



**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, 2021

**Institution:** Rondout Savings Bank  
300 Broadway  
Kingston, NY 12401

**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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## 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

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Rondout Savings Bank (“RSB” 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 March 31, 2021.

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.

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

The Department evaluated RSB according to the intermediate small banking institutions performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2018, 2019 and 2020 for lending activities and the period from October 1, 2018 to March 31, 2021 for community development activities. RSB 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

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

RSB's average LTD ratio of 87.9% for the evaluation period was slightly below the peer's average LTD ratio of 89.8%.

**Assessment Area Concentration:** Satisfactory

During the evaluation period, RSB originated 86% by number and 83.3% by dollar value of its HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

**Distribution by Borrower Characteristics:** Needs to Improve

RSB's HMDA-reportable and small business lending demonstrated a less than adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes. The rating reflects the greater weight given to the Bank's HMDA-reportable lending.

RSB's one-to-four family HMDA-reportable rates of lending to LMI borrowers of 12.1% by number and 6.5% by dollar value were significantly below the aggregate's rate of 22.6% by number and 15% by dollar value. RSB's rates of small business lending were comparable to aggregate's rates.

**Geographic Distribution of Loans:** Satisfactory

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

The Bank's rates of HMDA-reportable lending by number and dollar amount exceeded the aggregate's rates, while RSB's small business rates of lending were comparable to the aggregate's rates.

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

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

**Community Development Test:** Satisfactory

RSB's community development performance demonstrated reasonable responsiveness to the community development needs of its assessment area, considering the Bank's capacity, and the need for and availability of opportunities for community development in its assessment area.

Community Development Lending: Outstanding

During the evaluation period, RSB originated \$9.7 million in new community development loans and had \$3.6 million outstanding from prior evaluation periods, demonstrating an excellent level of community development lending during the evaluation period.

Qualified Investments: Needs to Improve

During the evaluation period, RSB made no qualified investments and had none outstanding from prior evaluation periods. RSB made \$226,450 in grants. This demonstrated a less than adequate level of qualified investments over the course of the evaluation period. Furthermore, the Bank has failed to make any qualified investments during the current and prior evaluation period.

Community Development Services: Outstanding

RSB demonstrated an excellent level of community development services over the course of the evaluation period.

Responsiveness to Community Development Needs:

RSB demonstrated a reasonable level of responsiveness to credit and community development needs through its community development loans and community development services.

*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.*

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## PERFORMANCE CONTEXT

### Institution Profile

Established in 1868, RSB is a New York State-chartered mutual savings bank headquartered in Kingston, New York (Ulster County). RSB has one wholly-owned subsidiary, Rondout Financial Services, Inc., that sells securities and insurance products offered by Infinex Investments, Inc.

RSB operates five branch offices, one loan production office and one loan center within its assessment area. Supplementing the branch offices is an automated teller machine (“ATM”) network consisting of six ATMs, one at each branch office except the main office which has two ATMs.

RSB offers traditional banking products and services to consumers and small businesses such as residential and commercial mortgages, checking and savings accounts, certificates of deposit, retirement accounts, mobile and online banking and other financial services as well as personal and business investments through Rondout Financial Services, Inc.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2020, filed with the Federal Deposit Insurance Corporation (“FDIC”), RSB reported total assets of \$438.2 million, of which \$326.6 million were net loans and lease financing receivables. It also reported total deposits of \$382.9 million, resulting in a loan-to-deposit ratio of 85.3%. According to the latest available comparative deposit data, as of June 30, 2020, RSB had a market share of 3.26%, or \$377.1 million in a market of \$11.6 billion, ranking it 10th among 22 deposit-taking institutions in the assessment area.

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

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	12/31/2018		12/31/2019		12/31/2020	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	185,393	64.5	208,417	66.7	210,799	62.9
Commercial & Industrial Loans	18,575	6.5	24,384	7.8	39,066	11.7
Commercial Mortgage Loans	59,180	20.6	53,399	17.1	59,304	17.7
Multifamily Mortgages	4,262	1.5	9,438	3.0	12,303	3.7
Consumer Loans	1,156	0.4	955	0.3	1,227	0.4
Agricultural Loans	160	0.1	0	0.0	0	0.0
Construction Loans	18,597	6.5	15,696	5.0	12,273	3.7
<b>Total Gross Loans</b>	<b>287,323</b>		<b>312,289</b>		<b>334,972</b>	

As illustrated in the above table, RSB is primarily a residential real estate lender, with 62.9% of its loan portfolio in one-to-four family residential mortgage loans. The Bank also engaged in commercial lending with 17.7% of its loan portfolio in commercial mortgage loans and 11.7% in commercial and industrial loans. The Bank's loan portfolio did not change significantly from the prior evaluation period.

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

### **Assessment Area**

The Bank's assessment area is comprised of Ulster County and part of Dutchess County.

There are 59 census tracts in the assessment area, of which 1 is a low-income census tract, 9 are moderate-income, 34 are middle-income, and 15 are upper-income.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Dutchess*	0	0	2	7	3	12	16.7
Ulster	0	1	7	27	12	47	17.0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>34</b>	<b>15</b>	<b>59</b>	<b>16.9</b>

\* Partial County

### **Demographic & Economic Data**

The assessment area had a population of 221,637 during the evaluation period. Approximately 17% of the population was over the age of 65 and 16% was under the age of 16.

Of the 52,562 families in the assessment area 21.4% were low-income, 17.3% were moderate-income, 20.9% were middle-income and 40.3% were upper-income. There were 84,047 households in the assessment area, of which 11.2% had income below the poverty level and 3.6% were on public assistance.

The weighted average median family income in the assessment area was \$79,024.

There were 99,900 housing units within the assessment area, of which 83.7% were one-to-four family units and 10.3% were multifamily units. The majority (58.3%) of the area's housing units were owner-occupied, while 25.8% were rental units and 15.9% were vacant units.

Of the 58,252 owner-occupied housing units, 9.1% were in LMI census tracts while 90.9% were in middle- and upper-income census tracts. The median age of the housing stock was 57 years, and the median home value in the assessment area was \$231,966.

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There were 17,981 non-farm businesses in the assessment area. Of these, 88.5% were businesses with reported revenues of less than or equal to \$1 million, 3.6% reported revenues of more than \$1 million, and 8% did not report their revenues. Of all the businesses in the assessment area, 97.8% were businesses with less than fifty employees while 91.9% operated from a single location. The largest industries in the area were services (37.7%), retail trade (13%), and construction (7.8%); 19.3% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State was 6% for the evaluation period. Unemployment rates for New York State, and Ulster and Dutchess counties declined from 2018 to 2019, but drastically increased in 2020 due to the COVID-19 pandemic. The annual unemployment rates for New York State during the evaluation period exceeded the rates for Dutchess and Ulster counties each year of the evaluation period.

<b>Assessment Area Unemployment Rate</b>			
	<b>Statewide</b>	<b>Dutchess</b>	<b>Ulster</b>
2018	4.1	3.7	3.9
2019	3.8	3.5	3.6
2020	10.0	7.7	8.0
<b>Average for years above</b>	<b>6.0</b>	<b>5.0</b>	<b>5.2</b>

### **Community Information**

Examiners conducted community contact interviews with representatives of two community organizations that operate within the Bank's assessment area. The purpose of the interviews was to gain an understanding of the credit needs of the community, the economic condition of the assessment area, and the opportunities and performance of financial institutions.

The first interview was with a nonprofit organization that operates throughout the Mid-Hudson Valley, including Ulster and Orange counties. The organization's mission is to provide quality affordable housing opportunities and to revitalize communities through their affordable housing and community development programs. The second interview was with an organization that has been providing affordable housing and economic development opportunities in the Mid-Hudson Valley for over 40 years.

Both organizations described the assessment area as partially rural, with Kingston in Ulster County being the largest metropolitan area in the assessment area, while Poughkeepsie in Dutchess County is just outside the assessment area. Both metropolitan areas have concentrations of poverty and small businesses struggling to remain financially viable. Representatives from both organizations noted that housing prices sharply increased prior to the COVID-19 pandemic but accelerated even more so during the pandemic when many families sought to relocate from larger cities such as New York City.



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The first organization's representative noted that the largest issue confronting the assessment area is the limited housing supply. The assessment area consists mostly of owner-occupied single-family homes and very few rental properties. The usage of the limited, aging housing stock for Airbnb vacation rentals contributed to the housing supply shortage. The representative also noted that the COVID-19 pandemic resulted in a large migration to Kingston. Opportunities for financial institutions mentioned were to provide funding for pre-development multifamily projects.

The second organization's representative stated that population of Ulster County includes an aging and poor population that does not have access to high paying jobs to adequately support the costs to maintain a home or to purchase a home. The representative noted a need for loan programs that benefit lower income borrowers, with terms that include reasonable down payment requirements for home purchase loans, and low interest rates and affordable payment schedules for home purchase and home repair loans.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

The Department evaluated RSB under the intermediate small banking institution performance criteria in accordance with Sections 76.7 and 76.12 of the GRS, which consist 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 of loans 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.*

*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 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 derived statistics employed in this evaluation from various sources. RSB submitted bank-specific information both as part of the examination process and in 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 data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2018, 2019, and 2020 for lending activities and the period from October 1, 2018 through March 31, 2021 for community development activities.

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Examiners considered RSB'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.

Examiners gave greater weight to RSB's HMDA-reportable lending in this evaluation, as it comprised 69.8% by number and 84.1% by dollar value of all HMDA-reportable and small business loans originated by the Bank in its assessment area during the evaluation period.

RSB is not required to report small business data, so RSB'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 31, 2017, DFS assigned RSB a rating of "2" reflecting a "Satisfactory" record of helping to meet the credit needs of RSB's communities.

### **Current CRA Rating: Satisfactory**

#### **Lending Test: Satisfactory**

RSB's HMDA-reportable and small business lending activities were reasonable in light of RSB's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of the assessment area.

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

RSB's average LTD ratio was reasonable considering its size, business strategy, financial condition and peer group activity.

RSB's average LTD ratio of 87.9% for the evaluation period was slightly below its peer group average LTD ratio of 89.8%. The Bank's LTD ratio fluctuated from a low of 84.4% to a high of 95.1% during the evaluation period.

The table below shows the Bank's LTD ratios in comparison with the peer group's ratios for the 12 quarters since the prior evaluation.

<b>Loan-to-Deposit Ratios</b>													
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020	2020	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	84.4	85.3	85.9	87.2	85.0	87.0	90.3	95.1	92.6	87.6	87.9	86.5	87.9
Peer	91.1	92.1	92.5	92.5	91.2	90.5	90.7	90.7	90.6	87.9	85.7	82.5	89.8

Assessment Area Concentration: Satisfactory

During the evaluation period, RSB originated 86% by number and 83.3% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

HMDA-Reportable Loans:

RSB originated 83.5% by number and 82.2% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of the Bank's assessment area reflects a reasonable concentration of lending.

Small Business Loans:

RSB originated 92.6% by number and 90.1% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of the Bank's assessment area reflects an excellent concentration of lending.

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

<b>Distribution of Loans Inside and Outside of the Assessment Area</b>											
Loan Type	Number of Loans					Loans in Dollars (in thousands)					
	Inside		Outside		Total	Inside		Outside		Total	
	#	%	#	%		\$	%	\$	%		
<b>HMDA-Reportable</b>											
2018	266	83.9%	51	16.1%	317	63,086	85.0%	11,116	15.0%	74,202	
2019	296	86.3%	47	13.7%	343	77,394	84.2%	14,548	15.8%	91,942	
2020	302	80.5%	73	19.5%	375	95,112	78.9%	25,408	21.1%	120,520	
Subtotal	864	83.5%	171	16.5%	1,035	235,592	82.2%	51,072	17.8%	286,664	
<b>Small Business</b>											
2018	56	88.9%	7	11.1%	63	10,688	85.3%	1,847	14.7%	12,535	
2019	68	90.7%	7	9.3%	75	12,514	91.9%	1,105	8.1%	13,619	
2020	249	94.0%	16	6.0%	265	21,383	91.6%	1,973	8.4%	23,356	
Subtotal	373	92.6%	30	7.4%	403	44,585	90.1%	4,925	9.9%	49,510	
Grand Total	1,237	86.0%	201	14.0%	1,438	280,177	83.3%	55,997	16.7%	336,174	

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Distribution by Borrower Characteristics: Needs to Improve

RSB's HMDA-reportable and small business lending demonstrated a less than adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes. The rating reflects the greater weight given to the Bank's HMDA-reportable lending.

One-to-four Family HMDA-Reportable Loans:

RSB's one-to-four family HMDA-reportable lending demonstrated a less than adequate distribution of loans among borrowers of different income levels.

The Bank's rates of lending to LMI borrowers of 12.1% by number and 6.5% by dollar value were significantly below the aggregate's rates of 22.6% by number and 15% by dollar value.

The Bank's and the aggregate's rates of lending trailed the percentage of LMI families (family demographics) in the assessment area during the evaluation period. RSB's rates of lending by both number and dollar value were well below the percentage of LMI families in the assessment area, and the aggregate's rates of lending in each year of the evaluation period.

The following table provides a summary of RSB's distribution of one-to-four family loans by borrower income.

<b>Distribution of 1-4 Family Loans by Borrower Income</b>									
<b>2018</b>									
<b>Borrower Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</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	1.1%	236	0.4%	234	6.1%	24,350	3.4%	21.4%
Moderate	37	14.0%	4,869	7.8%	756	19.7%	101,830	14.4%	17.3%
LMI	40	15.1%	5,105	8.2%	990	25.8%	126,180	17.9%	38.8%
Middle	51	19.2%	8,304	13.3%	1,010	26.3%	160,060	22.6%	20.9%
Upper	169	63.8%	48,036	77.2%	1,724	44.9%	400,420	56.7%	40.3%
Unknown	5	1.9%	791	1.3%	118	3.1%	20,030	2.8%	
<b>Total</b>	<b>265</b>		<b>62,236</b>		<b>3,842</b>		<b>706,690</b>		
<b>2019</b>									
<b>Borrower Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	2	0.7%	290	0.4%	239	5.7%	26,185	3.0%	21.4%
Moderate	25	8.6%	3,513	4.7%	791	18.7%	117,025	13.5%	17.3%
LMI	27	9.2%	3,803	5.0%	1,030	24.4%	143,210	16.5%	38.8%
Middle	61	20.9%	9,462	12.6%	1,078	25.5%	182,030	21.0%	20.9%
Upper	197	67.5%	59,416	78.9%	1,965	46.5%	504,835	58.2%	40.3%
Unknown	7	2.4%	2,635	3.5%	149	3.5%	37,235	4.3%	
<b>Total</b>	<b>292</b>		<b>75,317</b>		<b>4,222</b>		<b>867,310</b>		
<b>2020</b>									
<b>Borrower Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	11	3.7%	1,734	1.9%	222	3.8%	30,810	2.1%	21.4%
Moderate	25	8.4%	4,379	4.7%	903	15.4%	150,855	10.5%	17.3%
LMI	36	12.2%	6,113	6.6%	1,125	19.2%	181,665	12.6%	38.8%
Middle	51	17.2%	11,175	12.1%	1,465	25.0%	295,635	20.5%	20.9%
Upper	195	65.9%	72,821	78.9%	3,045	51.9%	903,595	62.6%	40.3%
Unknown	14	4.7%	2,156	2.3%	234	4.0%	61,430	4.3%	
<b>Total</b>	<b>296</b>		<b>92,265</b>		<b>5,869</b>		<b>1,442,325</b>		
<b>GRAND TOTAL</b>									
<b>Borrower Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	16	1.9%	2,260	1.0%		5.0%		2.7%	
Moderate	87	10.2%	12,761	5.6%		17.6%		12.3%	
LMI	103	12.1%	15,022	6.5%	3,145	22.6%	451,055	15.0%	
Middle	163	19.1%	28,941	12.6%		25.5%		21.1%	
Upper	561	65.8%	180,273	78.4%		48.3%		60.0%	
Unknown	26	3.0%	5,582	2.4%		3.6%		3.9%	
<b>Total</b>	<b>853</b>		<b>229,818</b>		<b>13,933</b>		<b>3,016,325</b>		

Small Business Loans:

RSB's small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes.

The Bank's rates of small business lending of 46.9% by number and 33% by dollar value to businesses with a gross annual revenue of \$1 million or less, was comparable to aggregate's rates of 43.1% and 30.5%, respectively.<sup>1</sup> RSB's and the aggregate's rates of lending were well below the percentage of small businesses (business demographics) with gross revenue of \$1 million or less located with the assessment area.

The following table provides a summary of RSB's distribution of small business loans (except PPP loans) by the revenue size of the business.

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2018</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	25	44.6%	3,854	36.1%	2,147	46.4%	45,114	35.4%	86.1%
Rev. > \$1MM	21	37.5%	4,156	38.9%					4.5%
Rev. Unknown	10	17.9%	2,678	25.1%					9.4%
<b>Total</b>	<b>56</b>		<b>10,688</b>		<b>4,628</b>		<b>127,284</b>		
<b>2019</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	34	50.0%	3,503	28.0%	2,330	44.4%	46,134	34.5%	86.7%
Rev. > \$1MM	22	32.4%	6,330	50.6%					4.2%
Rev. Unknown	12	17.6%	2,681	21.4%					9.1%
<b>Total</b>	<b>68</b>		<b>12,514</b>		<b>5,246</b>		<b>133,624</b>		
<b>2020</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	33	45.8%	3,231	36.3%	1,995	38.8%	52,261	25.0%	88.5%
Rev. > \$1MM	29	40.3%	4,439	49.9%					3.6%
Rev. Unknown*	10	13.9%	1,228	13.8%					8.0%
<b>Total</b>	<b>72</b>		<b>8,898</b>		<b>5,142</b>		<b>208,895</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	92	46.9%	10,588	33.0%	6,472	43.1%	143,509	30.5%	
Rev. > \$1MM	72	36.7%	14,925	46.5%					
Rev. Unknown	32	16.3%	6,587	20.5%					
<b>Total</b>	<b>196</b>		<b>32,100</b>		<b>15,016</b>		<b>469,803</b>		

#### Geographic Distribution of Loans: Satisfactory

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

<sup>1</sup> While the Bank originated Paycheck Protection Program ("PPP") during the evaluation period, those loans were not included in the analysis of loan distribution by borrower characteristic, because the Bank was not required to collect or report business revenue when originating PPP loans.

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HMDA-Reportable Loans:

RSB's distribution of HMDA-reportable loans among census tracts of different income levels was reasonable.

The Bank's rates of HMDA-reportable lending of 11.3% by number and 7.9% by dollar value of loans in LMI census tracts exceeded the aggregate's rates of 8.3% and 7.6%, respectively.

RSB's lending rate by number of loans made in LMI census tracts exceeded the aggregate's rate each year of the evaluation period. The Bank's rate of lending in LMI census tracts by dollar value of loans exceeded the aggregate's rate in 2019 and 2020, while trailing the aggregate's rate in 2018. RSB's rate of lending by number of loans also exceeded the percentage of owner-occupied housing units in LMI census tracts of 9.1%.

The following table provides a summary of the distribution of RSB's HMDA-reportable loans by the income level of the geography where the property was located.



<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2018</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	3.4%	1,109	1.8%	62	1.6%	9,550	1.1%	1.5%
Moderate	17	6.4%	2,875	4.6%	272	7.0%	64,190	7.4%	7.6%
LMI	26	9.8%	3,983	6.3%	334	8.6%	73,740	8.5%	9.1%
Middle	158	59.4%	34,605	54.9%	2,430	62.4%	527,710	60.8%	63.1%
Upper	82	30.8%	24,498	38.8%	1,131	29.0%	265,865	30.7%	27.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>266</b>		<b>63,086</b>		<b>3,895</b>		<b>867,315</b>		
<b>2019</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	13	4.4%	2,279	2.9%	60	1.4%	9,940	1.1%	1.5%
Moderate	26	8.8%	5,593	7.2%	300	7.1%	63,430	6.9%	7.6%
LMI	39	13.2%	7,872	10.2%	360	8.5%	73,370	7.9%	9.1%
Middle	184	62.2%	48,676	62.9%	2,496	58.7%	530,730	57.4%	59.8%
Upper	73	24.7%	20,846	26.9%	1,398	32.9%	321,070	34.7%	31.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>296</b>		<b>77,394</b>		<b>4,254</b>		<b>925,170</b>		
<b>2020</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	10	3.3%	1,729	1.8%	85	1.4%	16,895	1.1%	1.5%
Moderate	23	7.6%	4,923	5.2%	389	6.6%	85,995	5.8%	7.6%
LMI	33	10.9%	6,652	7.0%	474	8.0%	102,890	6.9%	9.1%
Middle	183	60.6%	56,873	59.8%	3,372	57.0%	797,530	53.5%	59.8%
Upper	86	28.5%	31,586	33.2%	2,074	35.0%	590,150	39.6%	31.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>302</b>		<b>95,112</b>		<b>5,920</b>		<b>1,490,570</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	32	3.7%	5,117	2.2%		1.5%		1.1%	
Moderate	66	7.6%	13,390	5.7%		6.8%		6.5%	
LMI	98	11.3%	18,507	7.9%	1,168	8.3%	250,000	7.6%	
Middle	525	60.8%	140,154	59.5%		59.0%		56.5%	
Upper	241	27.9%	76,931	32.7%		32.7%		35.9%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
<b>Total</b>	<b>864</b>		<b>235,592</b>						

***Small Business Loans:***

The distribution of RSB's small business loans in census tracts of varying income levels was reasonable.

The Bank's rates of small business lending of 15% by number and 11.6% by dollar value of loans in LMI census tracts were comparable to the aggregate's rates of 11.2% and 13%, respectively. The Bank's rates were also comparable to the percentage of small businesses in LMI census tracts of 12.4%.

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

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2018</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	4	7.1%	695	6.5%	62	1.3%	738	0.6%	1.9%
Moderate	7	12.5%	785	7.3%	435	9.4%	15,242	12.0%	10.3%
LMI	11	19.6%	1,480	13.8%	497	10.7%	15,980	12.6%	12.2%
Middle	40	71.4%	9,006	84.3%	2,795	60.4%	77,749	61.1%	60.8%
Upper	5	8.9%	202	1.9%	1,336	28.9%	33,555	26.4%	27.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>56</b>		<b>10,688</b>		<b>4,628</b>		<b>127,284</b>		
<b>2019</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</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	4.4%	201	1.6%	65	1.2%	1,261	0.9%	2.0%
Moderate	5	7.4%	1,575	12.6%	518	9.9%	15,730	11.8%	10.2%
LMI	8	11.8%	1,776	14.2%	583	11.1%	16,991	12.7%	12.2%
Middle	53	77.9%	9,908	79.2%	3,026	57.7%	81,233	60.8%	57.7%
Upper	7	10.3%	830	6.6%	1,637	31.2%	35,400	26.5%	30.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>68</b>		<b>12,514</b>		<b>5,246</b>		<b>133,624</b>		
<b>2020</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	15	6.0%	493	2.3%	52	1.0%	977	0.5%	2.0%
Moderate	22	8.8%	1,424	6.7%	546	10.6%	27,144	13.0%	10.4%
LMI	37	14.9%	1,917	9.0%	598	11.6%	28,121	13.5%	12.4%
Middle	164	65.9%	14,747	69.0%	2,905	56.5%	124,281	59.5%	57.1%
Upper	48	19.3%	4,719	22.1%	1,639	31.9%	56,493	27.0%	30.5%
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	0.0%
<b>Total</b>	<b>249</b>		<b>21,383</b>		<b>5,142</b>	<b>#DIV/0!</b>	<b>208,895</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	22	5.9%	1,389	3.1%		1.2%		0.6%	
Moderate	34	9.1%	3,784	8.5%		10.0%		12.4%	
LMI	56	15.0%	5,173	11.6%	1,678	11.2%	61,092	13.0%	
Middle	257	68.9%	33,661	75.5%		58.1%		60.3%	
Upper	60	16.1%	5,751	12.9%		30.7%		26.7%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
<b>Total</b>	<b>373</b>		<b>44,585</b>		<b>15,016</b>		<b>469,803</b>		

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

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

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**Community Development Test:** Satisfactory

RSB's community development performance demonstrated reasonable responsiveness to the community development needs of its assessment area, considering RSB's capacity, and the need for and availability of opportunities for community development in its assessment area.

**Community Development Lending:** Outstanding

During the evaluation period, RSB originated \$9.7 million in new community development loans, and had \$3.6 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending during the evaluation period.

The Bank's level of community development lending, totaling \$13.3 million, represented an increase of 177.1% from the prior evaluation period's level of \$4.8 million.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing				
Economic Development	1	6,321		
Community Services	6	2,872	5	3,336
Revitalize/Stablize	2	529	1	230
Other - Climate Resiliency	1	11		
<b>Total</b>	<b>10</b>	<b>9,733</b>	<b>6</b>	<b>3,566</b>

Below are highlights of RSB's community development lending:

- RSB extended a \$6.3 million line of credit to a development corporation that promotes and advances economic welfare and business prosperity within New York State by providing small business loans. The corporation has provided thousands of loans to small businesses, including start-ups and existing businesses, and minority- and women-owned businesses, that did not meet the requirements for traditional financing, and funded PPP loans to support small businesses in New York State during the COVID-19 pandemic. Financing was provided to fifty-two businesses through this line of credit.
- The Bank refinanced a \$1.3 million commercial mortgage loan to a nonprofit service organization located in a low-income census tract in Ulster County. The organization provides services including behavior management, clinical, health and recreational services to boys and young men between the ages of eight to twenty-one years whose personal, social, development, or family situation precludes them from living at home.

- RSB refinanced two term loans and one line of credit totaling \$941,031 for a construction company certified as a Women-Owned Business Enterprise and a Disadvantaged Business Enterprise and located in Ulster County. The business employs about 50 employees.
- The Bank refinanced a \$500,000 commercial term loan to a nonprofit child-care agency with sites in Dutchess, Orange and Bronx counties. The organization serves young people with mental health issues by providing residential, educational and clinical services, as well as community-based, family-oriented services for those who are experiencing difficulty at home, in school or in the community.

Qualified Investments: Needs to Improve

During the evaluation period, RSB made no new qualified investments and had no investments outstanding from prior evaluation periods. RSB did make 83 grants totaling \$226,450 during the evaluation period. This demonstrated a less than adequate level of qualified investments over the course of the evaluation period. Furthermore, the Bank failed to make any qualified investments during the current and prior evaluation period.

Qualified 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				
Revitalization/Stabilization				
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	7	31		
Economic Development	14	64		
Community Services	62	131		
Revitalization/Stabilization	0	0		
<b>Total</b>	<b>83</b>	<b>226</b>		

Below are highlights of RSB's qualified grants.

- The Bank made five grants totaling \$32,750 to an organization that is a leader in developing and advancing business growth and expansion in Ulster County.
- RSB made four grants totaling \$15,500 to an organization that provides and advocates for quality affordable housing and community development programs aimed at providing affordable housing opportunities and revitalizing local communities.

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Community Development Services: Outstanding

RSB demonstrated an excellent level of community development services over the course of the evaluation period.

RSB provided 104 instances of community development service during the evaluation period. The majority of the Bank's community development service involved ongoing board and committee memberships. The Bank also provided technical assistance and conducted or participated in financial seminars.

<b>Summary of Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee memberships	83
Technical Assistance	17
Seminars	4
<b>TOTAL Community Development Services</b>	<b>104</b>

Below are highlights of RSB's community development services:

- RSB's president and CEO, along with several other employees, served on the board and committees of a local youth organization aimed at supporting at-risk and underserved youth and teens. Programs offered include financial literacy and workforce development.
- The Bank's president and CEO, along with other management members and employees served on the Board and committees of a local chamber of commerce in a county where 88% of businesses have annual revenue of less than \$1 million. The chamber offers a variety of services and programs to ensure small businesses have the tools and capital to succeed and thrive.
- An assistant vice president served on the board of a nonprofit organization that helps children and young adults with mental health issues. The organization provides clinical, educational and housing services, and family-oriented and community-based services if needed.
- RSB branch managers hosted financial literacy seminars for children, seniors, and disabled community residents. The seminars were tailored to the target audience and included subjects such as savings, budgeting, avoiding fraud, and self-sufficiency.
- RSB officers served on an advisory committee and provided financial technical expertise to an organization which provides assistance to women living below the poverty line. Services included providing accounting, tutoring and workforce development skill training to eligible participants.

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### Innovativeness of Community Development Investments:

During the evaluation period, RSB did not make use of any innovative investments to support community development.

### Responsiveness to Community Development Needs:

RSB demonstrated a reasonable level of responsiveness to credit and community development needs. The Bank's community development loans provided small businesses with vital financing during the current COVID-19 pandemic, via a line of credit extended by RSB to a lender providing PPP loans to small businesses. RSB also was actively involved in the community through its community services activities.

### 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 CRA.**

The Bank's board of trustees reviews and approves any changes made to the CRA policy and delineates the Bank's CRA assessment area. The board appoints a CRA officer who is responsible for carrying out the Bank's CRA program and performing an annual CRA self-assessment, which is presented to the board.

#### **Discrimination and other illegal practices**

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

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

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

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

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

RSB did not open or close any branch offices during the current evaluation period.

RSB offers traditional banking services at all its branch offices, such as checking accounts, savings accounts, mortgage loans, consumer loans and small business loans. In addition, RSB customers have access to a 24-hour ATM at each branch office, and two ATMs at the main office, as well as banking by mail, telephone banking, and online and mobile banking services.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Ulster				4		4	0%
Dutchess*				1		1	0%
<b>Total</b>				<b>5</b>		<b>5</b>	<b>0%</b>

\* Partial County

**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.

RSB is a community-based institution involved with a number of community organizations, events, and sponsorships. The Bank’s board members are professionals within the local business communities, making them valuable sources to ascertain the communities’ credit needs and to inform the community on credit products and services provided by RSB. Furthermore, the board and management’s involvement with the community through their services on board and committees of local nonprofit organizations provide them with the opportunities to ascertain the credit needs of the community and discuss the products and services offered by the Bank.

RSB has also created an internal committee with the purpose of expanding lending to minority and women-owned businesses. This group has been actively approaching community organizations to help create and expand these relationships.

The Bank maintains regular contact with a local not-for-profit housing organization, an affordable housing agency, in Dutchess County, as well as many other local community organizations.

RSB has established communication with a group of Ulster County minority ministers and has offered to provide homeownership and financial literacy classes to their congregations or other affiliated community groups and have asked them to help RSB understand what other needs the Bank may be able to meet.

- 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

RSB’s markets its services and products in local newspapers, on local radio stations, and through website advertising, digital media and social media. The Bank also

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advertises in *La Voz*, a Spanish language publication to reach the Hispanic community and in the *Penny Saver*, a publication with total market coverage available to all households through the US mail to ensure the Bank also reaches LMI communities.

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

RSB offers Freddie Mac Home Possible loans, which are mortgages offered through the Federal Home Loan Mortgage Corporation. The Home Possible mortgage program is limited to borrowers with income of 80% or less of the area median income and allows for down payment assistance and a down payment as low as three percent, making the home purchase more affordable for LMI borrowers. RSB originated 38 Home Possible mortgage loans totaling \$6.6 million during the evaluation period.

In 2020, RSB originated 177 Paycheck Protection Program (“PPP”) loans totaling \$12.5 million.

The Bank also has a program called Dividends to the Community, whereby the Bank donates 10% of its annual earnings back into the community.



## **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.

<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

## **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%.