



**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: March 31, 2020

Institution: Bank of India, New York Branch
277 Park Avenue
New York, NY 10172

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 Bank of India, New York Branch (“BOINY” or “the Branch”) 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 Branch’s CRA performance based on an evaluation conducted as of March 31, 2020.

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 the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such evaluation 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

Overall CRA Rating: "Satisfactory"

DFS evaluated BOINY's performance according to the community development test for wholesale or limited purpose banking institutions pursuant to Section 76.11 of the General Regulations of the Superintendent. The assessment period covered from January 1, 2018 to March 31, 2020.

BOINY is rated "2" indicating a "Satisfactory" record of helping to meet community credit needs.

This rating is based on the following factors:

Community Development Test:

BOINY's community development performance demonstrated an adequate level of community development loans, qualified investments and services considering its capacity and the need and availability of such opportunities for community development in its assessment area.

Community Development Lending:

During the current evaluation period, BOINY renewed a \$3 million community development loan. This is a decrease from the prior evaluation period, during which the Branch made 2 community development loans totaling \$6 million.

Qualified Investments:

During the evaluation period, the Branch made \$13.6 million in new qualified investments, and had \$3.3 million in investments outstanding from prior evaluation periods, for a total of \$16.9 million in qualified investments. This represents a substantial increase from the level of \$6.8 million in qualified investments at the prior evaluation. BOINY also made \$256,000 in community development grants during the current evaluation period.

Community Development Services:

BOINY's community development services were limited to one officer's involvement with one organization located in Brooklyn, NY.

Innovative or Complex Practices

BOINY did not engage in any innovative or flexible community development practices.

Responsiveness to Credit and Community Development Needs:

BOINY's community development performance demonstrated a minimally adequate level of responsiveness to the community development needs of its assessment area considering the Branch's capacity and the need and availability of such opportunities for the community development the its 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 GRS Part 76.

PERFORMANCE CONTEXT

Institution Profile

BOINY was licensed by New York State in 1978 as a branch of the Bank of India, a foreign banking organization headquartered in Mumbai, India. BOINY is located at 277 Park Avenue, New York, NY. BOINY was designated as a wholesale institution on March 17, 1978 by the Federal Deposit Insurance Corporation (“FDIC”).

BOINY provides services to facilitate international trade financing between businesses located in the United States and India. Financial services provided include letters-of-credit, suppliers credit, overdraft facilities and demand/term loans against standby letters-of-credit. BOINY does not extend home mortgages, small business or consumer loans to retail consumers. Retail products are limited to certificates of deposit and checking accounts.

In its Federal Financial Institutions Examination Council’s (“FFIEC”) “Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Bank” as of March 31, 2020, filed with the FDIC, BOINY reported total assets of \$3.5 billion, of which \$2.1 billion were net loans and lease financial receivables. It also reported total deposits of \$2.7 billion, resulting in a loan-to-deposit ratio of 78.1%. of which \$25.6 million were made to borrowers with U.S. addresses.

According to the latest available comparative deposit data as of June 30, 2019, BOINY had a market share of 0.23%, or \$3 billion in a market of \$1.3 trillion, ranking it 29th among 113 deposit-taking institutions in BOINY’s assessment area.

The following is a summary of the Bank’s loan portfolio, based on BOINY’s December 31, 2018, 2019 and March 31, 2020 Reports of Assets and Liabilities of U.S. Branches and Agencies of Foreign Bank:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/2018		12/31/2019		3/31/2020	
	\$000's	%	\$000's	%	\$000's	%
Commercial & Industrial Loans	168,340	3.6	465,298	31.7	459,827	22.2
Loans to other banks in foreign countries	4,558,161	96.4	1,004,112	68.3	1,615,673	77.8
Total Gross Loans	4,726,501		1,469,410		2,075,500	

As illustrated in the above table, BOINY primarily extends loans to banks in foreign countries. Additionally, the majority of the Branch’s commercial and industrial loans were also made to foreign borrowers; only \$25.6 million of these loans were made to borrowers with addresses in the United States.

The significant decrease in the gross loans outstanding from December 31, 2018 to December 31, 2019 was reportedly primarily due to regulatory developments in India.

On April 1, 2019, the Reserve Bank of India implemented guidelines that limit a bank's ability to lend to individuals and group borrowers, including banks. Under these new guidelines, Bank of India's exposure limits were reduced both at head office level and at the branch level.

Assessment Area

BOINY's assessment area is comprised of all five boroughs of New York City, namely Brooklyn (Kings County), Queens (Queens County), Manhattan (New York County), the Bronx (Bronx County) and Staten Island (Richmond County).

There were 2,167 census tracts in the area, of which 289 were low-income, 570 moderate-income, 642 middle-income, 600 upper-income, and 66 were tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Kings	14	95	260	230	162	761	46.6
Queens	27	16	146	303	177	669	24.2
New York	15	34	57	21	161	288	31.6
Bronx	7	140	99	60	33	339	70.5
Richmond	3	4	8	28	67	110	10.9
Total	66	289	570	642	600	2,167	39.6

The assessment area appeared reasonable based upon the location of the Bank's offices and its lending patterns. There was no evidence that BOINY had arbitrarily excluded LMI areas.

Demographic & Economic Data

The assessment area had a population of 8,426,743 during the evaluation period. Approximately 12.7% of the population was over the age of 65 and 19% was under the age of 16.

Of the 1,865,277 families in the assessment area 32.6% were low income, 16.2% were moderate income, 15.7% were middle income and 35.5% were upper income. There were 3,113,535 households in the assessment area, of which 19.4% had income below the poverty level and 4.1% were on public assistance.

The weighted average median family income in the assessment area was \$70,541.

There were 3,422,225 housing units within the assessment area, of which 39.4% were one-to-four family units and 60.4% were multifamily units. A majority (62%) of the area's housing units were rental units, while 29% were owner-occupied. Of the

991,350 owner-occupied housing units, 20.2% were in LMI census tracts while 79.6% were in middle- and upper-income census tracts. The median age of the housing stock was 71 years, and the median home value in the assessment area was \$536,278.

There were 630,059 non-farm businesses in the assessment area. Of these, 88.1% were businesses with reported revenues of less than or equal to \$1 million, 5.9% reported revenues of more than \$1 million and 6% did not report their revenues. Of all the businesses in the assessment area, 97.2% were businesses with less than fifty employees, while 92.4% operated from a single location. The largest industries in the area were services (42.3%), followed by retail trade (14.3%) and finance, insurance and real estate (9.1%), while 18.6% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State ranged from 4% to 4.1% during the current evaluation period. The average unemployment rates for the five counties in BOINY's assessment area steadily decreased. Queens County's unemployment rates were consistently the lowest of the five counties while Bronx County's rates were the highest.

Assessment Area Unemployment Rate						
	Statewide	Kings	Queens	New York	Richmond	Bronx
2018	4.1	4.3	3.7	4.2	4.2	5.8
2019	4.0	4.1	3.5	3.9	3.9	5.4
1st Qtr. 2020	4.1	3.8	3.3	3.7	3.6	5.1

Community Information

Examiners conducted a community contact interview with the president of a community development corporation engaged in economic revitalization initiatives in an underserved area of northern Manhattan. The organization focuses on attracting new businesses, retaining and growing existing businesses, providing access to homeownership opportunities, creating employment opportunities and improving the quality of life for LMI individuals and businesses.

The interviewee stated that the number of banks in the area had increased and that economic conditions were improving. However, the need for financial literacy and affordable housing for LMI individuals and families continues. The contact further stated that financial institutions tended to be responsive to community needs by providing first-time homebuyer seminars and free learning space for nonprofit organizations to utilize.

PERFORMANCE TEST AND ASSESSMENT FACTORS

DFS evaluated BOINY under the wholesale banks performance standards pursuant to the “community development test,” as provided in Section 76.11 of the General Regulations of the Superintendent. Performance criteria include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and (3) the banking institution’s responsiveness to credit and community development needs. In addition, the following factors are also considered in assessing BOINY’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; the Bank’s record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period covered the period from January 1, 2018 through March 31, 2020.

At its prior Performance Evaluation as of December 31, 2018, DFS assigned BOINY a rating of “3”, reflecting a “Needs to Improve” record of helping to meet community credit needs

Current CRA Rating: “Satisfactory”

Community Development Test:

BOINY’s community development performance demonstrated an adequate level of community development loans, qualified investments and services considering its capacity and the need and availability of such opportunities for community development in its assessment area.

During the evaluation period, BOINY renewed a \$3 million community development loan and made \$13.5 million in new qualified investments and \$256,000 in community development grants. BOINY also had \$3.3 million in qualified investments outstanding from prior evaluation periods.

A more detailed description of the bank’s community development activity follows.

Community Development Lending:

During the current evaluation period, BOINY renewed a \$3 million community development loan. This is a decrease from the prior evaluation period, during which the Branch made 2 community development loans totaling \$6 million.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	1	3,000		
Economic Development				
Community Services				
Revitalization/Stabilization				
Total	1	3,000	0	0

The renewed loan was a \$3 million revolving line-of-credit to a nonprofit organization. The organization's mission was to revitalize underserved neighborhoods in New York City by connecting residents to affordable housing. The organization provides financial and homeownership education, loan origination and community leadership training.

Qualified Investments:

During the evaluation period, the Branch made \$13.6 million in new qualified investments, and had \$3.3 million in investments outstanding from prior evaluation periods, for a total of \$16.9 million in qualified investments. This represents a 148.5% increase from the total level of \$6.8 million in qualified investments noted at the prior evaluation, and occurred despite that the Branch's total assets decreased 46.2% from \$6.5 billion from the prior evaluation. BOINY also made \$256,000 in community development grants during the current 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	9	12,249	7	3,299
Economic Development	8	1,350		
Community Services				
Revitalization/Stabilization				
Total	17	13,599	7	3,299
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	1	7		
Economic Development	3	18		
Community Services	25	231		
Revitalization/Stabilization				
Total	29	256		

Below are examples of BOINY's community development investments and grants.

Investments

- BOINY purchased \$12.2 million in Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Corporation ("Freddie Mac") mortgage-backed securities. The securities were collateralized by residential mortgage loans made to low- and moderate-income borrowers within the assessment area.
- BOINY renewed certificates of deposit totaling \$750,000 at three community development financial institutions. These institutions provided community-focused banking services, supported the local economy, and revitalized underserved neighborhoods.

Grants

Community Services

- The Bank gave \$41,500 to an organization that sought to revitalize underserved neighborhoods by connecting New York City residents to affordable housing. The organization provided resources to help residents buy, maintain, and stay in their homes.
- The Bank gave \$33,000 to a New York City based nonprofit that provided meals and companionship to the elderly.

Economic Development

- The Bank gave \$10,000 to a Bronx organization that supported small business and workforce development. The organization assisted businesses in getting started and residents in seeking and retaining employment through job-readiness training, skills trainings, and job placement services.
- The Bank gave \$8,000 to a local organization whose mission was to transform low-to-moderate income and immigrant communities. The organization provides low-interest small business loans, training and counseling services.

Community Development Services:

BOINY's community development services were limited to a single officer's involvement with an organization located in Brooklyn, NY. The officer continued to serve as a board member of a childcare organization providing affordable childcare for low-income families and creating entrepreneurship opportunities for low-income women.

Innovative Practices:

BOINY did not engage in any innovative or flexible community development practices.

Responsiveness to Credit and Community Development Needs:

BOINY's community development performance demonstrated a minimally adequate level of responsiveness to the community development needs of its assessment area considering the Bank's capacity and the need and availability of such opportunities for the community development in its assessment area.

Additional Factors**The extent of participation by the banking institution's Board of Directors/Trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA**

BOINY's board of directors was in Mumbai, India and as such, US operations were managed by the local senior management team, who is led by the Chief Executive Officer ("CEO"). The Branch also has a CRA Committee comprised of the CEO and other members of the senior management team. The CRA Committee meets at least quarterly to discuss CRA developments, initiatives and progress.

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

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

DFS noted no evidence of prohibited discriminatory or other illegal practices.

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

Not applicable. BOINY is a single-location branch of a foreign banking organization. As a wholesale institution, BOINY does not offer retail services.

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.

BOINY's CRA Program ineffectively ascertains the community needs and concerns of community-based organizations that provide services to LMI individuals and small businesses, although senior management and staff meet with organizations regularly. The CRA Officer is responsible for identifying CRA opportunities and facilitating outreach efforts.

- 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

As a wholesale institution, BOINY does not have a formal marketing program. It does maintain a website, posts branch signage, and issues brochures to advertise its products and services.

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

DFS 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 Block Numbering Areas ("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.

Minority Depository Institutions ("MDIs")

A MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more information regarding MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

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.

Paycheck Protection Program (“PPP”) Loans

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%.