential mortgages, construction loans, business installment loans, and commercial mortgages. Deposit products include personal and business checking, savings, and money market accounts, as well as certificate of deposit, individual retirement, and club accounts. Banking services offered include internet and mobile banking, remote deposit, safe deposit box rental, and escrow management. TMB also offers nontraditional banking services such as insurance products and wealth management services primarily through its affiliates, Tompkins Insurance Agencies, Inc. and Tompkins Financial Advisors.

In its Consolidated Report of Condition (“Call Report”) as of December 31, 2017, filed with the Federal Deposit Insurance Corporation (“FDIC”), TMB reported total assets of \$1.4 billion, of which \$935 million were net loans and lease financing receivables. It also reported total deposits of \$972.4 million, resulting in an LTD ratio of 96.2%. According to the latest available comparative deposit data as of June 30, 2017, TMB had a market share of 0.94%, or \$1.1 billion in a market of \$108 billion, ranking it 18th among 41 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, 2015, 2016, and 2017 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/2015		12/31/2016		12/31/2017	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	245,986	33.6	269,345	28.4	289,294	29.9
Commercial & Industrial Loans	117,317	16.0	125,923	13.3	145,092	15.0
Commercial Mortgage Loans	268,957	36.7	321,213	33.9	371,235	38.4
Multifamily Mortgages	45,307	6.2	62,602	6.6	67,825	7.0
Consumer Loans	17,154	2.3	19,148	2.0	24,724	2.6
Agricultural Loans	593	0.1	554	0.1	1,255	0.1
Construction Loans	31,885	4.4	36,381	3.8	43,658	4.5
Obligations of States and Municipalities	4,777	0.7	4,618	0.5	4,336	0.4
Total Gross Loans	731,976		839,784		947,419	

As illustrated in the above table, TMB is primarily a commercial lender, with 53.4% of its loan portfolio in commercial mortgage and commercial and industrial loans as of December 31, 2017. This is followed by one-to-four family residential mortgage loans and multifamily mortgage at a combined 36.9%.

The total gross loan portfolio increased by \$293.3 million or 44.8% compared to the prior evaluation period. Most of the loan growth came from commercial real estate activity, especially from the Westchester market. The Bank lends to various industries and property types, but multifamily buildings, medical and light industrial-warehouse and self-storage facilities were the particular business lines with the strongest growth in the Bank's assessment area.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on TMB's ability to meet the credit needs of its community.

Assessment Area

TMB's assessment area is comprised of Dutchess, Putnam, and Westchester counties.

As a result of a change made in 2017, the assessment area increased by 90 census tracts from the prior evaluation period and now includes all of Westchester County. There were 321 census tracts in the expanded assessment area, of which 13 were low-income, 45 were moderate-income, 102 were middle-income, 154 were upper-income, and seven tracts had no income indicated.

The Bank has seen a significant demographic trend in the assessment area; young professionals moving to communities such as Yonkers, White Plains, New Rochelle,

Poughkeepsie, and Beacon due to their accessibility to public transportation to and from New York City.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Dutchess	2	6	13	49	9	79	24.1
Putnam	0	0	0	8	11	19	0.0
Westchester	5	7	32	45	134	223	17.5
Total	7	13	45	102	154	321	18.1

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

Demographic & Economic Data

The assessment area had a population of 1.4 million during the evaluation period. About 15.2% of the population were over the age of 65 and 19.7% were under the age of 16.

Of the 335,627 families in the assessment area, 4.1% were low-income, 14% were moderate-income, 31.8% were middle-income, and 50% were upper-income. There were 482,727 households in the assessment area, of which 9% had income below the poverty level and 2.2% were on public assistance.

The weighted average median family income in the assessment area was \$113,945.

There were 527,317 housing units within the assessment area, of which 72.6% were one-to-four family units and 26.5% were multifamily units. A majority or 59.2% of the area's housing units were owner-occupied, while 32.4% were rental units. Of the 311,868 owner-occupied housing units, 7.8% were in LMI census tracts while 92.2% were in middle- and upper-income census tracts. The median age of the housing stock was 61 years, and the median home value in the assessment area was \$441,090.

There were 98,206 non-farm businesses in the assessment area. Of these, 86.3% were businesses with reported revenues of less than or equal to \$1 million, 6.0% reported revenues of more than \$1 million, and 7.6% did not report their revenues. Of all the businesses in the assessment area, 97.3% were businesses with less than fifty employees, and 91.1% operated from a single location. The largest industries in the area were services (48.4%), retail trade (13.5%), and construction (8.8%), while 6.8% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State for the evaluation period was 4.9%. All counties in the assessment area had lower unemployment rates than the statewide average. Putnam County had the lowest unemployment rates throughout the period.

Assessment Area Unemployment Rate				
	NYS	Dutchess	Putnam	Westchester
2015	5.3	4.5	4.3	4.5
2016	4.8	4.2	4.0	4.3
2017	4.7	4.3	4.3	4.6
Average	4.9	4.3	4.2	4.5

Community Information

DFS examiners interviewed the director of a Westchester County’s public benefit corporation for this evaluation. The corporation was created to promote and encourage economic development with the primary goal of assisting in the creation and retention of jobs, and to strategically provide resources and encourage economic investments within the county.

The director noted that the county government is working to attract new business, both large and small, and trying to increase “main street” activities, by having a centralized downtown, thereby helping to strengthen the local economy. In addition, the county is trying to attract talent, targeting young professionals to the area.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated TMB under the large banking institution performance standards in accordance with Sections 76.7, 76.8, 76.9, and 76.10 of the GRS, which consist of the lending, investment, and service tests. DFS also considered the following factors in assessing the Bank's record of performance:

- 1. The 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 New York Banking Law that reasonably bear upon the extent to which TMB helps to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. TMB submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report compiled by the FFIEC from Call Report data.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business demographic data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually, and obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2015, 2016, and 2017 for HMDA and small business loans under the lending test; while the community development activities were evaluated from April 1, 2015 to December 31, 2018.

Examiners considered TMB's HMDA-reportable and small business loans in evaluating factors (2), (3), and (4) of the lending test noted below.

Examiners gave greater weight to TMB's small business lending since it represented 78.6% by number of loans and 68% by dollar value of TMB's total HMDA-reportable and small business loan originations.

At its **prior** Performance Evaluation as of March 31, 2015, DFS assigned TMB a rating of "2," reflecting a "Satisfactory" record of helping to meet the credit needs of its communities, based on the intermediate small banking institution performance standards.

The current Performance Evaluation is based on the large banking institution's performance standards.

Current CRA Rating: "Satisfactory"

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.*

TMB's HMDA-reportable, small business, and community development lending, as well as its flexible loan programs for LMI borrowers, were more than reasonable in light of the Bank's size, business strategy, and financial condition as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: "High Satisfactory"

TMB's lending levels were more than reasonable considering its size, business strategy, and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

TMB's average LTD ratio for the evaluation period was 78.5%, an increase from the 74.5% reported at the prior evaluation. The Bank's LTD ratio fluctuated from 70% during the third quarter of 2015 to 96.2% in the fourth quarter of 2017. TMB's quarterly LTD ratios steadily rose from the fourth quarter of 2016 and throughout 2017. At that point, TMB's LTD ratio was 11.2 percentage points higher than the peer's 85%.

As noted earlier in this report¹, TMB's gross loan portfolio increased by 44.8% compared to the prior evaluation period, with most of the loan growth coming from the Westchester market.

In 2017, the bank expanded its assessment area to include all of Westchester County, an increase of 90 census tracts from the prior evaluation period.

¹ See "Performance Context"

Loan-to-Deposit Ratios													
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Avg.
Bank	74.1	71.1	70.0	80.2	72.9	76.2	70.4	83.8	80.6	86.9	80.2	96.2	78.5
Peer	78.9	81.0	81.7	81.9	81.4	83.7	83.8	83.9	83.1	84.7	85.2	85.0	82.9

Assessment Area Concentration: “High Satisfactory”

During the evaluation period, TMB originated 84.8% by number and 82.9% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This majority of lending reflects a more than reasonable concentration of lending within TMB’s assessment area.

HMDA-Reportable Loans

TMB originated 85.4% by number and 87.9% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending reflects an excellent concentration of lending within the assessment area.

Small Business Loans

During the evaluation period, TMB originated 84.6% by number and 80.7% by dollar value of its small business loans within the assessment area demonstrating a more than reasonable record of lending.

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										
2015	76	82.6%	16	17.4%	92	28,644	83.5%	5,673	16.5%	34,317
2016	97	85.8%	16	14.2%	113	32,225	87.5%	4,597	12.5%	36,822
2017	90	87.4%	13	12.6%	103	40,099	91.6%	3,693	8.4%	43,792
Subtotal	263	85.4%	45	14.6%	308	100,968	87.9%	13,963	12.1%	114,931
Small Business										
2015	307	80.2%	76	19.8%	383	59,765	74.3%	20,626	25.7%	80,391
2016	309	82.8%	64	17.2%	373	76,253	78.2%	21,222	21.8%	97,475
2017	352	90.7%	36	9.3%	388	78,748	89.3%	9,424	10.7%	88,172
Subtotal	968	84.6%	176	15.4%	1,144	214,766	80.7%	51,272	19.3%	266,038
Grand Total	1,231	84.8%	221	15.2%	1,452	315,734	82.9%	65,235	17.1%	380,969

Geographic Distribution of Loans: “Low Satisfactory”

TMB’s origination of loans in census tracts of varying income levels demonstrated an adequate distribution of lending, primarily driven by the geographic distribution of small business lending.

Examiners gave greater weight to TMB’s small business lending since it represented 78.6% by number of loans and 68% by dollar value of TMB’s total HMDA-reportable and small business loan originations.

HMDA-Reportable Loans

The distribution of TMB’s HMDA-reportable loans by the income level of the geography was more than reasonable.

During the evaluation period, TMB originated 9.5% by number of loans and 12.6% by dollar value of its HMDA-reportable loans in LMI geographies, which compared favorably to the aggregate’s rates of 7.7% and 6.4%, respectively. TMB’s rate of lending in moderate-income geographies exceeded the aggregate’s rate throughout the evaluation period. However, TMB did not originate any HMDA-reportable loans in low-income census tracts except for one loan made in 2017.

The following table summarizes the distribution of TMB’s HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	106	0.8%	22,933	0.5%	0.9%
Moderate	5	6.6%	2,556	8.9%	752	5.7%	263,072	5.8%	6.2%
LMI	5	6.6%	2,556	8.9%	858	6.6%	286,005	6.3%	7.0%
Middle	19	25.0%	3,905	13.6%	4,658	35.6%	1,243,719	27.3%	37.6%
Upper	52	68.4%	22,183	77.4%	7,569	57.8%	3,020,671	66.4%	55.4%
Unknown	0	0.0%	0	0.0%	5	0.0%	1,235	0.0%	0.0%
Total	76		28,644		13,090		4,551,630		
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	141	1.0%	59,547	1.2%	0.9%
Moderate	10	10.3%	5,154	16.0%	903	6.1%	236,412	4.6%	6.2%
LMI	10	10.3%	5,154	16.0%	1,044	7.1%	295,959	5.8%	7.0%
Middle	38	39.2%	10,925	33.9%	5,431	36.8%	1,512,038	29.4%	37.6%
Upper	49	50.5%	16,146	50.1%	8,269	56.1%	3,332,734	64.8%	55.4%
Unknown	0	0.0%	0	0.0%	1	0.0%	76	0.0%	0.0%
Total	97		32,225		14,745		5,140,807		
2017									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.1%	48	0.1%	158	0.8%	67,757	0.9%	0.6%
Moderate	9	10.0%	4,934	12.3%	1,546	8.1%	459,963	6.0%	7.2%
LMI	10	11.1%	4,982	12.4%	1,704	8.9%	527,720	6.8%	7.8%
Middle	21	23.3%	12,648	31.5%	5,887	30.8%	1,681,459	21.8%	30.5%
Upper	59	65.6%	22,469	56.0%	11,518	60.3%	5,508,702	71.4%	61.7%
Unknown	0	0.0%	0	0.0%	5	0.0%	1,105	0.0%	0.0%
Total	90		40,099		19,114		7,718,986		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.4%	48	0.0%		0.9%		0.9%	
Moderate	24	9.1%	12,644	12.5%		6.8%		5.5%	
LMI	25	9.5%	12,692	12.6%	3,606	7.7%	1,109,664	6.4%	
Middle	78	29.7%	27,478	27.2%		34.0%		25.5%	
Upper	160	60.8%	60,798	60.2%		58.3%		68.1%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	263		100,968		46,949		17,411,423		

Small Business Loans

TMB's origination of small business loans in census tracts of varying income levels demonstrated an adequate distribution of lending.

During the evaluation period, TMB originated 8% by number and 10.9% by dollar value of its small business loans in LMI geographies. These rates were lower than those of the aggregate's rates of 10.7% and 13.3%, respectively.

The following table summarizes the distribution of TMB's small business loans by the income level of the geography where the business was located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2015									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	1.0%	560	0.9%	432	2.1%	24,560	3.6%	2.9%
Moderate	11	3.6%	3,276	5.5%	1,568	7.5%	55,930	8.1%	9.5%
LMI	14	4.5%	3,836	6.4%	2,000	9.6%	80,490	11.7%	12.4%
Middle	157	51.0%	26,859	44.9%	6,711	32.3%	236,427	34.3%	33.2%
Upper	137	44.5%	29,170	48.7%	12,093	58.1%	371,535	54.0%	54.4%
Unknown	0	0.0%	0	0.0%	3	0.0%	2	0.0%	0.1%
Total	308		59,865		20,807		688,454		
2016									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	1.3%	530	0.7%	478	2.1%	24,600	3.5%	2.8%
Moderate	23	7.4%	8,074	10.6%	1,713	7.4%	64,086	9.0%	9.5%
LMI	27	8.7%	8,604	11.3%	2,191	9.5%	88,686	12.4%	12.4%
Middle	136	44.0%	31,013	40.7%	7,372	32.0%	243,590	34.2%	33.1%
Upper	146	47.2%	36,636	48.0%	13,448	58.4%	380,391	53.4%	54.5%
Unknown	0	0.0%	0	0.0%	10	0.0%	118	0.0%	0.1%
Total	309		76,253		23,021		712,785		
2017									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	0.8%	966	1.2%	645	1.8%	28,744	2.6%	2.3%
Moderate	34	9.6%	9,982	12.6%	3,698	10.2%	135,725	12.2%	11.8%
LMI	37	10.5%	10,948	13.9%	4,343	12.0%	164,469	14.8%	14.1%
Middle	123	34.7%	24,092	30.5%	9,080	25.1%	306,745	27.5%	26.1%
Upper	194	54.8%	43,888	55.6%	22,727	62.8%	643,546	57.7%	59.8%
Unknown	0	0.0%	0	0.0%	11	0.0%	99	0.0%	0.1%
Total	354		78,928		36,161		1,114,859		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	1.0%	2,056	1.0%		1.9%		3.1%	
Moderate	68	7.0%	21,332	9.9%		8.7%		10.2%	
LMI	78	8.0%	23,388	10.9%	8,534	10.7%	333,645	13.3%	
Middle	416	42.8%	81,964	38.1%		29.0%		31.3%	
Upper	477	49.1%	109,694	51.0%		60.3%		55.5%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	971		215,046		79,989		2,516,098		

Distribution by Borrower Characteristics: "Low Satisfactory"

TMB's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans

TMB's one-to-four family HMDA-reportable lending demonstrated an adequate distribution of loans among individuals of different income levels.

During the evaluation period, TMB's average rates of lending to LMI individuals by number of loans at 13.5% trailed the aggregate's rate of 14.2%; while the rate by dollar value of 6.9% compared favorably to the aggregate's rate of 6.3%.

The following table summarizes the distribution of TMB's one-to-four family loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	2.8%	176	0.8%	454	3.5%	51,267	1.2%	16.1%
Moderate	6	8.5%	902	4.0%	1,527	11.8%	249,271	6.0%	14.1%
LMI	8	11.3%	1,078	4.8%	1,981	15.3%	300,538	7.2%	30.2%
Middle	20	28.2%	4,489	20.1%	2,565	19.8%	534,890	12.8%	18.2%
Upper	38	53.5%	15,969	71.4%	7,676	59.4%	3,105,511	74.3%	51.5%
Unknown	5	7.0%	841	3.8%	703	5.4%	239,786	5.7%	
Total	71		22,377		12,925		4,180,725		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	4.5%	411	1.5%	428	2.9%	52,655	1.1%	16.1%
Moderate	7	7.9%	1,079	4.0%	1,731	11.9%	288,052	6.1%	14.1%
LMI	11	12.4%	1,490	5.6%	2,159	14.8%	340,707	7.3%	30.2%
Middle	22	24.7%	4,600	17.2%	2,997	20.6%	651,608	13.9%	18.2%
Upper	47	52.8%	17,311	64.8%	8,732	59.9%	3,482,198	74.1%	51.5%
Unknown	9	10.1%	3,317	12.4%	686	4.7%	224,800	4.8%	
Total	89		26,718		14,574		4,699,313		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	475	2.5%	58,181	0.8%	17.3%
Moderate	14	16.7%	2,390	10.5%	1,980	10.5%	317,867	4.4%	13.4%
LMI	14	16.7%	2,390	10.5%	2,455	13.0%	376,048	5.3%	30.7%
Middle	18	21.4%	3,339	14.7%	3,658	19.4%	794,630	11.1%	15.8%
Upper	46	54.8%	14,978	66.1%	12,049	63.8%	5,673,291	79.2%	53.6%
Unknown	6	7.1%	1,956	8.6%	738	3.9%	317,898	4.4%	
Total	84		22,663		18,900		7,161,867		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	2.5%	587	0.8%		2.9%		1.0%	
Moderate	27	11.1%	4,371	6.1%		11.3%		5.3%	
LMI	33	13.5%	4,958	6.9%	6,595	14.2%	1,017,293	6.3%	
Middle	60	24.6%	12,428	17.3%		19.9%		12.3%	
Upper	131	53.7%	48,258	67.3%		61.3%		76.4%	
Unknown	20	8.2%	6,114	8.5%		4.6%		4.9%	
Total	244		71,758		46,399		16,041,905		

Small Business Loans.

TMB's small business lending demonstrated an adequate distribution of loans among businesses of different revenue sizes.

During the evaluation period, TMB's rate of lending to businesses with revenues of \$1 million or less was 44.2% by number and 39.4% by dollar value of loans. While TMB's rate of lending by number trailed the aggregate's rate of 50.2%, the rate of lending by

dollar value was more than the aggregate's rate of 35.5%.

The following table summarizes the distribution of TMB's small business loans by the revenue size of the business.

Distribution of Small Business Lending by Revenue Size of Business									
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	144	46.9%	25,520	42.7%	10,062	48.4%	234,998	34.1%	80.7%
Rev. > \$1MM	137	44.6%	29,149	48.8%					4.8%
Rev. Unknown	26	8.5%	5,096	8.5%					14.5%
Total	307		59,765		20,807		688,454		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	133	43.0%	26,809	35.2%	10,919	47.4%	242,830	34.1%	86.7%
Rev. > \$1MM	139	45.0%	40,746	53.4%					5.5%
Rev. Unknown	37	12.0%	8,698	11.4%					7.8%
Total	309		76,253		23,021		712,785		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	151	42.9%	32,230	41.0%	19,151	53.0%	416,205	37.3%	86.3%
Rev. > \$1MM	147	41.8%	39,588	50.3%					6.0%
Rev. Unknown	54	15.3%	6,830	8.7%					7.6%
Total	352		78,648		36,161		1,114,859		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	428	44.2%	84,559	39.4%		50.2%		35.5%	
Rev. > \$1MM	423	43.7%	109,483	51.0%					
Rev. Unknown	117	12.1%	20,624	9.6%					
Total	968		214,666						

Community Development Lending: "High Satisfactory"

During the evaluation period, TMB originated \$54.5 million in new qualified community development loans, and had \$22.5 million outstanding from prior evaluation periods. This demonstrated a more than reasonable level of community development lending over the course of the evaluation period.

The composition of TMB's community development loans by purpose is as follows: economic development (37.1%); community services (35.1%); affordable housing (18.4%); and revitalization and stabilization (9.4%).

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	8	14,163		
Community Services	6	8,377	4	18,632
Economic Development	8	24,743	4	3,845
Revitalization/Stabilization	5	7,250		
Total	27	54,533	8	22,477

Below are examples of TMB's community development lending.

Affordable Housing

- TMB funded 90% or \$2.8 million of a \$3.2 million loan participated with a nonprofit housing and community revitalization finance company. The loan was for the construction of a multifamily rental housing facility consisting of 24 units aimed at providing affordable housing to LMI individuals. The project is located in a moderate-income census tract in Dutchess County. TMB also extended \$1.2 million as its share in a rental housing project in Westchester County, participated with the same nonprofit finance company.
- TMB extended a \$2.9 million loan to finance an affordable housing project in Putnam County, as part of the US Department of Agriculture's ("USDA"), Section 515 Rural Rent Housing Loan program. Section 515 loans are made or guaranteed by USDA to provide affordable rental housing to very low-, low-, and moderate-income families, elderly persons, and individuals with disabilities. Seventy-five percent of tenants received a rental assistance subsidy, either through project-based rental assistance, or the Section 8 rental voucher program.

Economic Development

- TMB originated three loans totaling \$9.9 million to finance the acquisition and renovation of a hotel in Dutchess County. The project is supported by the New York Business Development Corporation ("NYBDC") under the SBA 504 loan program.

Community Service

- TMB extended a \$1.5 million loan to a nonprofit organization that provides health and human services to adults and children with developmental disabilities and their families. More than fifty percent of the revenue of the nonprofit is derived from contributions and grants from the County of Westchester.

Flexible and/or Innovative Lending Practices

TMB offers flexible or special loan programs to address the needs of LMI borrowers, including its “Community One Mortgage” which is a first-time homebuyer loan program that TMB offers to LMI borrowers. TMB is also a participating SONYMA lender. SONYMA is a New York State public-benefit corporation created to provide financing opportunities for first-time LMI homebuyers in New York State through its low-interest mortgage loan programs and its down payment assistance loans (“DPAL”), which allow borrowers to secure down payment assistance through a second mortgage that can be used in combination with any currently available SONYMA loan program. The Bank did not engage in innovative lending practices during the evaluation period

INVESTMENT TEST: “Low Satisfactory”

DFS evaluated TMB’s investment performance 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 the credit and community development needs of the assessment area.*

TMB’s qualified investments were adequate in light of the assessment area’s credit and community development needs.

Qualified Investments: “Low Satisfactory”

During the evaluation period, TMB made \$4.2 million in new community development investments and had \$3.2 million outstanding from prior evaluation periods. TMB also made \$194,530 in community development grants. Total investments represented 0.2% of average total assets annualized over the three years and three quarters of the evaluation period. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	5	269	3	2,146
Community Services	10	3,895	2	1,045
Economic Development				
Other (Please Specify)				
Total	15	4,164	5	3,191
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	12	13		
Community Services	53	74		
Economic Development	20	107		
Other (Please Specify)				
Total	85	195		

Below are highlights of TMB's qualified investments:

- TMB invested \$3.9 million in municipal bonds supporting three central school districts within its assessment area where a majority of the student population receive free or reduced-cost lunches.
- TMB made grants to various nonprofit organizations, civic, and community groups supporting economic development, medical and food services and affordable housing to small businesses and LMI individuals and families.

Innovativeness of Qualified Investments

TMB did not make any innovative investments to support community development.

Responsiveness of Community Development Investments to Credit and Community Development Needs

TMB's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

SERVICE TEST: "High Satisfactory"

DFS examiners evaluated TMB's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;*
- (2) The institution's record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services;*

and
(4) *The range of services provided.*

DFS evaluated TMB's community development service performance pursuant to the following criteria:

- (1) *The extent to which the banking institution provides community development services;*
and
(2) *The innovativeness and responsiveness of community development services.*

Retail Banking Services: "Low Satisfactory"

TMB's branch network, delivery systems, branch hours, services, and alternative delivery systems were adequate to meet the needs of LMI individuals.

Current distribution of the banking institution's branches

TMB has an adequate distribution of branches within its assessment area. The Bank operated 14 branches within its assessment area. Two branches (14.3%) are located in moderate-income census tracts in Westchester County. The remaining twelve branches are located in middle- and upper-income census tracts.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Dutchess				1	2	3	-
Putnam				1	4	5	-
Westchester			2	1	3	6	0.33
Total	0	0	2	3	9	14	0.14

Record of opening and closing branches

TMB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems to LMI geographies and/or LMI individuals. During the evaluation period, TMB relocated two of its branches in Westchester County. Both the former and new locations were in upper-income census tracts.

Availability and effectiveness of alternative systems for delivering retail services

TMB's delivery systems are accessible to significant portions of the Bank's assessment area, particularly LMI geographies and individuals.

Alternative systems for delivering the Bank's services to its customers include 24-hour

full-service ATMs at all of its branches, an off-site ATM in Mahopac, New York (restricted to cash withdrawals), free online banking that allows customers to view account balances, monitor account activity, schedule transfers and make stop payments on written checks, and free mobile banking.

TMB's alternative delivery systems also include a call center available Monday to Friday from 8:00 A.M. to 7:30 P.M. and Saturday from 9:00 A.M. to 12:00 P.M.

Range of services provided

TMB's services meet the convenience and accessibility needs of its assessment area, including LMI individuals and geographies.

Branches are typically open 8:30 A.M. to 3:00 P.M. Monday through Friday; some branches have extended hours on Thursday or Friday. Nine branches are open Saturdays from 9:00 A.M. to 12:00 P.M., including one of the branches in a moderate-income census tract.

Community Development Services: "High Satisfactory"

TMB provided a more than reasonable level of community development services during the evaluation period.

Senior management, as well as officers, serve in various leadership positions as board and committee members of community development organizations. In addition, the Bank hosted, participated and sponsored nearly forty workshops, seminars and events to promote affordable housing and providing financial education for LMI individuals, including those owned by minority and women entrepreneurs.

Below are examples of technical assistance and leadership exhibited by Bank staff as board or committee members of community-based organizations and workshops, seminars and events hosted or participated in by the Bank:

- The Bank CEO serves as vice chairman of a local development corporation based in Putnam County whose mission is the creation and retention of business. Additionally, the CEO also sits on the board of directors of a local hospital and its foundation. The hospital is the only hospital accessible in its county and serves Putnam, northern Westchester and southern Dutchess counties.
- A commercial regional manager sits as a board member of a local affordable housing organization. The organization serves the Putnam County area, constructing, rehabilitating and preserving homes. The organization also advocates for fair and just housing policies and by providing training and access to resources.
- A member of the Bank's training and development department served as a career

coach and mentor of a Dutchess County based organization whose mission is to empower women to achieve economic independence by providing a network of support. Additional services provided include professional attire and development programs to help women thrive in work and in life.

- TMB sponsored and presented in thirty-one workshops and seminars geared toward educating first-time homebuyers;
- TMB participated in two events to provide education benefitting small, startup, minority and women-owned businesses;
- In five instances, TMB provided financial education to participants who included students, youths and adults. During these events, the bank employees discussed banking products, budgeting, how to save, and helped LMI students apply for financial aid.

Additional Factors

The following factors were also considered in assessing TMB's record of 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 CRA.

TMB's Board of Directors reviews and approves the Bank's CRA policies, activities and assessment area. TMB has a CRA committee comprised of senior management from each business department. The Bank also conducts an annual CRA self-assessment.

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.*

DFS examiners noted no evidence of practices by TMB intended to discourage applications for the types of credit offered by the Bank.

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

DFS examiners noted no evidence of prohibited, discriminatory or other illegal 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.*

TMB made efforts to ascertain the credit needs of its community primarily through sponsorship and participation in first-time homebuyer events and seminars and partnering with local nonprofit organizations providing services to LMI individuals.

These activities include TMB's participation and sponsorship of an annual event held in Westchester County where local residents interact with various lenders, home inspectors, housing agencies, grant providers and housing counselors who can provide counseling and information about new and existing products and services helpful to first time and potential homebuyers. Additionally, on a quarterly basis, TMB conducts a "Mortgage Days" event at the Bank's branches in which the Bank's mortgage loan originators provide mortgage information and counseling to potential borrowers.

- *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*

TMB uses various marketing tools, including radio and television ads, print ads, online social media ads, and emails to promote its banking services and products. In addition to traditional marketing tools, the Bank provides first-time homebuyer seminars and counseling and takes these opportunities to directly promote its services and products to LMI borrowers.

Other factors that in the judgment of the Superintendent bear upon the extent to which TMB is helping to meet the credit needs of its entire community

DFS examiners noted no other factors.

GLOSSARY

Aggregate Lending

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 Metropolitan Statistical Area ("MSA") or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
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

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2010 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 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.