



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2013

**Institution:** NorthEast Community Bank  
325 Hamilton Avenue  
White Plains, NY 10601

**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.

---

## TABLE OF CONTENTS

	Section
General Information .....	1
Overview of Institution's Performance .....	2
Performance Context .....	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Standards and Assessment Factors .....	4
Lending Test	
Loan-to-Deposit Ratio and Other Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrower Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints with Respect to CRA	
Community Development Test	
Community Development Loans	
Community Development Investments	
Community Development Services	
Additional Factors	
Glossary .....	5

---

## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of NorthEast Community Bank (“NECB”) 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, 2013.

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

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve 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**

DFS evaluated NECB according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Superintendent. The assessment period included July 1 – December 31, 2010 and all of calendar years 2011, 2012, and 2013. DFS has assigned NECB a “1” rating, indicating a “Outstanding” record of helping to meet community credit needs.

The rating is based on the following factors:

**Lending Test:** “Outstanding”

- **Loan-to-Deposit Ratio and Other Lending-Related Activities:** “Outstanding”

NECB’s average loan-to-deposit (“LTD”) ratio was excellent considering its size, business strategy, financial condition and the activity of its peer group.

During the evaluation period, NECB’s average LTD ratio for the eight quarters ending December 31, 2013 was 105.2% which was 23.4% higher than the peer group’s average of 81.8%.

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

During the evaluation period, NECB originated 95.8% by number and 94.8% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside its assessment area is an excellent record of lending.

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

The distribution of loans based on borrower characteristics could not be determined because NECB did not submit borrower income data.

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

The distribution of loans based on lending in census tracts of varying income levels demonstrated a reasonable rate of lending.

- **Action Taken in Response to Written Complaints with Respect to CRA:**

Neither the bank nor DFS received any written complaints regarding NECB’s CRA performance.

**Community Development Test (Loans, Investments, Services):** “Outstanding”

---

NECB's community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering the NECB's capacity and the need for, and availability of, such opportunities in its assessment area.

- **Community Development Loans: "Outstanding"**

During the evaluation period, NECB originated 46 qualified community development loans totaling \$42 million. Since this is the first CRA examination of the bank by DFS since obtaining a state charter, there were no balances brought forward from prior evaluation periods.

- **Community Development Qualified Investments: "Outstanding"**

During the evaluation period, NECB invested \$747,000 in a community development financial institution and had \$747,000 outstanding from prior evaluation periods. NECB also made a grant of \$10,000 to a New York City neighborhood housing services organization.

- **Community Development Services: "Satisfactory"**

NECB demonstrated a reasonable level of community development services over the course of the evaluation period. The bank donated \$9,000 to several food kitchens that serve meals to the needy and conducted youth programs in the assessment area that stressed the importance of life skills and academic achievement.

- **Responsiveness to Credit and Community Development Needs:**

NECB demonstrated a reasonable level of responsiveness to credit and community development needs. The bank established its construction loan program to finance construction of multifamily and mixed use buildings. This program helped finance the construction of affordable housing and multifamily projects in the assessment area.

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 Part 76 of the General Regulations of the Superintendent.

---

## PERFORMANCE CONTEXT

### Institution Profile

Chartered in 1934 NorthEast Community Bank (“NECB”) is a savings bank located in White Plains, New York. NECB is a wholly owned subsidiary of NorthEast Community Bankcorp, Inc. which in turn is a subsidiary of Northeast Community Bankcorp, MHC. NECB became a New York state chartered bank in July 2012.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2013, filed with the Federal Deposit Insurance Corporation (“FDIC”), NECB reported total assets of \$448 million, of which \$368 million were net loans and lease finance receivables. It also reported total deposits of \$332 million, resulting in a loan-to-deposit ratio of 110.8%. According to the latest available comparative deposit data as of December 31, 2013, NECB had a market share of 0.02%, or \$189 million in a market of \$1.0 trillion, ranking it 104th among 155 deposit-taking institutions in its assessment area.

The following is a summary of NECB’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2010, 2011, 2012 and 2013 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	2010		2011		2012		2013	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	211	0.1	628	0.2	7,782	2.3	11,774	3.2
Commercial & Industrial Loans	12,140	3.3	23,725	6.7	26,273	7.8	31,345	8.4
Commercial Mortgage Loans	101,049	27.3	83,251	23.4	82,479	24.4	82,134	22.1
Multifamily Mortgages	245,102	66.1	239,979	67.4	220,981	65.3	239,845	64.5
Consumer Loans	63	0.0	68	0.0	77	0.0	161	0.0
Agricultural Loans	0	0.0	0	0.0	0	0.0	0	0.0
Construction Loans	11,641	3.1	7,235	2.0	841	0.2	6,581	1.8
Obligations of States & Municipalities	0	0.0	0	0.0	0	0.0	0	0.0
Other Loans	482	0.1	955	0.3	0	0.0	0	0.0
Lease Financing	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Gross Loans</b>	<b>370,688</b>		<b>355,841</b>		<b>338,433</b>		<b>371,840</b>	

As illustrated in the above table, NECB is primarily a multifamily residential real estate lender, with an average of 67.7% of its loan portfolio in multifamily and 1-4 family residential mortgage loans.

NECB operates four banking offices, of which three are located in Manhattan and one is located in the Bronx. In addition, NECB operates four branch offices in Massachusetts. Supplementing the banking offices is an automated teller machine (“ATM”) network totaling eight machines, one at each office. In addition, there are three drive-up windows at three different branch offices. All ATMs accept deposits.

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

### **Assessment Area**

NECB's assessment area in New York is comprised of the five boroughs of New York City and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, Ulster and Westchester.

There are 3,287 census tracts in the area, of which 326 are low-income, 732 are moderate-income, 1,193 are middle-income, 955 are upper-income, and 81 are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Bronx	10	129	101	64	35	339	67.8	68%
Dutchess	2	5	10	47	15	79	19.0	19%
Kings	13	108	269	234	137	761	49.5	50%
Nassau	8	9	26	157	84	284	12.3	12%
New York	12	37	65	23	151	288	35.4	35%
Orange	0	7	14	40	18	79	26.6	27%
Putnam	0	0	0	0	19	19	0.0	0%
Queens	26	16	134	303	190	669	22.4	22%
Richmond	3	2	9	30	67	111	9.9	10%
Rockland	0	4	4	11	46	65	12.3	12%
Suffolk	1	4	70	197	51	323	22.9	23%
Ulster	0	0	7	33	7	47	14.9	15%
Westchester	6	5	23	54	135	223	12.6	13%
<b>Total</b>	<b>81</b>	<b>326</b>	<b>732</b>	<b>1,193</b>	<b>955</b>	<b>3,287</b>	<b>32.2</b>	<b>32%</b>

The assessment area appears reasonable based upon the location of NECB's offices and its lending patterns. DFS examiners did not find evidence that NECB arbitrarily excluded low- and moderate-income ("LMI") areas.

### **Demographic & Economic Data**

The assessment area had a population of 13,221,319 during the evaluation period. About 12.5% of the population were over the age of 65 and 19.8% were under the age of sixteen.

Of the 3,104,496 families in the assessment area, 10.5% were low-income, 23.1% were moderate-income, 36.4% were middle-income and 30.0% were upper-income. There were 4,765,652 households in the assessment area, of which 14.0% had incomes below the poverty level and 3.2% were on public assistance.

The weighted average median family income within the assessment area was \$80,823.

There were 5,219,256 housing units within the assessment area, of which 55.7% were 1-4 family units, and 43.7% were multifamily units. Of the area's housing units 49.7% were rental units, while 44.1% were owner-occupied units. Of the 2,302,026 owner-occupied housing units, 15.7% were in low- and moderate-income census tracts while 84.3% were in middle- and upper-income census tracts. The median age of the housing stock was 64 years and the median home value in the assessment area was \$504,818.

There were 1,121,914 non-farm businesses in the assessment area. Of these, 73.6% were businesses with reported revenues of less than or equal to \$1 million, 5.1% reported revenues of more than \$1 million and 21.3% did not report their revenues. Of all the businesses in the assessment area, 80.3% had less than fifty employees and 93.8% operated from a single location. The largest industries in the area were services (45.3%), followed by retail trade (14.1%) and finance, insurance & real estate (8.4%), while 13% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate in New York State in 2013 was higher than that of eight counties in the assessment area: Dutchess, Nassau, New York, Orange, Putnam, Rockland, Suffolk and Westchester. The other five counties had higher unemployment rates than New York State. Putnam County had the lowest unemployment rates during the evaluation period.

Assessment Area Unemployment Rate														
	State-wide	Bronx	Dutchess	Kings	Nassau	New York	Orange	Putnam	Queens	Richmond	Rockland	Suffolk	Ulster	Westchester
2010	8.6%	12.8%	7.8%	10.3%	7.1%	8.1%	8.3%	6.9%	8.7%	8.8%	7.1%	7.6%	8.3%	7.3%
2011	8.2%	12.4%	7.6%	9.8%	6.8%	7.5%	7.9%	6.8%	8.2%	8.3%	6.7%	7.4%	8.3%	7.0%
2012	8.5%	12.8%	7.8%	10.0%	7.0%	7.8%	8.2%	6.7%	8.4%	8.7%	6.8%	7.6%	8.7%	7.2%
2013	7.7%	11.8%	6.8%	9.4%	5.9%	7.2%	7.2%	5.8%	7.8%	7.8%	5.9%	6.4%	7.8%	6.3%



---

## **Community Information**

Examiners interviewed the executive director and senior campaign analyst from two nonprofit community organizations in New York City.

One is a well-established organization that was founded in 1974 with a mission to help ensure that all New Yorkers live in decent affordable housing and neighborhoods. The organization has a membership of 99 nonprofit, affordable housing organizations. Their focus is New York City and they have built over 100,000 affordable housing units in the city in the past 25 years.

According to this organization, home ownership remains unaffordable for LMI families and many middle-income families in the assessment area. They think that the New York City's administration should determine the number of New Yorkers who are rent burdened, the number of homeless families, and the number of housing units affordable for the average New York City family, and build housing units that are affordable for all. For banks, they recommend, among other things, the development of a well-resourced, high capacity community development team that understands economic development. Additionally, they should ensure that economic development loans, investments and services create, preserve and improve quality permanent jobs. Also, they recommended that small business lending in LMI census tracts be increased, with a particular focus on businesses with relatively smaller revenue sizes within the small-business category.

The other organization was created in 2008 under the leadership of New York City Mayor Michael R. Bloomberg, the City Council, leading foundations and other stakeholders, to combat the effects of the national mortgage crisis in New York City by promoting and protecting affordable home ownership for New Yorkers.

Representatives from this organization expressed their view of the devastating impact of Hurricane Sandy, especially on LMI families. They indicated that banks can help by providing more liberal loan terms, such as lowering interest rates through loan modifications on affected mortgages to enable homeowners to stay in their homes. Also, the organization suggested that banks could help by providing financial literacy education in LMI areas. Many residents living in LMI areas are unbanked individuals. The organization also felt that banks should increase their mortgage lending in LMI areas.

---

## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated NECB under the intermediate small bank performance criteria in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consists of the lending test and the community development test.*

*The lending test includes:*

- 1. Loan-to-deposit ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA.*

*The community development test includes:*

- 1. Community development lending;*
- 2. Community development investments;*
- 3. Community development services; and*
- 4. Responsiveness to community development needs.*

*The following factors were also considered in assessing the bank's record of performance:*

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

DFS used statistics in this evaluation derived from various sources. NECB 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 calculated loan-to-deposit ratios from information shown in the bank's Uniform Bank Performance Report as submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census, the U.S. Department of Housing and Urban Development ("HUD"), and for business demographic data, Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The assessment period included July through December 2010 and all of 2011, 2012 and 2013.

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

---

HMDA-reportable and small business loan data evaluated in this performance evaluation represented actual originations.

At the request of the bank, DFS evaluated home mortgage loan modification, extension, and consolidation agreements (“MECA”).

NECB converted to New York state charter in July 2012. Hence, no prior Performance Evaluation was conducted by DFS. This evaluation period began July 1, 2010.

**Current CRA Rating: “Outstanding”**

**Lending Test: “Outstanding”**

NECB’s HMDA-reportable and small business lending activities were more than reasonable in light of aggregate and peer group activity and demographics.

**Loan-to-Deposit Ratio and Other Lending-Related Activities: “Outstanding”**

NECB’s average loan-to-deposit (“LTD”) ratio was excellent considering its size, business strategy, financial condition, and peer group activity.

NECB’s LTD ratio was not available prior to the first quarter of 2012. Thus, DFS evaluated the eight quarters beginning January 1, 2012 and ending December 31, 2013 and found NECB had an average LTD ratio of 105.2%. For the same period, NECB’s peer group had an average ratio of 81.8%, or 23.4% below NECB’s average.

The table below shows NECB’s LTD ratios in comparison with the peer group’s ratios for the eight quarters starting with the first quarter of 2012.

<b>Loan-to-Deposit Ratios</b>															
	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Avg.
Bank	NA	NA	NA	NA	NA	NA	92.7	106.5	105.5	103.8	108.9	105.6	108.0	110.7	105.2
Peer	NA	NA	NA	NA	NA	NA	80.7	81.2	81.7	81.9	80.8	82.0	82.4	83.5	81.8

**Assessment Area Concentration: “Outstanding”**

During the evaluation period NECB originated 95.8% by number and 94.8% by dollar value of its total HMDA-reportable and small business loans within its assessment area. This substantial majority of lending inside its assessment area was an excellent record of lending.

HMDA-Reportable Loans:

NECB originated 97.7% by number and 93.9% by dollar value of its HMDA-reportable loans inside the assessment area. This percentage represented a substantial majority of lending within NECB’s assessment area and was an excellent record of lending. NECB originated 94.1% by number and 96.3% by dollar value of its MECA loans within its assessment area.

Small Business Loans:

NECB originated 93.7% by number and 95.8% by dollar value of its small business loans within the assessment area. This represented a substantial majority of lending within NECB’s assessment area and was an excellent record of lending.

The following table shows the percentages of the NECB’s HMDA-reportable and small business loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2010	5	100.0%		0.0%	5	2,968	100.0%		0.0%	2,968
2011	19	95.0%	1	5.0%	20	25,130	92.0%	2,200	8.0%	27,330
2012	25	100.0%		0.0%	25	13,468	100.0%		0.0%	13,468
2013	36	97.3%	1	2.7%	37	19,626	91.7%	1,775	8.3%	21,401
Subtotal	85	97.7%	2	2.3%	87	61,192	93.9%	3,975	6.1%	65,167
<b>MECA Loans</b>										
2010		0.0%		0.0%			0.0%		0.0%	
2011		0.0%		0.0%			0.0%		0.0%	
2012		0.0%		0.0%			0.0%		0.0%	
2013	16	94.1%	1	5.9%	17	11,312	96.3%	440	3.7%	11,752
Subtotal	16	94.1%	1	5.9%	17	11,312	96.3%	440	3.7%	11,752
<b>Small Business</b>										
2010	7	100.0%		0.0%	7	5,100	100.0%		0.0%	5,100
2011	22	95.7%	1	4.3%	23	11,387	95.9%	490	4.1%	11,877
2012	15	88.2%	2	11.8%	17	8,863	90.0%	985	10.0%	9,848
2013	15	93.8%	1	6.3%	16	11,720	98.8%	142	1.2%	11,862
Subtotal	59	93.7%	4	6.3%	63	37,070	95.8%	1,617	4.2%	38,687
Grand Total	160	95.8%	7	4.2%	167	109,574	94.8%	6,032	5.2%	115,606

Distribution by Borrower Characteristics: “Not Rated”

NECB’s data did not contain “borrower income” information for HMDA-reportable loans, in all cases listing this field as “unknown.” Therefore, DFS could not determine the distribution of loans based on borrower income.

---

In the case of small business loans, NECB's data included the gross annual revenues of business borrowers only for 2013. DFS therefore could not determine accurately NECB's lending by the revenue size of businesses for the evaluation period.

*HMDA-Reportable Loans:*

Although NECB's HMDA-reportable and MECA loan distribution among borrowers of different income levels could not be determined, DFS provides the following tables, which exclude NECB's HMDA-reportable and MECA loan data, to NECB in order to illustrate for NECB the distribution of HMDA-reportable loans based on borrower income of banks operating in NECB's assessment area.

Distribution of HMDA-Reportable Lending by Borrower Income									
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	4,071	2.9%	560,644	1.1%	25.1%
Moderate	0	0.0%	0	0.0%	17,496	12.2%	3,295,462	6.2%	16.5%
LMI	0	0.0%	0	0.0%	21,567	15.1%	3,856,106	7.2%	41.6%
Middle	0	0.0%	0	0.0%	32,480	22.7%	7,900,341	14.8%	18.8%
Upper	0	0.0%	0	0.0%	83,151	58.2%	35,554,690	66.7%	39.6%
Unknown	5	100.0%	2,968	100.0%	5,631	3.9%	5,997,450	11.3%	
<b>Total</b>	<b>5</b>		<b>2,968</b>		<b>142,829</b>		<b>53,308,587</b>		
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	4,541	3.4%	609,633	1.1%	25.1%
Moderate	0	0.0%	0	0.0%	16,319	12.2%	3,008,089	5.5%	16.5%
LMI	0	0.0%	0	0.0%	20,860	15.6%	3,617,722	6.7%	41.6%
Middle	0	0.0%	0	0.0%	29,332	22.0%	7,001,246	12.9%	18.8%
Upper	0	0.0%	0	0.0%	75,908	56.9%	34,309,753	63.3%	39.6%
Unknown	19	100.0%	25,130	100.0%	7,301	5.5%	9,273,479	17.1%	
<b>Total</b>	<b>19</b>		<b>25,130</b>		<b>133,401</b>		<b>54,202,200</b>		
2012									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	5,638	3.6%	873,649	1.3%	24.9%
Moderate	0	0.0%	0	0.0%	18,894	11.9%	3,634,044	5.5%	16.7%
LMI	0	0.0%	0	0.0%	24,532	15.5%	4,507,693	6.8%	41.6%
Middle	0	0.0%	0	0.0%	34,386	21.7%	8,404,169	12.7%	18.4%
Upper	0	0.0%	0	0.0%	89,753	56.6%	40,252,506	60.9%	40.0%
Unknown	25	100.0%	13,468	100.0%	9,792	6.2%	12,936,169	19.6%	
<b>Total</b>	<b>25</b>		<b>13,468</b>		<b>158,463</b>		<b>66,100,537</b>		
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	5,222	3.4%	844,052	1.3%	24.9%
Moderate	0	0.0%	0	0.0%	17,831	11.7%	3,403,963	5.1%	16.7%
LMI	0	0.0%	0	0.0%	23,053	15.1%	4,248,015	6.3%	41.6%
Middle	0	0.0%	0	0.0%	32,236	21.2%	7,891,984	11.8%	18.4%
Upper	0	0.0%	0	0.0%	87,371	57.4%	40,724,566	60.8%	40.0%
Unknown	36	100.0%	19,626	100.0%	9,517	6.3%	14,081,498	21.0%	
<b>Total</b>	<b>36</b>		<b>19,626</b>		<b>152,177</b>		<b>66,946,063</b>		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	19,472	3.3%	2,887,978	1.2%	
Moderate	0	0.0%	0	0.0%	70,540	12.0%	13,341,558	5.5%	
LMI	0	0.0%	0	0.0%	90,012	15.3%	16,229,536	6.7%	
Middle	0	0.0%	0	0.0%	128,434	21.9%	31,197,740	13.0%	
Upper	0	0.0%	0	0.0%	336,183	57.3%	150,841,515	62.7%	
Unknown	85	100.0%	61,192	100.0%	32,241	5.5%	42,288,596	17.6%	
<b>Total</b>	<b>85</b>		<b>61,192</b>		<b>586,870</b>		<b>240,557,387</b>		

Distribution of MECA (HMDA-Reportable) Lending by Borrower Income									
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	5,222	3.4%	844,052	1.3%	24.9%
Moderate	0	0.0%	0	0.0%	17,831	11.7%	3,403,963	5.1%	16.7%
LMI	0	0.0%	0	0.0%	23,053	15.1%	4,248,015	6.3%	41.6%
Middle	0	0.0%	0	0.0%	32,236	21.2%	7,891,984	11.8%	18.4%
Upper	0	0.0%	0	0.0%	87,371	57.4%	40,724,566	60.8%	40.0%
Unknown	16	100.0%	11,312	100.0%	9,517	6.3%	14,081,498	21.0%	
<b>Total</b>	<b>16</b>		<b>11,312</b>		<b>152,177</b>		<b>66,946,063</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	5,222	3.4%	844,052	1.3%	
Moderate	0	0.0%	0	0.0%	17,831	11.7%	3,403,963	5.1%	
LMI	0	0.0%	0	0.0%	23,053	15.1%	4,248,015	6.3%	
Middle	0	0.0%	0	0.0%	32,236	21.2%	7,891,984	11.8%	
Upper	0	0.0%	0	0.0%	87,371	57.4%	40,724,566	60.8%	
Unknown	16	100.0%	11,312	100.0%	9,517	6.3%	14,081,498	21.0%	
<b>Total</b>	<b>16</b>		<b>11,312</b>		<b>152,177</b>		<b>66,946,063</b>		

Small Business Loans:

NECB did not submit revenue information regarding NECB's small business borrowers for 2010, 2011, and 2012. NECB did, however, submit this information for 2013. NECB originated 100% of its business loans to businesses with revenue sizes of \$1 million or less in 2013. The absence of data for 2010, 2011, and 2012 had a negative impact on NECB's total during the evaluation period.

The following table provides a summary of NECB's business lending distribution based on the revenue sizes of NECB's business borrowers.

Distribution of Business Lending by Revenue Size of Business									
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM		0.0%		0.0%	42,035	18.1%	1,458,553	23.0%	77.2%
Rev. > \$1MM		0.0%		0.0%					5.1%
Rev. Unknown	7	100.0%	5,100	100.0%					17.7%
<b>Total</b>	<b>7</b>		<b>5,100</b>		<b>232,069</b>		<b>6,350,225</b>		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM		0.0%		0.0%	100,705	34.2%	2,062,248	27.0%	67.3%
Rev. > \$1MM		0.0%		0.0%					3.6%
Rev. Unknown	22	100.0%	11,387	100.0%					29.1%
<b>Total</b>	<b>22</b>		<b>11,387</b>		<b>294,639</b>		<b>7,634,813</b>		
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM		0.0%		0.0%	114,091	39.0%	2,308,145	28.9%	72.6%
Rev. > \$1MM		0.0%		0.0%					4.7%
Rev. Unknown	15	100.0%	8,863	100.0%					22.7%
<b>Total</b>	<b>15</b>		<b>8,863</b>		<b>292,596</b>		<b>7,976,838</b>		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	15	100.0%	11,720	100.0%	120,641	44.1%	2,760,088	31.7%	73.6%
Rev. > \$1MM		0.0%		0.0%					5.1%
Rev. Unknown		0.0%		0.0%					21.3%
<b>Total</b>	<b>15</b>		<b>11,720</b>		<b>273,643</b>		<b>8,703,433</b>		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	15	25.4%	11,720	31.6%	377,472	34.5%	8,589,034	28.0%	
Rev. > \$1MM		0.0%		0.0%					
Rev. Unknown	44	74.6%	25,350	68.4%					
<b>Total</b>	<b>59</b>		<b>37,070</b>		<b>1,092,947</b>		<b>30,665,309</b>		

Geographic Distribution of Loans: "Satisfactory"

The distribution of loans based on lending in census tracts of varying income levels demonstrated reasonable rates of lending among those areas.

HMDA-Reportable Loans:

The distribution of NECB's HMDA-reportable loans based on the income level of the geography demonstrated excellent rates of lending among those areas.



---

During the evaluation period, NECB's originated 61.2% by number and 65.8% by dollar value of its HMDA-reportable loans in LMI areas, which outperformed the aggregate in the assessment area by 48% and 52.1%, respectively, by number and dollar value of loans.

The following table provides a summary of NECB's HMDA-reportable lending distribution based on the income level of the geography.

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2010</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	2,635	1.8%	1,224,680	2.3%	1.7%
Moderate	0	0.0%	0	0.0%	15,361	10.8%	5,160,657	9.7%	12.6%
LMI	0	0.0%	0	0.0%	17,996	12.6%	6,385,337	12.0%	14.3%
Middle	0	0.0%	0	0.0%	59,636	41.8%	17,663,341	33.1%	44.9%
Upper	5	100.0%	2,968	100.0%	65,054	45.5%	29,131,879	54.6%	40.8%
Unknown	0	0.0%	0	0.0%	143	0.1%	128,030	0.2%	0.0%
<b>Total</b>	<b>5</b>		<b>2,968</b>		<b>142,829</b>		<b>53,308,587</b>		
<b>2011</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	6	31.6%	8,943	35.6%	2,775	2.1%	1,798,480	3.3%	1.7%
Moderate	7	36.8%	9,922	39.5%	14,810	11.1%	6,270,463	11.6%	12.6%
LMI	13	68.4%	18,865	75.1%	17,585	13.2%	8,068,943	14.9%	14.3%
Middle	0	0.0%	0	0.0%	54,219	40.6%	16,400,269	30.3%	44.9%
Upper	6	31.6%	6,265	24.9%	61,436	46.1%	29,567,545	54.6%	40.8%
Unknown	0	0.0%	0	0.0%	161	0.1%	165,443	0.3%	0.0%
<b>Total</b>	<b>19</b>		<b>25,130</b>		<b>133,401</b>		<b>54,202,200</b>		
<b>2012</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	3	12.0%	1,689	12.5%	3,244	2.0%	1,860,508	2.8%	2.1%
Moderate	9	36.0%	4,469	33.2%	16,872	10.6%	6,676,166	10.1%	13.5%
LMI	12	48.0%	6,158	45.7%	20,116	12.7%	8,536,674	12.9%	15.6%
Middle	6	24.0%	3,830	28.4%	61,951	39.1%	20,087,988	30.4%	42.8%
Upper	7	28.0%	3,480	25.8%	76,143	48.1%	37,199,475	56.3%	41.6%
Unknown	0	0.0%	0	0.0%	253	0.2%	276,400	0.4%	0.0%
<b>Total</b>	<b>25</b>		<b>13,468</b>		<b>158,463</b>		<b>66,100,537</b>		
<b>2013</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	9	25.0%	4,494	22.9%	3,651	2.4%	2,245,207	3.4%	2.1%
Moderate	18	50.0%	10,724	54.6%	17,861	11.7%	7,753,582	11.6%	13.5%
LMI	27	75.0%	15,218	77.5%	21,512	14.1%	9,998,789	14.9%	15.6%
Middle	5	13.9%	2,493	12.7%	58,930	38.7%	19,700,663	29.4%	42.8%
Upper	4	11.1%	1,915	9.8%	71,605	47.1%	37,095,016	55.4%	41.6%
Unknown	0	0.0%	0	0.0%	130	0.1%	151,595	0.2%	0.0%
<b>Total</b>	<b>36</b>		<b>19,626</b>		<b>152,177</b>		<b>66,946,063</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	18	21.2%	15,126	24.7%	12,305	2.1%	7,128,875	3.0%	
Moderate	34	40.0%	25,115	41.0%	64,904	11.1%	25,860,868	10.8%	
LMI	52	61.2%	40,241	65.8%	77,209	13.2%	32,989,743	13.7%	
Middle	11	12.9%	6,323	10.3%	234,736	40.0%	73,852,261	30.7%	
Upper	22	25.9%	14,628	23.9%	274,238	46.7%	132,993,915	55.3%	
Unknown	0	0.0%	0	0.0%	687	0.1%	721,468	0.3%	
<b>Total</b>	<b>85</b>		<b>61,192</b>		<b>586,870</b>		<b>240,557,387</b>		

---

*Small Business Loans:*

The distribution of small business loans based on the income level of the geography of the business demonstrated a poor rate of lending to businesses in LMI areas.

During the evaluation period, NECB's originated 18.6% by number, and 9.4% by dollar value of its small business loans within LMI geographies.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	8,876	3.8%	260,826	4.1%	5.7%
Moderate	2	28.6%	1,000	19.6%	31,802	13.7%	897,324	14.1%	16.9%
LMI	2	28.6%	1,000	19.6%	40,678	17.5%	1,158,150	18.2%	22.6%
Middle	2	28.6%	1,750	34.3%	76,430	32.9%	2,123,921	33.4%	34.4%
Upper	3	42.9%	2,350	46.1%	113,124	48.7%	2,971,177	46.8%	42.2%
Unknown	0	0.0%	0	0.0%	1,837	0.8%	96,977	1.5%	0.8%
<b>Total</b>	<b>7</b>		<b>5,100</b>		<b>232,069</b>		<b>6,350,225</b>		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	18.2%	572	5.0%	12,731	4.3%	293,183	3.8%	5.8%
Moderate	2	9.1%	1,000	8.8%	43,273	14.7%	1,081,374	14.2%	17.4%
LMI	6	27.3%	1,572	13.8%	56,004	19.0%	1,374,557	18.0%	23.2%
Middle	6	27.3%	3,950	34.7%	97,883	33.2%	2,485,003	32.5%	34.6%
Upper	9	40.9%	5,365	47.1%	138,554	47.0%	3,677,151	48.2%	41.3%
Unknown	1	4.5%	500	4.4%	2,198	0.7%	98,102	1.3%	0.8%
<b>Total</b>	<b>22</b>		<b>11,387</b>		<b>294,639</b>		<b>7,634,813</b>		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	6.7%	500	5.6%	15,882	5.4%	431,704	5.4%	6.2%
Moderate	0	0.0%	0	0.0%	43,375	14.8%	1,204,821	15.1%	17.3%
LMI	1	6.7%	500	5.6%	59,257	20.3%	1,636,525	20.5%	23.5%
Middle	5	33.3%	3,044	34.3%	93,351	31.9%	2,584,603	32.4%	33.6%
Upper	7	46.7%	4,219	47.6%	133,531	45.6%	3,478,525	43.6%	41.0%
Unknown	2	13.3%	1,100	12.4%	6,457	2.2%	277,185	3.5%	1.9%
<b>Total</b>	<b>15</b>		<b>8,863</b>		<b>292,596</b>		<b>7,976,838</b>		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	13.3%	422	3.6%	16,887	6.2%	453,303	5.2%	6.2%
Moderate	0	0.0%	0	0.0%	41,663	15.2%	1,321,710	15.2%	17.2%
LMI	2	13.3%	422	3.6%	58,550	21.4%	1,775,013	20.4%	23.4%
Middle	1	6.7%	750	6.4%	89,050	32.5%	2,894,499	33.3%	33.4%
Upper	11	73.3%	9,548	81.5%	120,200	43.9%	3,741,124	43.0%	41.3%
Unknown	1	6.7%	1,000	8.5%	5,843	2.1%	292,797	3.4%	1.9%
<b>Total</b>	<b>15</b>		<b>11,720</b>		<b>273,643</b>		<b>8,703,433</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	11.9%	1,494	4.0%		5.0%		4.7%	
Moderate	4	6.8%	2,000	5.4%		14.6%		14.7%	
LMI	11	18.6%	3,494	9.4%		19.6%		19.4%	
Middle	14	23.7%	9,494	25.6%		32.6%		32.9%	
Upper	30	50.8%	21,482	57.9%		46.2%		45.2%	
Unknown	4	6.8%	2,600	7.0%		1.5%		2.5%	
<b>Total</b>	<b>59</b>		<b>37,070</b>						

---

Action Taken In Response to Written Complaints with Respect to CRA: “Not Rated”

Neither NECB nor the DFS received any written complaints regarding NECB’s CRA performance.

**Community Development Test: “Outstanding”**

NECB’s community development performance demonstrated excellent responsiveness to the community development needs of its assessment area, through community development loans, investments and services, considering NECB’s capacity and the need for, and availability of, such opportunities in its assessment area.

During the evaluation period, NECB originated \$42.3 million in new community development loans. There were no loans outstanding from the prior evaluation period. NECB also made \$747,000 in new community development investments and had \$747,000 in investments outstanding from prior evaluation periods. NECB made \$19,000 in community development grants.

Community Development Lending: “Outstanding”

NECB originated \$42.3 million in new community development loans and had no community development loans outstanding from prior periods. NECB’s community development lending exclusively financed multifamily affordable housing projects in LMI communities within its assessment area. The level of community development lending represented 2.70% of average total assets for the evaluation period. This is an excellent level of community development lending.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	46	42,329	0	0
Economic Development				
Community Services				
Other				
<b>Total</b>	<b>46</b>	<b>42,329</b>	<b>0</b>	<b>0</b>

Community Development Investments: “Outstanding”

NECB made \$747,000 of new community development investments in a community development financial institution and had \$747,000 outstanding from prior evaluation periods. Additionally, NECB made a grant of \$10,000 for community development to a neighborhood housing services organization. These commitments demonstrated an excellent 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				
Economic Development				
Community Services				
Other (Invest. in CDFIs)	3	747		747
<b>Total</b>	<b>3</b>	<b>747</b>	<b>0</b>	<b>747</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	1	10		
Economic Development				
Community Services	5	9		
Other (Please Specify)				
<b>Total</b>	<b>6</b>	<b>19</b>		

Community Development Services: “Satisfactory”

NECB demonstrated a reasonable level of community development services over the course of the evaluation period.

The following are descriptions of some of NECB’s community development services.

NECB donated \$9,000 to several food kitchens that serve meals to the needy and conduct youth programs in life skills and academic achievement.

Several NECB officials provided financial advice and advice on home maintenance at several events organized by building management (co-ops, condos, apartments) and community organizations serving NECB’s assessment area.

Responsiveness to Community Development Needs:

NECB established a construction loan program to finance construction of multifamily, mixed use, and non-residential buildings. This program helped finance the construction of affordable housing and multifamily projects in the assessment area.

**Additional Factors**

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

NECB’s board of directors and management actively participate in the formulation of the NECB’s CRA policies. Under the board’s direction management evaluates its community development loan, investment and service opportunities. The chief compliance officer

submits quarterly lending reports to the board. The directors use this information to evaluate their assessment area. The respective management committees continuously assess the credit needs of the communities NECB serves and develop new products and programs to improve their services. Management also has developed appropriate training, procedures and controls to ensure CRA compliance.

### 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 did not note any practices that were intended to discourage applications for the types of credit offered by NECB.

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

DFS did not note any evidence of prohibited discriminatory or other illegal practices.

### Record of opening and closing offices and providing services at offices

Distribution of Branches within the Assessment Area								
County	N/A	Low	Moderate	Middle	Upper	Total	LMI	LMI and Distressed or Underserved
	#	#	#	#	#	#	%	
Bronx		1				1	100%	100%
New York					3	3	0%	0%
<b>Total</b>	-	1	-	-	3	4	25%	25%

All branch locations have ATMs that accept deposits. The branches operate extended hours on Fridays and are open on Saturdays. The same services and products are provided at all locations. NECB's free basic checking account requires only \$5 to open.

NECB provides a free online banking service which offers free bill payment activity and a 24 hour telephone service where customers can make balance transfers.

### 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.*

Several bank officers take part in community activities such as speaking engagements and conducting financial and home maintenance seminars, at co-op

---

and condo buildings, churches and business groups. These forums, among other things, help NECB ascertain the credit needs of its community.

- *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.*

NECB's advertisements for loan originations in the New York area are placed in *Real Estate Weekly*. In addition, NECB directly contacts brokers in other areas such as the Mid-Hudson area.

NECB uses short-term advertisements in local newspapers as a method to generate new deposits.

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

NECB participated in a program to aid development of HUD-designated empowerment zones. NECB targeted 13 lots in New York City and provided 100% loans for the rehabilitation and development of these lots.



## **GLOSSARY**

### **Aggregate Penetration Rate**

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

### **Community Development**

“Community development”:

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

### **Community Development Loan**

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

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

## **Community Development Service**

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;
  - ❖ Developing secondary market vehicles or programs;
  - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
  - ❖ Furnishing financial services training for staff and management;
  - ❖ Contributing accounting/bookkeeping services; and
  - ❖ Assisting in fund raising, including soliciting or arranging investments.

## **Geography**

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

## **Home Mortgage Disclosure Act (“HMDA”)**

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

## **Income Level**

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

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

## **Loans to Small Businesses**

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

## **Low or Moderate Income ("LMI") Geographies**

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

## **LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

## **LMI Individuals/Persons**

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

### **LMI Penetration Rate**

A number that represents the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

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

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

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

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

### **Qualified Investment**

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.