



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF INTERAUDI BANK**

**AS OF DECEMBER 31, 2024**

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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# INTERAUDI BANK – CRA PERFORMANCE EVALUATION

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## I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Interaudi Bank (“IB” 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, 2024.

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.

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## **II- OVERVIEW OF INSTITUTION’S PERFORMANCE**

The Department evaluated IB according to the community development test for wholesale or limited purpose banking institutions pursuant to Section 76.11 of the GRS. The evaluation period covered April 1, 2022, to December 31, 2024. The Department assigned IB a rating of “2” indicating a “Satisfactory” record of helping to meet community credit needs.

This rating is based on the following criteria:

### **A. Community Development Test:**

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

#### *1. Community Development Lending:*

During the evaluation period, IB originated \$53.4 million in new community development loans and still had \$10.6 million outstanding from prior evaluation periods.

#### *2. Qualified Investments:*

During the evaluation period, IB made \$2.6 million in new qualified investments and still had \$4 million in qualified investments outstanding from prior evaluation periods. In addition, the Bank made \$62,180 in qualified grants.

#### *3. Community Development Services:*

During the evaluation period, IB performed 7 community development services.

### **B. Innovative or Complex Practices:**

IB demonstrated an occasional use of innovative or complex community development practices.

### **C. Responsiveness to Credit and Community Development Needs:**

IB demonstrated an adequate level of responsiveness to credit and community development needs.

*This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and Part 76 of the General Regulations of the Superintendent.*

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### III - PERFORMANCE CONTEXT

#### A. Institution Profile

Chartered in 1983, Inter Audi Bank is a commercial bank headquartered in New York, New York. IB has two affiliates; Ameraudi Asset Management, Inc., which offers a broad range of investment advisory, wealth management products and services; and Ameraudi Investment Services LLC, a newly formed broker-dealer, which had not yet begun operations.

The Bank operates a single branch in its New York assessment area, on the same premises as its headquarters; as well as a second branch in Miami, Florida. IB provides personal and commercial banking services, along with asset management options to both US and foreign clients

The Bank serves a limited commercial customer base, primarily through referrals. IB offers checking and savings accounts, credit cards, loans, other lines of credit, and foreign currency exchange services. Customers can access their accounts online as well as through commercially branded debit and ATM cards. The Bank does not operate automated teller machines or offer traditional retail teller services to the public.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2024, filed with the Federal Deposit Insurance Corporation (“FDIC”), IB reported total assets of \$2.5 billion, of which \$1.4 billion were net loans and lease financing receivables. It also reported total deposits of \$2.1 billion, resulting in an LTD ratio of 66%. According to the latest available comparative deposit data as of June 30, 2024, IB obtained a market share of 0.07%, or \$1.2 billion in a market of \$1.7 trillion, ranking it 33<sup>rd</sup> among 92 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, Year 2022, 2023 and 2024 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	2022		2023		2024	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	503,719	42.8	535,405	42.2	554,908	39.8
Commercial & Industrial Loans	181,303	15.4	193,513	15.3	188,226	13.5
Commercial Mortgage Loans	343,940	29.2	387,360	30.5	494,097	35.4
Multifamily Mortgages	83,213	7.1	94,770	7.5	104,688	7.5
Consumer Loans	5,036	0.4	5,033	0.4	3,204	0.2
Agricultural Loans	401	0.0	402	0.0	371	0.0
Construction Loans	55,174	4.7	48,568	3.8	40,053	2.9
Other Loans	3,846	0.3	3,686	0.3	8,311	0.6
<b>Total Gross Loans</b>	<b>1,176,632</b>		<b>1,268,737</b>		<b>1,393,858</b>	

As illustrated in the above table, IB is primarily a commercial lender, with 48.9% of its loan portfolio in commercial residential real estate, consisting of 35.4% in commercial mortgage loans,

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and 13.5% in commercial and industrial loans. Residential lending activities totaled 47.3%, with 39.8% in 1-4 family residential loans and 7.5% multifamily loans.

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

### **B. Assessment Area**

The Bank's assessment area consists of Kings, New York, Bronx, and Queens counties.

There are 2,201 census tracts in the Bank's assessment area, of which 282 are low-income, 557 are moderate-income, 685 are middle-income, 535 are upper-income, and 142 are tracts with no income indicated.

While the Bank's assessment area did not change from the prior evaluation period, the number of census tracts increased from 2,057 to 2,201 as a result of the 2020 census conducted by the U.S. Census Bureau.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	21	129	121	65	25	361	69.3
Kings	46	91	235	263	170	805	40.5
New York	23	36	44	32	175	310	25.8
Queens	52	26	157	325	165	725	25.2
Total	142	282	557	685	535	2,201	38.1

### **C. Demographic & Economic Data**

The assessment area had a population of 8,308,443 during the evaluation period. Approximately 14.1% of the population were over the age of 65 and 22.5% were under the age of 16.

Of the 1,779,604 families in the assessment area 30.6% were low-income, 16.1% were moderate-income, 16.2% were middle-income and 37.1% were upper-income. There were 3,024,531 households in the assessment area, of which 17.5% had income below the poverty level and 4.7% were on public assistance.

The weighted average median family income in the assessment area was \$86,982.

There were 3,338,712 housing units within the assessment area, of which 35.9% were one-to-four family units and 63.9% were multifamily units. A majority (62.6%) of the housing units were rental-occupied units, while 28.0% were or owner-occupied units.

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Of the total 2,092,244 rental-occupied units, 50% were in LMI census tracts while 48.5% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,597.

Of the 933,287 owner-occupied housing units, 22.5% were in LMI census tracts while 76.7% were in middle- and upper-income census tracts. The median age of the housing stock was 74 years, and the median home value in the assessment area was \$684,398.

There were 1,413,491 non-farm businesses in the assessment area. Of these, 93.8% were businesses with reported revenues of less than or equal to \$1 million, 2.5% reported revenues of more than \$1 million and 3.7% did not report their revenues. Of all the businesses in the assessment area, 98.2% were businesses with less than fifty employees while 96.2% operated from a single location. The largest industries in the area were services (31.1%), retail trade (10.7%) and finance, insurance & real estate (10.1%); 35.3% 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 remained constant from 2022 to 2023. All four counties in the Bank’s assessment area saw a decrease in the unemployment rate from 2022 to 2024, except for New York County, which fluctuated. Bronx County experienced the highest overall average unemployment rate of 7.2%. New York County’s average unemployment rate of 4.7% was the lowest in the assessment area, but slightly above the statewide average of 4.2%.

Assessment Area Unemployment Rate					
	Statewide	Bronx	Kings	New York	Queens
2022	4.3	8	5.7	4.8	5.3
2023	4.1	6.7	5.1	4.5	4.5
2024	4.3	6.9	5.4	4.8	4.7
Average of Years above	4.2	7.2	5.4	4.7	4.8

### **D. Community Information**

DFS examiners conducted community contact interviews with representatives from two nonprofit organizations within IB’s assessment area. The feedback from these representatives helped identify possible credit and economic concerns within the assessment area.

Examiners interviewed a director from an organization in New York City that partners with schools and community organizations to provide financial literacy programs to high school students in mostly LMI and marginalized communities. The organization helps address the challenges of LMI students who lack an understanding of financial products and services or have not received or attended any financial literacy educational program. The director noted that certain areas in the city are unbanked or underbanked, where most residents still have no access to physical bank offices or credit unions which was exacerbated by branch closures during the pandemic. Consequently, many residents rely on nontraditional financial services. Although local banks provide funding for their organization, the director pointed out that their organization would benefit more from consistent financial assistance outside of the scheduled CRA performance evaluation.

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Examiners also interviewed the co-director of a non-profit organization located in Kings County, which aids and supports individuals with special needs and their families. The interviewee noted that there is a critical need for financial planning assistance for families with children who have special needs, particularly as these children transition into adulthood. Families often lack the time, resources or awareness to manage long-term planning, making education and support in this area essential. The interviewee stated that despite banks being physically present in the area, most do not actively support or engage with local organizations as national banks often direct their philanthropy to larger organizations.

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### IV - PERFORMANCE TEST AND ASSESSMENT FACTORS

The Department evaluated IB under the wholesale banking institution performance standards pursuant to the “community development test,” as provided in Section 76.11 of the GRS.

Performance criteria include:

- (1) the number and amount of community development loans, qualified investments or community development services;
- (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and
- (3) the banking institution’s responsiveness to credit and community development needs.

In addition, the following factors are also considered in assessing IB’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; the Bank’s record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the Evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. IB submitted bank-specific information both as part of the Evaluation process and in its Call Report submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2020 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.

The evaluation period included the period from April 1, 2022, to December 21, 2024.

In its prior Community Reinvestment Act Performance Evaluation as of March 31, 2022, DFS assigned IB a rating of “2” reflecting a “Satisfactory” compliance with regulatory standards.

**Current CRA Rating:** Satisfactory

#### **A. Community Development Test:**

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

During the evaluation period, IB originated \$53.4 million in new community development loans and had \$10.6 million outstanding from prior evaluation periods. IB also made \$2.6 million in new

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qualified investments and still had \$4.0 million in investments outstanding from prior evaluation periods. In addition, IB made \$62,180 in qualified grants and provided seven instances of community development services.

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

*1. Community Development Lending:*

During the evaluation period, IB originated \$53.4 million in new community development loans and had \$10.6 million outstanding from prior evaluation periods. The Bank’s current total community development lending of \$64.0 million increased from the previous evaluation’s total of \$28.3 million. A majority of the Bank’s current community development loans were made in LMI census tracts within its assessment area.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	2	5,410	2	2,451
Economic Development	0	0	1	643
Community Services	1	20,000	4	5,858
Revitalization and Stabilization	7	28,000	2	1,664
<b>Total</b>	<b>10</b>	<b>53,410</b>	<b>9</b>	<b>10,616</b>

Below are highlights of IB’s community development lending.

- IB financed a loan totaling \$20 million for the development of a four-story commercial building that houses a charter school in a moderate-income area in Kings County. 75% of the students at the school are low-income, 82% are eligible for free lunch and 2% are eligible for reduced priced lunch.
- IB financed a loan totaling \$15 million for a four-story community facility occupied by a prominent blood donation facility and a health care management organization helping to revitalize a moderate-income area in Queens County.
- IB originated two loans totaling \$5.4 million for the purchase of two multi-family properties that offer affordable housing in Kings County. Both properties are in moderate income areas and have 55 units in total.
- IB originated a \$3.8 million commercial loan for the purchase of a vacant commercial property that previously housed a retail/drug store in moderate-income tract in Bronx County. The subject property will be converted to a retail and food beverage store, and a coffee house which will help revitalize the neighborhood by providing permanent and

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temporary retail jobs including easy access to a food and beverage grocery in the community.

### 2. Qualified Investments:

During the evaluation period, IB made \$2.6 million in new qualified investments within its assessment area and still had \$4.0 million in investments outstanding from prior evaluation periods. In addition, the Bank made \$62,180 in qualified grants. The level of new qualified investments made by the Bank compared to the prior evaluation period was slightly higher, while grants decreased both in number and dollar value.

<b>Qualified Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	1	2,000	1	1,000
Economic Development				
Community Services				
Revitalization/Stabilization	1	605	1	3,000
<b>Total</b>	<b>2</b>	<b>\$ 2,605</b>	<b>2</b>	<b>\$ 4,000</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	6	27		
Economic Development				
Community Services	10	35		
Revitalization/Stabilization				
<b>Total</b>	<b>16</b>	<b>\$ 62</b>		

Below are highlights of IB’s community development investments and grants.

#### Investments:

- IB invested \$2 million in a fund which finances affordable housing for LMI borrowers and renters.

#### Grants:

- The Bank provided \$12,500 in grants to a non-profit organization operating within its assessment area which enables LMI New Yorkers to purchase and preserve affordable housing.
- The Bank donated \$15,000 in grants to an organization which enables LMI New York City children ages 8 through 18 to attend summer camps in upstate New York.

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- The Bank provided \$11,000 in grants to an organization within its assessment area which represents hundreds of nonprofit organizations that develop and operate supportive housing in their effort to end homelessness.
- The Bank donated \$2,500 to an organization within its assessment area which provides young adults in New York City public high schools and low-income communities with the financial tools and knowledge necessary to achieve their goals.

### 3. Community Development Services:

During the evaluation period, two of the Bank’s officers provided seven financial literacy presentations to high school students located in Bronx, Kings, Queens, and New York Counties.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	
Technical Assistance	
Seminars	7
Credit Counseling	
Other Services	
<b>Total Community Development Services</b>	<b>7</b>

### **B. Innovative or Complex Practices:**

IB demonstrated occasional use of innovative or flexible community development practices. The Bank made investments into the Community Development Fund to specifically address the affordable housing needs in its assessment area.

### **C. Responsiveness to Credit and Community Development Needs:**

IB demonstrated an adequate level of responsiveness to credit and community development needs. The Bank’s community development activities included supporting affordable housing for primarily LMI families and participation in financial literacy programs for LMI individuals. In addition, the Bank invested in a fund that promotes economic development by providing financing to small businesses which supported job creation and/or retention for LMI individuals in its assessment area.

### **D. Additional Factors**

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

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The Board of Directors reviews and approves the Bank's CRA Policy annually. IB's CRA Officer prepares a quarterly report of all CRA related activities, which is reviewed by the Chief Compliance Officer. After reviewing the report, the Chief Compliance Officer presents it to the Board of Directors at the Board's quarterly meeting.

### 1. Discrimination and other illegal practices

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

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

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

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

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

The Bank has not opened or closed any branches since the prior evaluation. As a wholesale bank, IB offers limited retail services at its offices in New York County.

### 5. 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.*

IB primarily ascertains the needs of its community primarily through its relationships with community business leaders and prospective business clients. In addition, members of the Bank's management attend forums, webinars, and consult with community groups and leaders.

- *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*

IB does not advertise or promote its credit products and services to the general public. The Bank partners with community organizations and develop community development projects and lending programs.

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

DFS 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 [https://www.dfs.ny.gov/industry\\_guidance/industry\\_letters/il20141204\\_guidelines\\_bank\\_lending\\_multifamily\\_properties\\_cra\\_updated](https://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;

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- 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

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- ❖ 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](http://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.

<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

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### **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

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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;

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- 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.