



**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, 2010

**Institution:** Mitsubishi UFJ Trust and Banking Corporation (U.S.A)  
420 5<sup>th</sup> Avenue, 6<sup>th</sup> Floor  
New York, New York 10018

**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 Mitsubishi UFJ Trust and Banking Corporation (U.S.A) (MUTU) 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, 2010.

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 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 State Banking Law.

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

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

### **Overall CRA Rating: "Outstanding"**

MUTU's performance was evaluated according to the community development test for wholesale or limited purpose banking institutions pursuant to Part 76.11 of the General Regulations of the Banking Board. The assessment period covered July 1 2006 to December 31, 2010. MUTU is rated "1" indicating an "Outstanding" record of helping to meet community credit needs. This rating is the same from the prior rating of "1," (Outstanding) based on the NYSBD Performance Evaluation dated June 30, 2006.

This rating is based on the following factors:

### **Community Development Activity (Loans, Investments, Services): "Outstanding"**

MUTU originated \$750 thousand in new community development loans, and still had \$250 thousand outstanding from prior evaluation periods. The total amount of qualified community development loans represented a substantial increase when compared to the \$550 thousand noted on the prior evaluation period. MUTU also maintained an excellent level of community development investments and grants. For investments, MUTU made \$6.0 million in new investments and still had \$936.3 thousand outstanding from prior evaluation periods. The total amount of qualified investments nearly doubled in comparison with the \$3.5 million noted on the prior evaluation period. Qualified grants to various community development organizations totaled \$261.5 thousand, and represented a significant increase when compared to the \$86 thousand noted from the prior evaluation period. However, MUTU demonstrated a limited level of community development services over the course of the evaluation period.

#### **Community Development Loans: "Outstanding"**

MUTU originated \$750 thousand in new community development loans, and still had \$250 thousand outstanding from prior evaluation periods. This demonstrated a significant increase from the \$550 thousand loans noted at the prior evaluation period.

#### **Community Development Qualified Investments: "Outstanding"**

MUTU made \$6.0 million in new community development investments, and still had \$944.5 thousand outstanding from prior evaluation periods. The current level represented an increase of \$3.3 million from the prior evaluation period. This demonstrated an excellent level of community development investments over the course of the evaluation period.

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**Community Development Services: “Satisfactory”**

MUTU demonstrated a limited level of community development services. During the evaluation period, MUTU directly provided services only to the March of Dimes organization.

**Innovative or Complex Practices: “Satisfactory”**

MUTU demonstrated an adequate level of innovative or flexible community development practices. MUTU offers a narrow range of services and products targeted to large corporations and institutions, primarily in the areas of institutional custody and securities lending. However, through participation in loan and community development programs administered by third parties, as well as through direct community development grants to organizations providing services to low- and moderate-income communities, MUTU was able to reasonably serve its assessment area’s needs.

**Responsiveness to Credit and Community Development Needs: “Satisfactory”**

MUTU’s activity with respect to the March of Dimes was responsive to the need to reduce the number of premature births and related long-term consequences. Moreover, MUTU’s \$6 million investment in certificates of deposit during the evaluation period with a CDFI was also considered responsive with respect to 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 State Banking Law and Part 76 of the General Regulations of the Banking Board.*

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## **PERFORMANCE CONTEXT**

### **Institution Profile:**

Mitsubishi UFJ Trust and Banking Corporation (U.S.A), (“MUTU”) is a New York state-chartered trust company and a wholly-owned subsidiary of Mitsubishi UFJ Trust and Banking Corporation, Tokyo, Japan. MUTU was formed in October 2005 through the merger of Mitsubishi Trust & Banking Corporation (USA) and UFJ Trust Company of New York.

MUTU focuses primarily on institutional custody and securities lending. MUTU does not have any retail branches and does not actively engage in traditional retail banking activities. Other than in connection with its CRA compliance program, MUTU does not engage in consumer or small business lending, and does not offer consumer or retail deposit products. MUTU has been designated a “wholesale bank” by the FDIC in connection with its CRA activities. Due to its small size, limited personnel and operational resources, MUTU has chosen to meet its community development obligations primarily through participation in loan and community development programs administered by third-parties, as well as through direct community development grants to organizations providing services to low- and moderate-income communities.

As per the Consolidated Report of Condition (the Call Report) as of December 31, 2010, filed with the Federal Deposit Insurance Corporation (“FDIC”), MUTU reported total assets of \$262.4 million, of which \$317 thousand were net loans and lease finance receivables. Lending was minimal, as the loan portfolio mostly consisted of loans made for CRA purposes. MUTU also reported total deposits of \$49.3 million of which \$29.5 million were domestic deposits.

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

### **Assessment Area:**

MUTU’s assessment area is comprised of the five counties of New York City: Bronx, Kings (Brooklyn), New York (Manhattan), Queens and Richmond (Staten Island).

There are 2217 census tracts in the area, of which 326 are low-income, 613 are moderate-income, 663 are middle-income, 557 are upper-income and 58 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
New York	9	60	59	24	144	296	40.2
Bronx	14	132	98	65	46	355	64.8
Queens	18	12	148	310	185	673	23.8
Kings	15	119	297	235	117	783	53.1
Richmond	2	3	11	29	65	110	12.7
Total	58	326	613	663	557	2,217	42.4

*The assessment area appears reasonable based upon the location of MUTU's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.*

### **Demographic & Economic Data**

The assessment area had a population of 8 million during the examination period. About 11.7% of the population were over the age of 65 and 21.6% were under the age of 16.

Of the 1,869,809 families in the assessment area, 30.7% were low-income, 16.7% were moderate-income, 17.0% were middle-income and 35.6% were upper-income families. There were 3,022,477 households in the assessment area, of which 19.7% had income below the poverty level and 7.5% were on public assistance.

The MSA median family income within the assessment area was \$49.5 thousand. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$65.6 thousand in 2010.

There were 3,200,912 housing units within the assessment area, of which 39.1% were one- to four-family units, and 60.8% were multifamily units. A majority (65.9%) of the area's housing units were rental-occupied, while 28.5% were owner-occupied units. Of the 912,133 owner-occupied housing units, 17.3% were in moderate-income geographies while 34.4% were in middle-income tracts. The median age of the housing stock was 60 years and the median home value in the assessment area was \$241 thousand.

There were 499,056 non-farm businesses in the assessment area. Of these, 74.9% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million and 19.8% did not report their revenues. Of all the non-farm businesses in the assessment area, 83.8% were businesses with less than fifty employees while 92.5% operated from a single location. The largest

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industries in the area were services (46.4%), followed by retail trade (16.9%) and finance, insurance & real estate (9.5%), while 8.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State was 4.5% in 2007 and rose to 8.6% in 2010. The county statistics increased as well, with the leading unemployment percentages in the Bronx and Kings Counties, respectively.

<b>Assessment Area Unemployment Rate</b>						
	Statewide	New York	Bronx	Queens	Kings	Richmond
2007	4.5	4.2	6.6	4.3	5.3	4.4
2008	5.3	4.7	7.3	4.9	5.8	4.9
2009	8.4	8.5	12.2	8.6	10.1	8.4

### **Community Information**

On March 10, 2011, examiners met with the executive director/CEO and other representatives of the Parodneck Foundation. This organization is classified as a 501(c)(3) public charity and a U.S. Department of Treasury certified Community Development Financial Institution (CDFI). This organization serves the five boroughs of New York City, with particular emphasis on inner-city areas where the need for community development is greater.

The Parodneck Foundation's mission is to preserve and develop affordable housing for low- and moderate-income residents with an emphasis on senior citizens, in neighborhoods throughout NYC. It accomplishes its mission through a number of programs as follows:

- The Foundation's HDFC (Housing Development Fund Corporation) is a support program that provides low-interest loans and extensive technical assistance to other HDFCs facing financial, managerial, or other difficulties.
- The New York Remediation Program arranges to have the debts of predatory lending victims written down, when possible, and restructured into new, affordable loans. Through the Senior Citizen Homeowner Assistance Program (SCHAP), the foundation provides seniors with home improvement loans for home repairs.
- The Parodneck Foundation's SCHAP provides financial assistance to senior citizen homeowners who are living in physically deteriorated housing or who are in danger of losing their homes to foreclosure.
- CATCH (Community Assisted Controlled Housing, Inc.) is a not-for-profit organization that works to transform distressed buildings across NYC into

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decent, affordable, resident-controlled housing. CATCH was formed in 1991 by a number of housing, community development, and community service organizations. These include the United Housing Foundation, U-HAB, Lawyers Alliance, the Community Service Society, and the Parodneck Foundation, which acts as CATCH's lead agency.

The foundation identified three priority credit needs in New York City's LMI communities in which banks could participate. The three are (1) home improvement loans for LMI senior citizens, (2) foreclosure intervention support, and (3) support for affordable, tenant-controlled housing. In addition, the foundation representatives indicated that banks should work together because there is a need for both direct and pooled investments. Also stated was a need for banks to place some employees physically in New York City to encourage face-to-face meetings with the people who work and live in the assessment area.

## **PERFORMANCE TEST AND ASSESSMENT FACTORS**

*The Banking Department evaluates the CRA performance of wholesale banks pursuant to the “community development test,” as provided for in Section 76.11 of the General Regulations of the Banking Board. 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 were also considered in assessing MUTU’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; 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 Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

The assessment period included calendar years July 1, 2006 to December 31, 2010.

Statistics employed in this evaluation were derived from various sources. The demographic data referred to in this report were derived from the 2000 U.S. Census data with the updated median family income figures provided by the U.S. Department of Housing and Urban Development (“HUD”). Business demographic data used in this report derive from information on US businesses, enhanced by Dun & Bradstreet and updated annually. Call report data that the institution filed with the FDIC were also used in the analysis.

MUTU received a rating of “1,” reflecting an “Outstanding” record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of June 30, 2006.

### **Current CRA Rating: “Outstanding”**

### **Community Development Activities: “Outstanding”**

MUTU’s community development performance demonstrated an excellent level of responsiveness to the community development needs of its assessment area, considering MUTU’s capacity and the need and availability of such opportunities for community development in its assessment area.

MUTU focuses primarily on wholesale banking activities, and does not actively engage in traditional retail banking activities. Therefore, MUTU focuses on meeting its CRA

obligations by making community development loans and investments, and by providing grants.

During the evaluation period, MUTU originated \$750 thousand in new community development loans, and still had \$250 thousand outstanding from prior evaluation periods. The total amount of qualified community development loans represented a substantial increase when compared to the \$550 thousand noted at the prior evaluation period. MUTU also maintained an excellent level of community development investments and grants. For investments, MUTU made \$6.0 million in new investments and still had \$936.3 thousand outstanding from prior evaluation periods. The total amount of qualified investments nearly doubled the \$3.5 million noted on the prior evaluation period. Qualified grants to various community development organizations totaled \$261.5 thousand, and represented a significant increase when compared to the \$86 thousand noted from the prior evaluation period.

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

Community Development Lending: “Outstanding”

During the evaluation period, MUTU originated \$750 thousand in new community development loans, and still had \$250 thousand outstanding from prior evaluation periods. This represented a significant increase from the \$550 thousand loans noted at the prior evaluation period<sup>1</sup>.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing			1	250
Economic Development	5	750		
<b>Total</b>	<b>5</b>	<b>750</b>	<b>1</b>	<b>250</b>

Below is a description of MUTU’s community development lending.

- New York Business Development Corp. (“NYBDC”) – In 2006, MUTU renewed a \$100 thousand, unsecured revolving credit line to NYBDC. In 2007, MUTU renewed, and raised the commitment to \$150 thousand. MUTU continued to renew the facility in 2008 and 2009. In 2010, MUTU increased the commitment to \$200 thousand. NYBDC provides financing to small and medium-sized businesses including start-ups, new and mature businesses with a particular

<sup>1</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

emphasis on minority and women-owned businesses.

- Neighborhood Housing Services of New York City (“NHS”) – MUTU has provided a \$250 thousand revolving credit facility to NHS since 1991. The facility is due to mature in 2011. NHS is a not-for-profit organization which focuses primarily on affordable housing and neighborhood revitalization.

Community Development Investments: “Outstanding”

During the evaluation period, MUTU made \$6.0 million in new community development investments, and still had \$936.3 thousand outstanding from prior evaluation periods. The current level represented an increase of \$3.3 million from the prior evaluation period. This demonstrated an excellent level of community development investments over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing			1	936.3
Economic Development	4	\$ 6,000		
<b>Total</b>	<b>4</b>	<b>\$ 6,000</b>	<b>1</b>	<b>936.3</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	1	\$ 2		
Economic Development	2	\$ 11		
Community Services	105	\$ 249		
<b>Total</b>	<b>108</b>	<b>\$ 262</b>		

Below is a description of MUTU’s community development investments and grants.

- Carver Federal Savings Bank (“Carver”): During the evaluation period, MUTU invested in four certificate of deposits with Carver, totaling \$6.0 million. Carver is a minority-owned thrift institution headquartered in Harlem, New York. It provides full banking services to underserved communities in New York City.
- Fannie Mae Bond (“FNMA Bond”): MUTU purchased a \$1.0 million FNMA bond during the prior evaluation period. As of the end of the current evaluation period, MUTU still carried a balance of \$936.3 thousand. The FNMA bond provides funding for the multifamily Section 8 Housing Assistance Payment project. The project is located in the lower east side of New York, in a moderate-income census tract of Manhattan. The residential units are targeted for low-income families eligible for HUD subsidies under the Section 8 programs.

## Grants

MUTU and its affiliate, Mitsubishi UFJ Trust and Banking Corporation, New York Branch, (“MUTB”) provided grants totaling \$261.5 thousand to various organizations that support affordable housing, economic development and community services.<sup>2</sup> Some of the organizations to which the bank provided grants during the evaluation period were City meals on-Wheels, Neighborhood Housing Services of NYC Inc., Children’s Health Fund, American Red Cross, City Harvest, United Way of New York, Fresh Air Fund, Asian Americans for Equality, and the Nonprofit Finance Fund.

### Community Development Services: “Satisfactory”

Due to the wholesale nature of MUTU’s operations, MUTU focused on meeting its CRA obligations by making community development loans and investments, and by providing grants. MUTU demonstrated a limited level of community development services over the course of the evaluation period.

However, MUTU provided a number of community development services to the March of Dimes organization. For example, in 2007 and 2008, a senior vice president of MUTU served as a member of the March of Dimes’ Executive Committee. The committee assisted in the planning of team walks, and members shared their expertise on fundraising. In addition, MUTU held 30 internal fundraising events, and generated \$11.6 thousand for the March of Dimes organization. The March of Dimes organization provides programs of education, and community services to improve maternal and infant health.

### Innovative or Complex Practices: “Satisfactory”

MUTU demonstrated an adequate level of innovative or flexible community development practices. MUTU offers a narrow range of services and products targeted to large corporations and institutions, primarily in the areas of institutional custody and securities lending. It does not offer any retail banking products or services, nor does it offer commercial banking products and services. However, through participation in loan and community development programs administered by third-parties, as well as through direct community development grants to organizations providing services to low- and moderate-income communities, MUTU was able to reasonably serve its assessment area’s credit needs. An example of MUTU’s flexible community development practice was MUTU’s lending to non-profit community development organizations.

### Responsiveness to Credit and Community Development Needs: “Satisfactory”

MUTU demonstrated an adequate level of responsiveness to credit and community

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<sup>2</sup> MUTU claimed CRA credit for grants made by MUTB. No other institution claimed credit for the grants.

development needs as evidenced by the community development loans and investments that it made during the evaluation period. In addition, MUTU's senior vice president was a member of the March of Dimes' Executive Committee.

### **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 Community Reinvestment Act**

MUTU's board and senior management were involved in the supervision and administration of the bank's Community Reinvestment Act activities through the CRA, Loan & Investment Committee. MUTU's president was the chair of this committee which reviews MUTU's CRA-related activity. The committee met quarterly and provided the board with reports on MUTU's CRA-related activities.

#### **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.*

NYSBD 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.*

NYSBD noted no evidence of prohibited discriminatory or other illegal practices.

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

MUTU has not opened or closed any branches since the prior evaluation. However, in 2006, MUTU moved its office from 520 Madison Avenue to its present location at 420 Fifth Avenue.

### **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.*

MUTU ascertained the credit needs of the community through its contact with intermediaries that serve low- and moderate-income neighborhoods.

*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

Since MUTU's operations are wholesale in nature, it does not market products to the public.

**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 Penetration Rate

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.

### 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.

**Income Level**

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the 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

**Loans to Small Businesses**

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

**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**

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 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 in LMI geographies or to LMI borrowers.

### **Small Business Loans**

Loans to businesses with original amounts of  $\leq$  \$1MM.