



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF GOUVERNEUR SAVINGS & LOAN ASSOCIATION

DECEMBER 31, 2023

New York State Department of Financial Services
Consumer Protection and Financial Enforcement Division
One State Street, New York NY 10004

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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I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Gouverneur Savings & Loan Association (“GS&L” 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 Bank’s CRA performance based on an evaluation conducted as of December 31, 2023.

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 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 end of this Evaluation.

II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated GS&L 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, 2020, 2021, 2022, and 2023 for lending activities. The Department assigned GS&L a rating of “2” indicating a “Satisfactory” record of helping to meet community credit needs.

The rating is based on the following factors:

A. Lending Test: Satisfactory

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

1. Loan-to-Deposit Ratio and Other Lending-Related Activities:

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

GS&L’s average LTD ratio of 94.4% for the evaluation period was well above its peer’s average LTD ratio of 81.1%.

2. Assessment Area Concentration:

During the evaluation period, GS&L originated 100% by number and 100% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

3. Distribution by Borrower Characteristics:

GS&L’s one-to-four family HMDA-reportable and small business lending demonstrated a poor distribution of loans among individuals of different income levels and businesses of different revenue sizes. Greater weight was given to HMDA lending.

GS&L’s HMDA-reportable lending demonstrated a poor distribution of loans to LMI borrowers, while small business lending demonstrated an excellent distribution of loans to businesses of different revenue sizes.

4. Geographic Distribution of Loans:

GS&L’s origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

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

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

GOUVERNEUR SAVINGS & LOAN ASSOCIATION – CRA PERFORMANCE EVALUATION

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.

III - PERFORMANCE CONTEXT

A. Institution Profile

GS&L, headquartered in Gouverneur, New York, was originally chartered by New York State in 1892, but changed to a federally chartered stock institution in 1998. In December 2013, GS&L reverted back to a New York State charter. GS&L has a wholly owned subsidiary, GS&L Municipal Bank which is a New York State chartered limited purpose commercial bank that was formed in September 2022.

GS&L is a wholly owned subsidiary of Gouverneur Bancorp, Inc., formerly a one bank holding company that was a majority-owned subsidiary of Cambray Mutual Holding Company; however, in 2023, Gouverneur Bancorp, Inc. converted from a two-tier mutual holding company structure to a stock holding company structure, and Cambray Mutual Holding Company was converted from a mutual holding company to a stock holding company and in conjunction with the conversion Cambray Mutual Holding Company was merged out of existence.

GS&L operates five full-service banking offices located in Jefferson (4) and St. Lawrence (1) Counties in New York State. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of six ATMs, one located at each branch, and one is located at the Bank’s administrative office.

GS&L offers various banking services and products. Its primary loan product is one- to four-family residential real estate mortgage loans; however, it also offers commercial real estate loans, construction loans, and home equity loans, lines of credit, commercial business loans, and other consumer loans. Deposit products offered include personal and business checking, savings, and money market accounts. Services offered include wire transfers, safe deposit rentals, telephone banking, and online banking with bill pay option.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), GS&L reported total assets of \$205.4 million, of which \$124.6 million were net loans and lease financing receivables. It also reported total deposits of \$164.3 million, resulting in an LTD ratio of 75.8%. According to the latest available comparative deposit data as of June 30, 2024, GS&L obtained a market share of 3.9%, or \$157.2 million in a market of \$4.1 billion, ranking it 7th among 13 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, 2020, 2021, 2022, and 2023 Call Reports:

GOUVERNEUR SAVINGS & LOAN ASSOCIATION – CRA PERFORMANCE EVALUATION

TOTAL GROSS LOANS OUTSTANDING												
Loan Type	2018		2019		2020		2021		2022		2023	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	82,838	86.7	79,248	86.7	74,610	85.4	75,177	85.0	104,105	83.2	106,933	85.4
Commercial & Industrial Loans	2,227	2.3	1,814	2.0	1,582	1.8	1,462	1.7	5,804	4.6	4,843	3.9
Commercial Mortgage Loans	5,316	5.6	5,665	6.2	5,898	6.8	5,268	6.0	4,568	3.6	4,952	4.0
Multifamily Mortgages	419	0.4	381	0.4	483	0.6	417	0.5	475	0.4	396	0.3
Consumer Loans	2,896	3.0	2,612	2.9	2,685	3.1	3,318	3.7	5,043	4.0	6,116	4.9
Real Estate Loans Secured by Farmland	60	0.1	52	0.1	43	0.0	34	0.0	24	0.0	16	0.0
Agricultural Loans	0	0.0	0	0.0	0	0.0	0	0.0	43	0.0	28	0.0
Construction Loans	1,744	1.8	1,576	1.7	2,026	2.3	2,792	3.2	4,578	3.7	2,360	1.9
Obligations of States & Municipalities	0	0.0	0	0.0	0	0.0	0	0.0	324	0.3	16	0.0
Other Loans	27	0.0	35	0.0	13	0.0	13	0.0	220	0.2	12	0.0
Lease Financing	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Gross Loans	95,527		91,383		87,340		88,481		125,184		125,672	

As illustrated in the above table, GS&L is primarily a residential real estate lender, with 85.4% of its loan portfolio in one-to-four family residential mortgage loans.

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

B. Assessment Area

The Bank's assessment area consists of St. Lawrence, Lewis, and Jefferson Counties. While the Bank's assessment area did not change, the number of census tracts increased to 75 from 61 (28 in St. Lawrence County, 7 in Lewis County and 26 in Jefferson County) from the prior CRA evaluation as a result of the 2020 U.S. census.

The 75 census tracts in the Bank's assessment area consist of no low-income census tracts, 14 moderate-income census tracts, 41 middle-income census tracts, 15 upper-income census tracts, and five census tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
St Lawrence	3	0	7	13	7	30	23.3
Lewis	0	0	1	8	0	9	11.1
Jefferson	2	0	6	20	8	36	16.7
Total	5	0	14	41	15	75	18.7

C. Demographic & Economic Data

The assessment area had a population of 251,808 during the evaluation period. Approximately 15.5% of the population were over the age of 65 and 21.6% were under the age of 16.

Of the 61,205 families in the assessment area, 22.1% were low-income, 18.1% were moderate-income, 20.2% were middle-income and 39.6% were upper-income. There were 95,369 households in the assessment area, of which 14.6% had income below the poverty level and 4.3%

were on public assistance. The weighted average median family income in the assessment area was \$67,221.

There were 129,213 housing units within the assessment area, of which 79.5% were one- to- four family units and 8.8% were multifamily units. A majority (48.6%) of the housing units were owner-occupied, while 25.2% were rental-occupied units and 26.2% of housing units were vacant.

Of the 62,774 owner-occupied housing units, 0% were in low-income census tracts, 19.8% were in moderate-income census tracts, while 56.8% were in middle-income census tracts and 23.4% were in upper-income census tracts. The median age of the housing stock was 58 years, and the median home value in the assessment area was \$127,716.

There were 16,121 non-farm businesses in the assessment area. Of these, 82.4% were businesses with reported revenues of less than or equal to \$1 million, 3.8% reported revenues of more than \$1 million and 13.8% did not report their revenues. Of all the businesses in the assessment area, 97.5% were businesses with less than fifty employees while 87% operated from a single location. The largest industries in the area were services 34.4%, retail trade 13.3% and finance, insurance, and real estate 8.2%; 16.9% 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 decreased from 9.8% in 2020 to 4.2% in 2023. The annual average rate for all three counties in the Bank’s assessment area was higher in 2018, 2019, and 2023, but was lower in 2020 and 2022. Lewis County had the lowest unemployment rate compared to the state and counties during the evaluation period.

Assessment Area Unemployment Rate				
	Statewide	Jefferson	Lewis	St. Lawrence
2018	4.1%	5.5%	5.5%	5.6%
2019	3.9%	5.3%	5.3%	5.3%
2020	9.8%	8.4%	7.5%	7.9%
2021	7.1%	5.1%	5.1%	5.2%
2022	4.3%	4.1%	4.1%	4.2%
2023	4.2%	4.4%	4.4%	4.4%
Average of Years above	5.6%	5.5%	5.3%	5.4%

Community Information

Examiners conducted an interview with a representative from an agency that provides a range of conflict intervention services in Jefferson, Lewis, and St. Lawrence counties. The agency offers alternative dispute resolution; advocacy for child victims of abuse and neglect; as well as mental and behavioral health counseling and psychoeducation services.

The representative highlighted the areas served by the agency are predominantly rural areas, with farming, agriculture and modest manufacturing. The Fort Drum Army Base is the biggest employer in the area, though government agencies and nonprofit organizations hold a vital role in addressing local unemployment. The City of Watertown was identified as having the highest poverty rate and a low graduation rate among the communities served.

Barriers to economic growth in the area include insufficient public transportation and a lack of childcare facilities. The representative emphasized the need for more flexible home mortgage loan programs, as many residents struggle to qualify for traditional mortgage loans, leading to a decline in homebuying activity. Additionally, there is a need for increased funding for childcare facilities.

The representative suggested that more investment in renewable energy industries could attract more businesses and create skilled, labor-intensive jobs into the area. The representative noted that local banks are cooperative and effectively partner with companies to fund projects as well as address the needs of LMI communities.

IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated GS&L 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 GS&L helps meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. GS&L submitted bank-specific information both as part of the evaluation 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 and 2020 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, 2020, 2021, 2022, and 2023.

Examiners considered GS&L’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 Evaluation represented actual originations.

GS&L is not required to report small business/small farm loan data, so GS&L's small business and small farm lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

As GS&L did not make any small farm loans, DFS based all analyses on small business lending only.

Examiners gave greater weight to GS&L's HMDA-reportable lending as it made up 83.8% by number and 86.7% by dollar value of all HMDA-reportable and small business loans originated within the assessment area.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2017, DFS assigned GS&L a rating of "2" reflecting a "Satisfactory" compliance with regulatory standards.

Current CRA Rating: Satisfactory

A. Lending Test: Satisfactory

GS&L's small business and HMDA-reportable lending activities were reasonable considering 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.

1. Loan-to-Deposit Ratio and other Lending-Related Activities:

GS&L's average LTD ratio was excellent 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.

GS&L's average LTD ratio of 94.4% for the evaluation period was well above its peer group average LTD ratio of 81.1%. The Bank's quarterly LTD ratios exceeded the peer's quarterly LTD ratios for all quarters from 2018 through 2021 and the first two quarters of 2022 but trailed the peer's quarterly LTD ratios for the last two quarters in 2022 and all quarters of 2023.

The Bank's quarterly LTD ratios fluctuated significantly during the current evaluation period from a high of 117.8% (Q1-2018) to a low of 67.8% (Q3-2022). Management stated that the decline in the LTD was mainly due to the onset of the COVID-19 pandemic in 2020 and the acquisition of Citizen Bank of Cape Vincent in 2022, in which GS&L acquired \$77.2 million in deposits compared to \$37.0 million in loans.

The table below shows GS&L's LTD ratios in comparison with the peer group's ratios for the 24 quarters of this evaluation period.

GOVERNEUR SAVINGS & LOAN ASSOCIATION – CRA PERFORMANCE EVALUATION

Loan-to-Deposit Ratios																									
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021	2021	2021	2022	2022	2022	2022	2023	2023	2023	2023	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	117.9	113.5	112.3	113.2	111.9	111.4	113.2	114.1	110.4	89.5	94.6	96.8	90.2	87.6	85.2	87.0	87.0	86.1	67.8	72.6	74.7	77.3	76.6	75.8	94.4
Peer	86.8	88.2	88.5	88.3	86.8	87.4	88.0	86.3	85.8	82.0	81.7	78.2	73.6	73.8	72.7	71.5	71.3	73.2	75.4	78.1	79.3	82.0	83.5	84.2	81.1

2. Assessment Area Concentration:

During the evaluation period, GS&L originated 100% by number and 100% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

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

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2018	90	100.0%	0	0.0%	90	10,280	100.0%	0	0.0%	10,280
2019	79	100.0%	0	0.0%	79	7,385	100.0%	0	0.0%	7,385
2020	131	100.0%	0	0.0%	131	17,184	100.0%	0	0.0%	17,184
2021	143	100.0%	0	0.0%	143	22,020	100.0%	0	0.0%	22,020
2022	104	100.0%	0	0.0%	104	13,810	100.0%	0	0.0%	13,810
2023	90	100.0%	0	0.0%	90	13,174	100.0%	0	0.0%	13,174
Subtotal	637	100.0%	0	0.0%	637	83,853	100.0%	0	0.0%	83,853
Small Business										
2018	14	100.0%	0	0.0%	14	892	100.0%	0	0.0%	892
2019	14	100.0%	0	0.0%	14	642	100.0%	0	0.0%	642
2020	27	100.0%	0	0.0%	27	2,923	100.0%	0	0.0%	2,923
2021	28	100.0%	0	0.0%	28	2,858	100.0%	0	0.0%	2,858
2022	14	100.0%	0	0.0%	14	1,259	100.0%	0	0.0%	1,259
2023	26	100.0%	0	0.0%	26	4,278	100.0%	0	0.0%	4,278
Subtotal	123	100.0%	0	0.0%	123	12,852	100.0%	0	0.0%	12,852
Grand Total	760	100.0%	0	0.0%	760	96,705	100.0%	0	0.0%	96,705

3. Distribution by Borrower Characteristics:

GS&L’s one-to-four family HMDA-reportable and small business lending demonstrated a poor distribution of loans, among individuals of different income levels and businesses of different revenue sizes. Greater weight was given to HMDA-reportable lending.

a. One-to-Four Family HMDA-Reportable Loans

GS&L’s one-to-four family HMDA-reportable lending demonstrated poor distribution of loans among individuals of different income levels.

During the evaluation period, GS&L’s average rates of lending to LMI borrowers of 16.2% by number and 9% by dollar value were well below the aggregate’s rates of 24.2% by number and 15.7% by dollar value. Furthermore, GS&L’s annual rates of lending to LMI borrowers by number

and dollar value of loans trailed the aggregate's rates of lending for each year of the evaluation period, except for 2019.

GS&L's annual rates of lending to LMI borrowers was also well below the percentages (ranging from 39.7% to 40.2%) of LMI families living in the Bank's assessment area during the evaluation period, a potential indicator that there are additional opportunities to originate more one-to-four family HMDA-reportable loans to LMI borrowers within the Bank's assessment area.

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

GOVERNEUR SAVINGS & LOAN ASSOCIATION – CRA PERFORMANCE EVALUATION

Distribution of One-to-Four Family Loans by Borrower Income									
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	7.8%	335	3.3%	234	6.8%	15,320	3.8%	21.3%
Moderate	12	13.3%	710	6.9%	659	19.1%	53,215	13.2%	18.4%
LMI	19	21.1%	1,045	10.2%	893	25.9%	68,535	17.0%	39.7%
Middle	24	26.7%	1,850	18.0%	930	26.9%	96,030	23.8%	22.1%
Upper	40	44.4%	6,240	60.7%	1,548	44.8%	228,890	56.8%	38.1%
Unknown	7	7.8%	1,145	11.1%	81	2.3%	9,415	2.3%	0.0%
Total	90		10,280		3,452		402,870		
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	11.4%	409	5.5%	231	6.0%	13,695	3.0%	21.3%
Moderate	11	13.9%	688	9.3%	650	17.0%	52,800	11.5%	18.4%
LMI	20	25.3%	1,097	14.9%	881	23.0%	66,495	14.4%	39.7%
Middle	18	22.8%	1,430	19.4%	1,004	26.2%	106,420	23.1%	22.1%
Upper	41	51.9%	4,857	65.8%	1,821	47.5%	266,985	58.0%	38.1%
Unknown	0	0.0%	0	0.0%	128	3.3%	20,450	4.4%	0.0%
Total	79		7,384		3,834		460,350		
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	2.3%	171	1.0%	174	3.7%	11,720	1.7%	21.3%
Moderate	14	10.7%	1,419	8.3%	682	14.3%	62,640	9.0%	18.4%
LMI	17	13.0%	1,590	9.3%	856	18.0%	74,360	10.6%	39.7%
Middle	38	29.0%	3,191	18.6%	1,127	23.6%	134,175	19.2%	22.1%
Upper	75	57.3%	12,285	71.5%	2,498	52.4%	437,300	62.6%	38.1%
Unknown	1	0.8%	118	0.7%	285	6.0%	52,585	7.5%	0.0%
Total	131		17,184		4,766		698,420		
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	2.8%	237	1.1%	285	5.1%	22,195	2.6%	21.3%
Moderate	13	9.1%	1,255	5.7%	952	17.1%	102,120	11.7%	18.4%
LMI	17	11.9%	1,492	6.8%	1,237	22.2%	124,315	14.3%	39.7%
Middle	29	20.3%	2,812	12.8%	1,444	25.9%	199,440	22.9%	22.1%
Upper	96	67.1%	17,299	78.6%	2,523	45.2%	478,825	55.1%	38.1%
Unknown	1	0.7%	416	1.9%	373	6.7%	66,555	7.7%	0.0%
Total	143		22,019		5,577		869,135		
2022									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.0%	40	0.3%	278	6.8%	19,730	3.3%	22.1%
Moderate	14	13.6%	1,247	9.1%	899	21.9%	97,815	16.2%	18.1%
LMI	15	14.6%	1,287	9.4%	1,177	28.7%	117,545	19.4%	40.2%
Middle	31	30.1%	2,836	20.7%	1,159	28.2%	160,095	26.5%	20.2%
Upper	57	55.3%	9,610	70.0%	1,648	40.1%	309,120	51.1%	39.6%
Unknown	0	0.0%	0	0.0%	122	3.0%	17,650	2.9%	0.0%
Total	103		13,733		4,106		604,410		
2023									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	5.6%	384	3.0%	204	6.8%	13,610	3.1%	22.1%
Moderate	10	11.2%	606	4.7%	727	24.3%	78,945	18.1%	18.1%
LMI	15	16.9%	990	7.7%	931	31.1%	92,555	21.2%	40.2%
Middle	17	19.1%	1,786	13.9%	820	27.4%	111,720	25.6%	20.2%
Upper	53	59.6%	9,384	73.0%	1,148	38.4%	217,230	49.8%	39.6%
Unknown	4	4.5%	693	5.4%	91	3.0%	14,475	3.3%	0.0%
Total	89		12,852		2,990		435,980		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	29	4.6%	1,576	1.9%	1,406	5.7%	96,270	2.8%	
Moderate	74	11.7%	5,925	7.1%	4,569	18.5%	447,535	12.9%	
LMI	103	16.2%	7,501	9.0%	5,975	24.2%	543,805	15.7%	
Middle	157	24.7%	13,905	16.7%	6,484	26.2%	807,880	23.3%	
Upper	362	57.0%	59,675	71.5%	11,186	45.2%	1,938,350	55.8%	
Unknown	13	2.0%	2,372	2.8%	1,080	4.4%	181,130	5.2%	
Total	635		83,452		24,725		3,471,165		

b. Small Business Loans

GS&L's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes.

The Bank's average rates of lending to small businesses with revenues of \$1 million or less were 93.5% by number and 91.2% by dollar value of loans, well above the aggregate's average rates of 46.8% and 33.2%, respectively. Additionally, GS&L's annual rates of lending to small businesses with revenues of \$1 million or less by number and dollar value of loans were well above the aggregate's rates for each year of the evaluation period.

GS&L's annual rates of lending to small businesses with revenues of \$1 million or less by number and dollar value of loans also exceeded the percentages (ranging 75.5% to 82.4%) of small businesses with revenues of \$1 million or less located in the Bank's assessment area for each year of the evaluation period.

The following table provides a summary of the distribution of GS&L's small business loans by the revenue size of the business.

GOVERNEUR SAVINGS & LOAN ASSOCIATION – CRA PERFORMANCE EVALUATION

Distribution of Small Business Lending by Revenue Size of Business									
2018									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	14	100.0%	892	100.0%	1,313	47.8%	45,826	36.4%	75.5%
Rev. > \$1MM		0.0%		0.0%					6.1%
Rev. Unknown		0.0%		0.0%					18.5%
Total	14		892		2,749		125,941		
2019									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	14	100.0%	642	100.0%	1,335	44.8%	50,728	38.1%	76.6%
Rev. > \$1MM		0.0%		0.0%					5.7%
Rev. Unknown		0.0%		0.0%					17.7%
Total	14		642		2,978		133,265		
2020									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	27	100.0%	2,923	100.0%	1,139	31.8%	51,328	22.9%	78.4%
Rev. > \$1MM		0.0%		0.0%					5.1%
Rev. Unknown		0.0%		0.0%					16.5%
Total	27		2,923		3,577		224,436		
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	28	100.0%	2,858	100.0%	1,635	45.1%	52,732	31.4%	79.4%
Rev. > \$1MM		0.0%		0.0%					4.7%
Rev. Unknown		0.0%		0.0%					15.9%
Total	28		2,858		3,625		168,082		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	14	100.0%	1,259	100.0%	1,945	54.3%	49,856	38.7%	80.0%
Rev. > \$1MM		0.0%		0.0%					4.4%
Rev. Unknown		0.0%		0.0%					15.6%
Total	14		1,259		3,583		128,895		
2023									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	18	69.2%	3,144	73.5%	1,811	58.2%	43,701	41.8%	82.4%
Rev. > \$1MM	7	26.9%	884	20.7%					3.9%
Rev. Unknown	1	3.8%	250	5.8%					13.8%
Total	26		4,278		3,114		104,559		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	115	93.5%	11,718	91.2%	9,178	46.8%	294,171	33.2%	
Rev. > \$1MM	7	5.7%	884	6.9%					
Rev. Unknown	1	0.8%	250	1.9%					
Total	123		12,852		19,626		885,178		

4. Geographic Distribution of Loans:

GS&L’s origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

a. HMDA-Reportable Loans

The distribution of GS&L’s HMDA-reportable loans among census tracts of varying income levels was excellent. The Bank’s assessment area did not contain any low-income census tracts.

During the evaluation period, GS&L originated 16.6% by number and 12.6% by dollar value of HMDA-reportable loans in moderate-income census tracts, well above the aggregate’s rates of 10.9% and 9%, respectively. Furthermore, GS&L’s annual HMDA-reportable rates of lending in moderate-income census tracts exceeded the aggregate’s annual rates of lending for each year by number of loans, and except for 2020 also by dollar value of loans.

GS&L’s annual HMDA-reportable rates of lending exceeded the percentages (ranging from 7.4%-19.8%) of owner-occupied housing units located in moderate-income census tracts within the Bank’s assessment area, each year by number of loans and except for 2020 and 2022 also by dollar value of loans.

The following table provides a summary of the distribution of GS&L’s HMDA-reportable loans by the income level of the geography where the property was located.

GOVERNEUR SAVINGS & LOAN ASSOCIATION – CRA PERFORMANCE EVALUATION

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2018									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	15	16.7%	1,275	12.4%	293	8.4%	26,345	6.4%	7.4%
LMI	15	16.7%	1,275	12.4%	293	8.4%	26,345	6.4%	7.4%
Middle	71	78.9%	8,475	82.4%	2,884	83.1%	345,800	84.0%	83.5%
Upper	4	4.4%	530	5.2%	291	8.4%	39,075	9.5%	9.2%
Unknown	0	0.0%	0	0.0%	2	0.1%	220	0.1%	0.0%
Total	90		10,280		3,470		411,440		
2019									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	14	17.7%	1,028	13.9%	293	7.6%	23,585	4.9%	7.4%
LMI	14	17.7%	1,028	13.9%	293	7.6%	23,585	4.9%	7.4%
Middle	63	79.7%	6,020	81.5%	3,214	83.6%	414,600	85.6%	83.5%
Upper	2	2.5%	337	4.6%	337	8.8%	45,725	9.4%	9.2%
Unknown	0	0.0%	0	0.0%	1	0.0%	155	0.0%	0.0%
Total	79		7,385		3,845		484,065		
2020									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	13	9.9%	889	5.2%	352	7.4%	43,220	6.1%	7.4%
LMI	13	9.9%	889	5.2%	352	7.4%	43,220	6.1%	7.4%
Middle	110	84.0%	15,136	88.1%	4,019	84.0%	602,175	84.8%	83.5%
Upper	8	6.1%	1,159	6.7%	413	8.6%	64,775	9.1%	9.2%
Unknown	0	0.0%	0	0.0%	1	0.0%	95	0.0%	0.0%
Total	131		17,184		4,785		710,265		
2021									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	15	10.5%	1,670	7.6%	497	8.9%	58,745	6.6%	7.4%
LMI	15	10.5%	1,670	7.6%	497	8.9%	58,745	6.6%	7.4%
Middle	123	86.0%	19,582	88.9%	4,642	82.9%	761,960	85.2%	83.5%
Upper	5	3.5%	768	3.5%	458	8.2%	73,590	8.2%	9.2%
Unknown	0	0.0%	0	0.0%	3	0.1%	435	0.0%	0.0%
Total	143		22,020		5,600		894,730		
2022									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	25	24.0%	2,740	19.8%	725	17.5%	110,135	16.5%	19.8%
LMI	25	24.0%	2,740	19.8%	725	17.5%	110,135	16.5%	19.8%
Middle	66	63.5%	9,167	66.4%	2,446	59.2%	372,020	55.7%	56.8%
Upper	13	12.5%	1,902	13.8%	961	23.2%	169,025	25.3%	23.4%
Unknown	0	0.0%	0	0.0%	2	0.0%	16,910	2.5%	0.0%
Total	104		13,809		4,134		668,090		
2023									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	24	26.7%	2,946	22.4%	557	18.5%	68,655	13.4%	19.8%
LMI	24	26.7%	2,946	22.4%	557	18.5%	68,655	13.4%	19.8%
Middle	56	62.2%	8,609	65.4%	1,825	60.6%	328,775	64.3%	56.8%
Upper	10	11.1%	1,618	12.3%	629	20.9%	113,625	22.2%	23.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	90		13,173		3,011		511,055		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	106	16.6%	10,548	12.6%	2,717	10.9%	330,685	9.0%	19.8%
LMI	106	16.6%	10,548	12.6%	2,717	10.9%	330,685	9.0%	19.8%
Middle	489	76.8%	66,989	79.9%	19,030	76.6%	2,825,330	76.8%	83.5%
Upper	42	6.6%	6,314	7.5%	3,089	12.4%	505,815	13.7%	9.2%
Unknown	0	0.0%	0	0.0%	9	0.0%	17,815	0.5%	0.0%
Total	637		83,851		24,845		3,679,645		

b. Small Business Loans

The distribution of GS&L’s small business loans among census tracts of varying income levels was excellent.

During the evaluation period, GS&L originated 26% by number and 29.5% by dollar value of small business loans in moderate-income census tracts, well above the aggregate’s rates of 14.6% and 14.7%, respectively. Furthermore, GS&L’s small business lending rates in moderate-income census tracts exceeded the aggregate’s rates for each year of the evaluation period except in 2021 and 2023. In 2021, the Bank’s lending rate by dollar value of loans trailed the aggregate’s rate and in 2023 the aggregate’s lending rate by number of loans slightly exceeded the Bank’s lending rate; however, the Bank and the aggregate’s lending rate by dollar value were the same.

GS&L’s small business lending rates exceeded the percentages (ranging from 12.3% to 21.7%) of small businesses located in moderate-income census tracts for each year of the evaluation period, except by dollar value of loans in 2021 and number of loans in 2023.

The following table provides a summary of the distribution of GS&L’s small business loans by the income level of the geography where the businesses were located.

GOVERNEUR SAVINGS & LOAN ASSOCIATION – CRA PERFORMANCE EVALUATION

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2018									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	5	35.7%	524	58.7%	330	12.0%	17,059	13.5%	12.7%
LMI	5	35.7%	524	58.7%	330	12.0%	17,059	13.5%	12.7%
Middle	9	64.3%	368	41.3%	2,133	77.6%	95,609	75.9%	76.0%
Upper	0	0.0%	0	0.0%	284	10.3%	13,270	10.5%	10.6%
Unknown	0	0.0%	0	0.0%	2	0.1%	3	0.0%	0.7%
Total	14		892		2,749		125,941		
2019									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	4	28.6%	172	26.8%	349	11.7%	19,443	14.6%	12.6%
LMI	4	28.6%	172	26.8%	349	11.7%	19,443	14.6%	12.6%
Middle	9	64.3%	458	71.3%	2,355	79.1%	99,261	74.5%	75.8%
Upper	1	7.1%	12	1.9%	271	9.1%	14,544	10.9%	10.9%
Unknown	0	0.0%	0	0.0%	3	0.1%	17	0.0%	0.7%
Total	14		642		2,978		133,265		
2020									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	7	25.9%	1,256	43.0%	418	11.7%	26,906	12.0%	12.3%
LMI	7	25.9%	1,256	43.0%	418	11.7%	26,906	12.0%	12.3%
Middle	20	74.1%	1,667	57.0%	2,838	79.3%	178,098	79.4%	76.0%
Upper	0	0.0%	0	0.0%	317	8.9%	19,333	8.6%	11.0%
Unknown	0	0.0%	0	0.0%	4	0.1%	99	0.0%	0.7%
Total	27		2,923		3,577		224,436		
2021									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	6	21.4%	256	9.0%	385	10.6%	19,140	11.4%	12.4%
LMI	6	21.4%	256	9.0%	385	10.6%	19,140	11.4%	12.4%
Middle	22	78.6%	2,602	91.0%	2,885	79.6%	134,023	79.7%	75.9%
Upper	0	0.0%	0	0.0%	346	9.5%	14,404	8.6%	11.2%
Unknown	0	0.0%	0	0.0%	9	0.2%	515	0.3%	0.5%
Total	28		2,858		3,625		168,082		
2022									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	5	35.7%	612	48.6%	713	19.9%	24,315	18.9%	21.7%
LMI	5	35.7%	612	48.6%	713	19.9%	24,315	18.9%	21.7%
Middle	7	50.0%	565	44.9%	1,899	53.0%	63,471	49.2%	50.7%
Upper	2	14.3%	82	6.5%	967	27.0%	41,063	31.9%	27.1%
Unknown	0	0.0%	0	0.0%	4	0.1%	46	0.0%	0.6%
Total	14		1,259		3,583		128,895		
2023									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	5	19.2%	968	22.6%	667	21.3%	23,682	22.6%	21.7%
LMI	5	19.2%	968	22.6%	667	21.3%	23,682	22.6%	21.7%
Middle	14	53.8%	2,485	58.1%	1,667	53.3%	51,787	49.4%	50.7%
Upper	7	26.9%	825	19.3%	776	24.8%	29,033	27.7%	27.1%
Unknown	0	0.0%	0	0.0%	20	0.6%	238	0.2%	0.0%
Total	26		4,278		3,130		104,740		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	-	0.0%	-	0.0%	
Moderate	32	26.0%	3,788	29.5%	2,862	14.6%	130,545	14.7%	
LMI	32	26.0%	3,788	29.5%	2,862	14.6%	130,545	14.7%	
Middle	81	65.9%	8,145	63.4%	13,777	70.1%	622,249	70.3%	
Upper	10	8.1%	919	7.2%	2,961	15.1%	131,647	14.9%	
Unknown	-	0.0%	-	0.0%	42	0.2%	918	0.1%	
Total	123		12,852		19,642		885,359		

5. Action Taken In Response to Written Complaints With Respect to CRA: N/A

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

B. Additional Factors

1. 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

GS&L board of directors, on an annual basis, review and approve the CRA policy.

2. 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 practices by GS&L intended to discourage applications for the types of credit offered by GS&L.

- Evidence of prohibited discriminatory or other illegal credit practices.

DFS examiners did not note evidence by GS&L of prohibited discriminatory or other illegal practices.

3. Record of opening and closing offices and providing services at offices

GS&L through the acquisition of Citizens Bank of Cape Vincent in 2022, acquired three (3) branches all of which are in Jefferson County. GS&L closed its loan production office in the Town of Lowville in Lewis County, in October 2021.

GS&L operates five branch offices, its main office is located in a moderate-income census tract, another branch is located in an upper-income census tract and the remaining three branches are located in middle-income census tracts. Branch office hours are from 8:15 am to 4:00 pm Monday through Thursday and extended hours on Friday from 8:15 am to 6:00 pm. GS&L does not offer Saturday hours. Three branches offer drive-up service with same hours as branch office hours. GS&L has six ATMs, each branch has an ATM, as well as the Bank’s administrative office. All ATMs are accessible 24 hours a day, seven days a week.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
St. Lawrence			1			1	100%
Jefferson				3	1	4	0%
Total	-	-	1	3	1	5	20%

4. 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.*

GS&L by way of its management and employees volunteer outside the bank with different non-for-profit organizations in which some of them are located and serve in low-to-moderate income (LMI) areas.

- *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.*

GS&L advertises throughout its assessment area using various media. GS&L's website provides consumers with information on the products and services offered.

5. Other factors that in the judgment of the Superintendent bear upon the extent to which GS&L is helping to meet the credit needs of its entire community

DFS examiners noted no other factors.

V - 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 (DFS multifamily industry letter www.dfs.ny.gov/industry_guidance/industry_letters/il20141204_guidelines_bank_lending_multifamily_properties_cra_updated) ;
- 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.

Fair Market Rents (“FMRs”)

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to www.huduser.gov/portal/datasets/fmr.html

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

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. 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.

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%. The program officially ended May 31, 2021.

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.

Small Business Loan

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