



**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, 2020

Institution: Alpine Capital Bank
680 Fifth Avenue, 7th Floor
New York, NY 10019

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 Alpine Capital Bank (“Alpine” 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, 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 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 Alpine according to the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2018, 2019, and 2020. Alpine is rated “2,” indicating a “Satisfactory” record of helping to meet community credit needs.

The rating is based on the following factors:

Lending Test: Satisfactory

Loan-to-Deposit Ratio and Other Lending-Related Activities: Satisfactory

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

Alpine's average LTD ratio of 43% for the evaluation period was well below the peer's average LTD ratio of 79.9% and represented a decline from its prior evaluation period's average LTD ratio of 57.3%. However, the Bank as of December 31, 2020, had \$62.0 million in off-balance sheet unused loan commitments.

Assessment Area Concentration: Satisfactory

During the evaluation period, Alpine originated 66% by number and 81.3% by dollar value of its total construction and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

Distribution by Borrower Characteristics: Not Rated

Alpine's distribution of loans by borrower characteristics was not rated as income for Alpine's construction loans was not available and all of the Bank's small business loans were PPP loans, which do not require the collection and reporting of income.

Geographic Distribution of Loans: Satisfactory

Alpine's origination of construction and small business loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

Action Taken in Response to Written Complaints with Respect to CRA: N/A

Neither DFS nor Alpine received any written complaints regarding Alpine's CRA performance during the evaluation period.

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

PERFORMANCE CONTEXT

Institution Profile

Alpine is a New York State-chartered commercial bank. The Bank has one banking office located in Manhattan, New York City. It does not have any automated teller machines (“ATMs”).

The Bank primarily serves a client base of high net-worth individuals, their families, and businesses. Alpine offers a variety of products and services, either in person through an executive-level service manager, or via online banking for services such as internal fund transfers and bill payment. Other services include wire transfers, bank checks, direct deposit, debit, and ATM cards. The Bank’s deposit products include checking, money market and time deposit accounts. Loan products include construction, commercial, asset-based and personal loans.

In its Consolidated Report of Condition (the “Call Report”), as of December 31, 2020, filed with the Federal Deposit Insurance Corporation (“FDIC”), Alpine reported total assets of \$262.9 million, of which \$103.9 million were net loans and lease financing receivables. It also reported total deposits of \$207.4 million, resulting in a loan-to-deposit ratio of 50.1%. According to the latest available comparative deposit data, as of June 30, 2020, Alpine had a market share of 0.01%, or \$199 million in a market of \$1.6 trillion, ranking it 66th among 100 deposit-taking institutions in its assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2018, 2019 and 2020 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2018		2019		2020	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	8,856	9.5	5,478	7.6	2,276	2.1
Commercial & Industrial Loans	3,348	3.6	3,198	4.4	16,649	15.3
Commercial Mortgage Loans	16,811	18.0	15,030	20.7	21,187	19.4
Multifamily Mortgages		0.0		0.0	3,454	3.2
Consumer Loans	4,489	4.8	6,544	9.0	4,200	3.9
Construction Loans	54,416	58.4	36,676	50.6	53,295	48.9
Other Loans	5,206	5.6	5,527	7.6	7,962	7.3
Loans - Nondepository Financial Institutions	50	0.1	50	0.1	50	0.0
Total Gross Loans	93,176		72,503		109,073	

As illustrated in the above table, Alpine primarily makes construction loans which represented 48.9% of its loan portfolio as of December 31, 2020. Commercial mortgages, and commercial and industrial loans made up 37.9% of its loan portfolio.

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

Assessment Area

The Bank’s assessment area is comprised of Bronx, Kings and New York counties.

There are 1,388 census tracts in the area, of which 269 are low-income, 416 are moderate-income, 311 are middle-income, 356 are upper-income, and 36 are census tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	140	99	60	33	339	70.5
Kings	14	95	260	230	162	761	46.6
New York	15	34	57	21	161	288	31.6
Total	36	269	416	311	356	1,388	49.4

Demographic & Economic Data

The assessment area had a population of 5.7 million during the evaluation period. Approximately 12.3% of the population was over the age of 65 and 19.2% was under the age of 16.

Of the 1.2 million families in the assessment area 36.4% were low-income, 15.9% were moderate-income, 14.3% were middle-income and 33.5% were upper income. There were 2.2 million households in the assessment area, of which 21.6% had income below the poverty level and 4.5% were on public assistance.

The weighted average median family income in the assessment area was \$70,154.

There were 2.4 million housing units within the assessment area, of which 28.7% were one-to-four family units and 71.1% were multifamily units. A majority (67.9%) of the area’s housing units were rental units, while 22.5% were owner-occupied.

Of the total 1,630,318 rental units, 56.6% were in LMI census tracts while 43.1% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,341.

Of the 536,789 owner-occupied housing units, 26% were in LMI census tracts while 73.6% were in middle- and upper-income census tracts. The median age of the housing stock was 72 years, and the median home value in the assessment area was \$576,104.

There were 609,861 non-farm businesses in the assessment area. Of these, 90% were businesses with reported revenues of less than or equal to \$1 million, 5%

reported revenues of more than \$1 million and 5.1% did not report their revenues. Of all the businesses in the assessment area, 97.6% were businesses with less than fifty employees while 93.5% operated from a single location. The largest industries in the area were services (35.8%), followed by retail trade (11.8%), and finance, insurance, and real estate (10.6%); 29.4% 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 and all counties in the assessment area decreased from 2018 to 2019. However in 2020, the unemployment rates increased significantly due to the COVID-19 pandemic, which impacted the economy and the labor market.

Assessment Area Unemployment Rate				
	Statewide	Bronx	Kings	New York
2018	4.1%	5.6%	4.2%	3.7%
2019	3.8%	5.3%	4.0%	3.4%
2020	10.0%	16.0%	12.5%	9.5%
Average	6.0%	9.0%	6.9%	5.5%

Community Information

DFS examiners interviewed representatives from two nonprofit organizations, operating in the Bank's assessment area. These organizations assist new and existing businesses, as well as LMI individuals with affordable housing opportunities, family counseling, affordable childcare, and employment opportunities.

The organization's representatives noted the need for micro loans for startups and existing businesses, flexible loan underwriting, home repair loan programs, small business mentoring and financial literacy programs. They also identified the need for more bank branches in the assessment area due to the continued closures and relocations of bank branches by institutions.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated Alpine under the small banking institution performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the following lending test criteria:

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

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. *Evidence of practices intended to discourage credit applications;*
3. *Evidence of prohibited discriminatory or other illegal credit practices;*
4. *The institution's 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, DFS considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which Alpine helps meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. Alpine 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. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2018, 2019 and 2020.

Alpine was not a HMDA-reporter during the evaluation period. As a result, examiners considered Alpine's construction loans originated from 2018 to 2020 and small business loans originated in 2020 in evaluating factors (2), (3), and (4) of the lending test noted above. In 2020, Alpine originated Paycheck Protection Program Loans ("PPP"), which are evaluated under the lending test as small business loans.

Alpine is not required to report small business loan data, so the Bank’s small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

At its prior Performance Evaluation, as of December 2017, DFS assigned Alpine a rating of “2,” reflecting a “Satisfactory” record of helping to meet the credit needs of Alpine’s community.

Current CRA Rating: Satisfactory

Lending Test: Satisfactory

Alpine’s construction and small business lending activities were reasonable in light of its 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.

Loan-to-Deposit Ratio and Other Lending-Related Activities: Satisfactory

Alpine’s average LTD ratio was reasonable considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

Alpine’s average LTD ratio of 43% for the evaluation period is a large decline from its average LTD of 57.3% for the prior evaluation period, and well below its peer group’s average LTD ratio of 79.9% for the current period. However, the LTD ratio does not include unused loan commitments, which are off-balance sheet commitments. As of December 31, 2020, the Bank had unused loan commitments of \$62.0 million. A majority of Alpine’s unused loan commitments were for construction loans.

The Bank’s LTD ratio was also impacted by a downward trend in acquisition, construction and land development lending. In addition, Alpine faces strong competition from other banks, most of which are significantly larger.

The table below shows Alpine’s LTD ratios in comparison with the peer group’s ratios for the 12 quarters of this evaluation period.

Loan-to-Deposit Ratios													
	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	Avg.
Bank	45.6	41.0	41.5	41.1	42.5	41.2	37.1	32.7	39.3	50.2	53.9	50.1	43.0
Peer	79.8	80.8	81.2	80.8	81.1	82.0	81.0	80.7	79.9	79.3	78.4	73.5	79.9

Assessment Area Concentration: Satisfactory

During the evaluation period, Alpine originated 66% by number and 81.3% by dollar value of its total small business and construction loans within the assessment area, demonstrating a reasonable concentration of lending.

Construction Loans:

Alpine originated 86.2% by number and 83.8% by dollar value of its construction loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending within Alpine's assessment area.

Small Business Loans:

Alpine originated 56.9% by number and 48.9% by dollar value of its small business loans within the assessment area. This majority of lending by number of loans inside of its assessment area reflects a reasonable concentration of lending.

The following table shows the percentages of Alpine's construction 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
	#	%	#	%		\$	%	\$	%	
Construction										
2018	10	83.3%	2	16.7%	12	31,650	79.3%	8,250	20.7%	39,900
2019	5	100.0%	-	0.0%	5	11,650	100.0%	-	0.0%	11,650
2020	10	83.3%	2	16.7%	12	35,274	83.6%	6,900	16.4%	42,174
Subtotal	25	86.2%	4	13.8%	29	78,574	83.8%	15,150	16.2%	93,724
Small Business										
2020	37	56.9%	28	43.1%	65	3,603	48.9%	3,764	51.1%	7,367
Subtotal	37	56.9%	28	43.1%	65	3,603	48.9%	3,764	51.1%	7,367
Grand Total	62	66.0%	32	34.0%	94	82,177	81.3%	18,914	18.7%	101,091

Distribution by Borrower Characteristics: Not Rated

Alpine's distribution of loans by borrower characteristics was not rated as the income for borrowers of construction loans and small business loans was not available. Income data for Alpine's construction loans was not available as borrowers were limited liability companies created solely for the purpose of the related construction project. All of the Bank's small business loans were PPP loans, which do not require the collection and reporting of income.

Geographic Distribution of Loans: Satisfactory

Alpine's origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

Constructions Loans

The distribution of Alpine's construction loans among census tracts of varying income levels was reasonable.

Alpine's average rates of lending in LMI geographies for the evaluation period were 68% by number and 69.1% by dollar value of loans, which exceeded the 57.6% of rental-occupied units located in LMI geographies within the Bank's assessment area.

In 2019 and 2020, Alpine's rates of lending in LMI geographies exceeded the percentage of renter-occupied units located in LMI geographies, while in 2018 the Bank's rates of lending trailed the percentage of renter-occupied units located in LMI geographies.

The following table provides a summary of the distribution of Alpine's construction loans by the income level of the geography where the property was located.

Distribution of Construction Lending by Geographic Income of the Census Tract					
2018					
Geographic	Bank				Rental Occupied
Income	#	%	\$000's	%	Housing Units
					%
Low	2	20.0%	5,500	17.4%	30.1%
Moderate	3	30.0%	7,650	24.2%	29.5%
LMI	5	50.0%	13,150	41.5%	59.6%
Middle	4	40.0%	8,500	26.9%	13.6%
Upper	1	10.0%	10,000	31.6%	26.4%
Unknown	0	0.0%	0	0.0%	0.4%
Total	10		31,650		
2019					
Geographic	Bank				Rental Occupied
Income	#	%	\$000's	%	Housing Units
					%
Low	1	20.0%	6,100	52.4%	25.2%
Moderate	4	80.0%	5,550	47.6%	31.4%
LMI	5	100.0%	11,650	100.0%	56.6%
Middle	0	0.0%	0	0.0%	15.5%
Upper	0	0.0%	0	0.0%	27.6%
Unknown	0	0.0%	0	0.0%	0.4%
Total	5		11,650		
2020					
Geographic	Bank				Rental Occupied
Income	#	%	\$000's	%	Housing Units
					%
Low	6	60.0%	21,384	60.6%	25.2%
Moderate	1	10.0%	8,100	23.0%	31.4%
LMI	7	70.0%	29,484	83.6%	56.6%
Middle	2	20.0%	4,000	11.3%	15.5%
Upper	1	10.0%	1,790	5.1%	27.6%
Unknown	0	0.0%	0	0.0%	0.4%
Total	10		35,274		
GRAND TOTAL					
Geographic	Bank				Rental Occupied
Income	#	%	\$000's	%	Housing Units
					%
Low	9	36.0%	32,984	42.0%	
Moderate	8	32.0%	21,300	27.1%	
LMI	17	68.0%	54,284	69.1%	57.6%
Middle	6	24.0%	12,500	15.9%	
Upper	2	8.0%	11,790	15.0%	
Unknown	0	0.0%	0	0.0%	
Total	25		78,574		

Small Business Loans

The distribution of Alpine's small business loans among census tracts of varying income levels was reasonable, based on the Bank's origination of PPP loans in 2020.

Alpine's average rates of lending in LMI geographies for the evaluation period were 32.4% by number and 15.9% by dollar value of loans, compared to aggregate rates of 29.4% and 21.1%, respectively and LMI business demographic of 30.4%.

The following table provides a summary of the distribution of Alpine's small business loans by the income level of the geography where the businesses were located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2020									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	13.5%	153	4.2%	21,809	10.7%	857,118	7.9%	10.8%
Moderate	7	18.9%	421	11.7%	37,860	18.6%	1,431,159	13.2%	19.6%
LMI	12	32.4%	574	15.9%	59,669	29.4%	2,288,277	21.1%	30.4%
Middle	6	16.2%	401	11.1%	28,145	13.8%	1,051,772	9.7%	14.0%
Upper	19	51.4%	2,628	72.9%	108,382	53.3%	6,822,446	63.0%	52.1%
Unknown	0	0.0%	0	0.0%	7,085	3.5%	668,907	6.2%	3.5%
Total	37		3,603		203,281		10,831,402		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	13.5%	153	4.2%	21,809	10.7%	857,118	7.9%	
Moderate	7	18.9%	421	11.7%	37,860	18.6%	1,431,159	13.2%	
LMI	12	32.4%	574	15.9%	59,669	29.4%	2,288,277	21.1%	
Middle	6	16.2%	401	11.1%	28,145	13.8%	1,051,772	9.7%	
Upper	19	51.4%	2,628	72.9%	108,382	53.3%	6,822,446	63.0%	
Unknown	0	0.0%	0	0.0%	7,085	3.5%	668,907	6.2%	
Total	37		3,603		203,281		10,831,402		

Action Taken in Response to Written Complaints with Respect to CRA: N/A

Neither DFS nor Alpine received any written complaints during the evaluation period regarding the Bank's CRA performance.

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

The board of directors reviews and approves Alpine's CRA policy and program. The board designates a CRA officer to administer the Bank's CRA program and prepare an annual CRA self-assessment. The board reviews and approves the annual self-assessment, which it uses to monitor the Bank's CRA performance.

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

DFS examiners did not note evidence of practices by Alpine intended to discourage applications for the types of credit offered by Alpine.

Evidence of prohibited discriminatory or other illegal credit practices.

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

Record of opening and closing offices and providing services at offices

Alpine operates one branch office located in an upper income census tract in the borough of Manhattan in New York City. The Bank did not open or close any branches during the evaluation period.

Distribution of Branches within the Assessment Area						
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #
Bronx						
Kings						
New York					1	1
Total					1	1

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.*

Alpine's directors and employees meet with community groups, businesses leaders and local officials as a part of the regular course of business, to discuss proposed projects and ascertain the credit needs in the 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*

Alpine does not actively engage in marketing of its products and services; instead, it relies on word of mouth and a network of brokers.

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

As a small banking institution, the Bank's is not subject to the community development test as part of its CRA evaluation. However, in 2018 the Bank originated an unsecured line of credit ("LOC") in the amount of \$197,000, which it renewed in 2019 and 2020 for a total amount of \$591,000 in community development lending. The LOC was extended to an organization that provides loans in New York State to small businesses that are not eligible for traditional financing, and to minority and women-owned businesses in economically distressed areas.

GLOSSARY

Aggregate Lending

“Aggregate lending” means 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.

Banking Development District (“BDD”) Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

Community Development

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- 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;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

Community Development Loan

“Community development loan” means 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 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

“Community development service” means a 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.

Community Development Financial Institution (“CDFI”)

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

Geography

“Geography” means 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.

LMI Geographies

“LMI geographies” means those census tracts or block numbering areas where, according to the most current 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

“LMI borrowers” means 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 Federal Financial Institutions Examination Council (“FFIEC”).

LMI Individuals/Persons

“LMI individuals” or “LMI persons” means 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 the FFIEC.

LMI Penetration Rate

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

Low-Income Housing Tax Credit (“LIHTC”)

LIHTC were 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. The tax credits 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”)

An 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 of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

New Markets Tax Credit (“NMTC”)

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits 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 CDFI Fund, an agency of the United States Department of the Treasury.

Qualified Investment

“Qualified investment” means 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%.