



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2008

Institution: Sawyer Savings Bank
87 Market Street
Saugerties, NY 12477

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 Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Sawyer Savings Bank ("SSB") prepared by the New York State Banking Department. The evaluation represents the Banking Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2008.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks 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 Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking 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 record of 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 be made available to the public ("Evaluation"). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

SSB is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs. This rating is based on the following factors:

- ***Loan-to-Deposit ("LTD") Ratio: "Satisfactory"***
SSB's LTD ratio is considered reasonable in light of its size, financial condition and the credit needs of its assessment area. SSB's average LTD ratio from 2005 to 2008 was 85%.
- ***Assessment Area Concentration: "Satisfactory"***
SSB extended a majority of its loans within the assessment area in calendar years 2007 and 2008. SSB extended 78% of its HMDA-reportable loans 85.4% of its small business loans within its assessment area.
- ***Geographic Distribution of Loans: "Satisfactory"***
SSB's geographic distribution of loans reflects a reasonable dispersion among census tracts of different income levels
- ***Distribution by Borrowers Characteristics: "Satisfactory"***
SSB's lending distribution based on borrower's characteristics reflects a reasonable penetration among individuals of different income levels and businesses of different revenue sizes.

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

PERFORMANCE CONTEXT

Institution Profile

Chartered in 1871, SSB is a mutual savings bank serving mostly Ulster County. SSB's principal office is located at 87 Market Street, Saugerties, New York. SSB operates three full-service branches including its corporate offices in Saugerties. The other two branches are located in Highland and in Marlboro. All are located in middle income geographies. Each branch has an ATM available 24 hours a day seven days a week. Branch hours including drive-up hours are at a minimum from 8:30 a.m. to 4:30 p.m. Monday through Thursday. On Fridays, all branches are open until 5 p.m. There were no branches opened or closed since the prior evaluation dated December 31, 2004.

SSB is a community-oriented financial institution offering financial products and services. SSB faces competition from regional and money center banks, mortgage companies and credit unions.

SSB's Call Report dated December 31, 2008 reports total assets of \$168.9 million, of which \$111.8 million were loans and leases. SSB had total deposits of \$112.5 million, resulting in a loan-to-deposit ratio of 98.51%. According to the latest available comparative deposit data dated June 30, 2008, SSB has a market share of 4.8% or \$109.8 million out of \$2.3 billion inside its market, ranking it seventh among 19 depository institutions in Ulster County.

The following is a summary of SSB's lending portfolio, based on Schedule RC-C of its December 31, 2006, December 31, 2007, and December 31, 2008 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2006		12/31/2007		12/31/2008	
	\$000	%	\$000	%	\$000	%
1-4 Residential Loans	63,333	65.6	68,217	65.3	78,029	69.8
Commercial Mortgage Loans	19,051	19.7	18,512	17.7	16,767	15.0
Comm. & Industrial Loans	6,481	6.7	7,234	6.9	7,807	7.0
Consumer Loans	1,333	1.4	1,027	1.0	588	0.5
Construction Loans	2,262	2.3	2,233	2.1	1,350	1.2
Multifamily Loans	1,745	1.8	3,061	2.9	3,217	2.9
Farmland & agricultural loans	2,074	2.1	3,910	3.7	3,916	3.5
Other Loans	263	0.3	224	0.2	184	0.2
Total Gross Loans	96,542	100.0	104,418	100.0	111,858	100.0

As illustrated in the above chart, SSB is primarily a residential real estate lender, with 69.8% of its loan portfolio in residential real estate loans.

SSB is an approved lender for Fannie Mae, Freddie Mac, SONYMA and FHA loans. They recently became qualified to offer reverse mortgages.

SSB received a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs at its prior Performance Evaluation conducted by the New York State Banking Department on December 31, 2004.

There are no known financial or legal impediments that adversely impacted the bank’s ability to meet the credit needs of its community.

Assessment Area:

SSB’s assessment area is comprised of three quarters of Ulster County concentrated on the eastern side along the Hudson River. The assessment area increased from the prior evaluation and the census tracts changed from the 1990 to 2000 census.

According to the 2000 U.S. Census, there are 39 census tracts in the area, five of which are moderate-income, 29 are middle-income and the remaining five are upper-income tracts. The assessment area appears reasonable based upon the location of bank’s offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Details of Assessment Area

Population: According to the 2000 Census, the assessment area has a population of 148.9 thousand; of which 13.7% are above the age of 65 and 20.9% are under 16 years old. There are 37.2 thousand families, of which 18.7% are low-income, 18.4% are moderate-income, 23.9% are middle-income and 39% are upper-income families. There are 57.9 thousand households, of which 10.2 % are below poverty level. The median family income for the area and the MSA are both \$52.4 thousand. HUD-updated median family income for the MSA is \$63.5 thousand.

Housing: There are 64.6 thousand housing units, of which 91.2% are 1-4 family units and 8.8% are multi-family units. Of the total housing units, 60.7% are owner occupied and 31.2% are rentals. The average median housing price is \$113.5 thousand. There are 6.4 thousand housing units in moderate income, 49.5 thousand in middle income and 8.6 thousand in upper-income tracts. The home ownership rate for 2000 in Ulster County is 60.7%.

Unemployment Rates: According to the New York State Department of Labor, Ulster County had an unemployment rate 5.45% compared with the State’s rate of 5.41% in 2008. In 2007, Ulster had an unemployment rate of 4.3% vs. the State’s rate of 4.5%.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

SSB's performance was evaluated according to the small bank's performance criteria, which includes the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints Regarding CRA.

The assessment period included calendar years 2007 and 2008. Examiners considered HMDA-reportable and small business lending in evaluating factors (2), (3) and (4), noted above. Since SSB does more HMDA reportable loans compared to small business loans, HMDA reportable loans were given more emphasis.

Statistics contained in this report were derived from several sources. Bank-specific loan information was furnished by SSB. Aggregate lending data for HMDA-reportable loans was obtained from the Federal Financial Institution Examination Council ("FFIEC") and PCi Corporation's CRA Wiz software. The demographic data referred to in this report was obtained from the 2000 U.S. Census, with the updated median family income figures provided by the U.S. Department of Housing and Urban Development ("HUD").

- **Loan-to-Deposit Ratio Analysis and other Lending Activities: "Satisfactory"**

SSB's LTD ratio is reasonable considering its size, financial condition and the credit needs of the assessment area.

SSB's average LTD ratio for the 16 quarters since the prior evaluation, dated December 31, 2004, was 85%, which is comparable to the peer group's average of 87%. The peer group includes all insured savings banks having assets between \$100 million and \$300 million. The LTD ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") prepared by the Federal Deposit Insurance Corporation ("FDIC"). As shown in the table below, SSB's LTD ratios are generally increasing as is the peer group.

Loan-to-Deposit Ratios									
	2007 (Q1)	2007 (Q2)	2007 (Q3)	2007 (Q4)	2008 (Q1)	2008 (Q2)	2008 (Q3)	2008 (Q4)	Average.* LTD
Bank	88	88	94	99	98	99	100	99	85
Peer	87	88	90	92	90	92	93	93	87
	2005 (Q1)	2005 (Q2)	2005 (Q3)	2005 (Q4)	2006 (Q1)	2006 (Q2)	2006 (Q3)	2006 (Q4)	
Bank	64	64	71	77	79	78	79	84	
Peer	80	81	82	84	85	86	88	87	

- **Assessment Area Concentration: “Satisfactory”**

SSB originated majority of its loans within the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$000	%	\$000	%	
Home Mortgage										
2007	52	80.0	13	20.0	65	8,299	80.6	5,925	57.6	10,293
2008	58	76.3	18	23.7	76	9,833	75.2	3,239	24.8	13,072
Subtotal	110	78.0	31	22.0	141	18,132	77.6	9,164	39.2	23,365
Small Business										
2007	44	83.0	9	17.0	53	6,484	68.3	3,012	31.7	9,496
2008	44	88.0	6	12.0	50	2,719	86.6	420	13.4	3,139
Subtotal	88	85.4	15	14.6	103	9,203	72.8	3,432	27.2	12,635
Total	198	81.1	46	18.9	244	27,335	75.9	12,596	35.0	36,000

HMDA-Reportable Loans

During the evaluation period, SSB made 78% of its HMDA-reportable loans within its assessment area. Based on dollar volume, 77.6% of mortgage originations were received within its assessment area.

In 2007, SSB ranked 20th among 210 home mortgage lenders in the assessment area, with a market share of 1.2% based on the number and 1.11% based on dollar volume. SSB’s average loan size in 2007 for home mortgage loans was \$160 thousand.

Small Business Loans

Of the total small business loans originated during the evaluation period, 85.4% were extended within the assessment area. Based on dollar volume, 72.8% of small business lending was made within the assessment area.

- **Geographic Distribution of Loans: “Satisfactory”**

The geographic distribution of SSB’s loans reflects a reasonable dispersion among census tracts of different income levels.

HMDA Loans

The geographic distribution of SSB’s HMDA-reportable loans reflects a reasonable dispersion among census tracts of different income levels.

The following chart provides a summary of SSB's HMDA related lending distribution during the evaluation period:

Distribution of HMDA Reportable Loans by Geographic Income Level*								
2007								
Geography	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	-	-	-	-	-	-	-	-
Moderate	2	3.8	321	3.9	349	8.0	48,244	6.5
Middle	44	84.6	6,897	83.1	3,393	78.0	574,087	76.8
Upper	6	11.5	1,081	13.0	604	13.9	124,568	16.7
N/A	-	-	-	-	3	0.1	421	0.1
Total	52	100.0	8,299	100.0	4,349	100.0	747,320	100.0
2008								
Geography	Bank				Aggregate			
	#	%	\$	%	#	%	\$	%
Low	-	-	-	-	Data Not Available			
Moderate	4	6.9	652	6.6				
Middle	48	82.8	8,253	83.9				
Upper	6	10.3	928	9.4				
N/A	-	-	-	-				
Total	58	100.0	9,833	100.0				

* Geographic income level is based upon 2000 Census data on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120%, and upper-income is at least 120%.

In 2007, SSB made 52 HMDA-reportable loans within their assessment area. Of these loans, two loans (3.8%) were originated in moderate income areas compared to the aggregate's 8%. SSB's penetration rates in moderate income areas are lower than the aggregate's both in number and dollar amounts.

However, in 2008 SSB made twice as many (four) loans in moderate income tracts, which is reflective of a satisfactory rating.

There is no owner occupied units in low income tracts and 6.24% in moderate income tracts. This is comparable to SSB's lending of 6.9% by number of HMDA loans and 6.6% by dollar amount in moderate income tracts in 2008.

Small Business Loans

SSB's geographic distribution of small business loans reflects a marginally reasonable dispersion among census tracts of different income levels.

The following chart provides a summary of SSB's small business lending distribution during the evaluation period:

Distribution of Small Business Loans by Geographic Income Level								
2007								
Geography	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	-	-	-	-	-	-	-	-
Moderate	1	2.3	50	0.8	538	6.8	9,479	7.9
Middle	36	81.8	5,268	81.2	5,929	74.9	84,087	70.3
Upper	7	15.9	1,166	18.0	1,445	18.3	26,041	21.8
N/A	-	-	-	-	-	-	-	-
Total	44	100.0	6,484	100.0	7,912	100.0	119,607	100.0
2008								
Geography	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	-	-	-	-				
Moderate	-	-	-	-				
Middle	36	81.8	2,223	81.8				
Upper	8	18.2	496	18.2				
N/A	-	-	-	-				
Total	44	100.0	2,719	100.0				

In 2007, SSB made only one small business loan in a moderate income tract. Based on the number of loans, SSB made 2.3% of its business loans in a moderate income tract versus 6.8% by the aggregate. Based on dollars, SSB made .8% of its small business loans in LMI areas versus the aggregates 7.9%.

In 2008, SSB did not make any small business loans in LMI areas within its assessment area.

- **Distribution by Borrower Characteristics: “Satisfactory”**

The overall distribution of SSB's loans based on borrower characteristics reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

HMDA-Reportable Loans

SSB's HMDA-reportable loans distribution based on borrower characteristics reflects a reasonable penetration among individuals of different income levels.

The following chart provides a summary of SSB's HMDA lending distribution during the evaluation period:

Distribution of HMDA Reportable Loans by Borrower Income Level*								
2007								
Borrower Income	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	2	3.8	146	1.8	148	3.5	9,712	1.3
Moderate	1	1.9	89	1.1	588	13.9	67,413	9.3
Middle	17	32.7	2,145	25.8	1,140	26.9	163,124	22.4
Upper	27	51.9	4,896	59.0	2,148	50.7	448,844	61.7
N/A	5	9.6	1,023	12.3	210	5.0	38,505	5.3
Total	52	100.0	8,299	100.0	4,234	100.0	727,598	100.0
2008								
Borrower Income	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	-	-	-	-	Not Available			
Moderate	10	17.2	1,131	11.5				
Middle	10	17.2	1,055	10.7				
Upper	34	58.6	6,959	70.8				
N/A	4	6.9	688	7.0				
Total	58	100.0	9,833	100.0				

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income ("MFI") figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120%, and upper-income is at least 120%.

** In thousands.

In 2007, SSB's lending performance of 3.8% to low income borrowers was reasonable compared to the lending level of the aggregate based on number and dollars. However, SSB's lending to moderate income borrowers was unfavorable in comparison with the penetration rate of the aggregate. In 2008, SSB did not originate any HMDA-reportable loans to low income borrowers. However, in 2008 SSB originated ten loans (17.2%) to moderate income borrowers out of 58 HMDA reportable loans.

Small Business Loans

SSB's small business lending distribution based on borrower characteristics reflects an excellent penetration among businesses of different sizes.

The following chart provides a summary of SSB's small business lending distribution based on borrower revenues during the evaluation period:

Distribution of Small Business Loans by Revenues and Loan Size								
2007								
Revenues	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
<= \$1 million	36	81.8	4,604	71.0	2,876	36.3	45,610	38.1
Loan Size								
<=\$100K	25	56.8	925	14.3	7,759	98.1	67,237	56.2
>\$100K & <=\$250K	11	25.0	1,839	28.4	80	1.0	14,637	12.2
>\$250K & <=\$1mil	8	18.2	3,720	57.4	73	0.9	37,733	31.5
>\$1mil	0	0.0	-	0.0	-	0.0	-	0.0
Total	44	100.0	6,484	100.0	7,912	100.0	119,607	100.0
2008								
Revenues	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
<= \$1 million	37	84.1	2,154	79.2				
Loan Size								
<=\$100K	36	81.8	1,313	48.3	Not Available			
>\$100K & <=\$250K	7	15.9	1,006	37.0				
>\$250K & <=\$1mil	1	2.3	400	14.7				
>\$1mil	-	0.0	-	0.0				
Total	44	100.0	2,719	100.0				

In 2007, SSB's percentage of loans made to businesses with revenues less than one million dollars exceeded the aggregate by a wide margin, 81.8% versus 36.3%.

- **Action Taken In Response to Written Complaints With Respect to CRA**

Since the prior CRA evaluation on December 31, 2004, neither SSB nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance.

- **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.

Examiners noted no 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.

The most recent regulatory compliance and fair lending examinations conducted concurrently with the CRA Evaluation reflected satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

- **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.

SSB employees are actively involved with numerous community organizations and events. Branch managers are actively involved in their local Chamber of Commerce. The lead commercial loan officer is active in his local Chamber of Commerce. This commercial loan officer is a councilman, vice chairman, and is on the revolving loan committee in his local township. SSB's president serves as Chairman of the Board and is on numerous committees including finance, health alliance plan, strategic planning and human resources for a local hospital. A senior vice president is a committee member of the Boys & Girls Club of Kingston and the Kiwanis.

The bank makes numerous contributions to community organizations and charitable organizations to promote goodwill including the Highland Downtown Business Association, Kingston Hospital Foundation, Knights of Columbus, Lions Club, NYS Business Development Corporation, Rotary Club, Saugerties Economic Development Committee.

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.

SSB advertises its numerous products through local newspapers, television and radio.

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 Community Reinvestment Act.

The Board of Trustees approves the CRA policy annually.

- **Other Factors**

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

None.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. 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.

A “community development service” is defined as a service that has as its *primary purpose* community development, 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.

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.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US 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 Metropolitan Statistical Area (“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 BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all

instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans to LMI geographies or borrowers.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.