



**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2014

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

**Note:** This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

---

## TABLE OF CONTENTS

	Section
General Information .....	1
Overview of Institution's Performance .....	2
Performance Context .....	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Standards and Assessment Factors .....	4
Loan-to-Deposit Analysis and Other	
Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrower Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints	
with Respect to CRA	
Additional Factors	
Glossary .....	5

---

## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Rondout Savings Bank (“RSB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2014.

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 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 the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

---

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

DFS evaluated RSB according to the small bank performance criteria pursuant to General Regulations of the Superintendent ("GRS") Parts 76.7 and 76.12. The assessment period included calendar years 2011, 2012, 2013 and 2014. DFS assigns RSB a CRA rating of "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

- **Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:** "Outstanding"

RSB's average LTD ratio was excellent considering its size, business strategy, financial condition and peer group activity. RSB's average LTD ratio for the 16 quarters ending December 31, 2014 was 85.6%, which exceeded the peer group's average of 80.8%.

- **Assessment Area Concentration:** "Satisfactory"

During the evaluation period, RSB originated 84.8% by number and 80.3% by dollar value of its total HMDA-reportable loans within its assessment area. This majority of lending inside of its assessment area was a reasonable record of lending.

- **Distribution by Borrower Characteristics:** "Satisfactory"

The distribution of loans based on borrower characteristics demonstrated a reasonable rate of lending among individuals of different income levels and businesses of different revenue sizes.

- **Geographic Distribution of Loans:** "Outstanding"

The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent rate of lending.

- **Action Taken in Response to Written Complaints with Respect to CRA:**

Neither RSB nor DFS received any written complaints regarding the bank's CRA performance since the prior CRA evaluation (as of December 31, 2010).

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

---

## PERFORMANCE CONTEXT

### Institution Profile

Rondout Savings Bank (“RSB”) is a mutually-owned savings bank chartered in 1868. RSB is headquartered in the city of Kingston, NY in Ulster County. RSB has one wholly-owned subsidiary, Rondout Financial Services, Inc., formed in 1990 as a non-depository investment product affiliate, to sell securities and insurance products offered by Essex National Securities, Inc. and Essex National Insurance Agency, Inc.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2014, filed with the Federal Deposit Insurance Corporation (“FDIC”), RSB reported total assets of \$301.4 million, of which \$236.3 million were net loans and lease finance receivables. It also reported total deposits of \$254.4 million, resulting in a loan-to-deposit ratio of 92.9%. According to the latest available comparative deposit data, as of June 30, 2014, RSB had a market share of 3.3%, or \$250.5 million in a market of \$7.8 billion, ranking it 11<sup>th</sup> among 25 deposit-taking institutions in its assessment area.

The following table is a summary of RSB’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2011, 2012, 2013, and 2014 Call Reports.

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2011		2012		2013		2014	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Res. Mortgage Loans	104,172	62.8	118,396	63.8	138,305	64.8	149,982	62.7
Commercial & Industrial Loans	11,967	7.2	14,129	7.6	15,655	7.3	24,258	10.1
Commercial Mortgage Loans	39,569	23.9	40,493	21.8	46,156	21.6	51,986	21.7
Multifamily Mortgages	2,917	1.8	4,451	2.4	5,668	2.7	5,642	2.4
Consumer Loans	1,062	0.6	1,180	0.6	1,232	0.6	1,216	0.5
Construction Loans	6,176	3.7	6,837	3.7	6,326	3.0	6,303	2.6
Total Gross Loans	165,863		185,486		213,342		239,387	

As illustrated in the above table, RSB is primarily a residential real estate lender, with 62.7% of its loan portfolio in residential real estate loans and 21.7% in commercial mortgage loans. RSB’s total gross loan portfolio during the evaluation period trended upward with residential mortgage loans at 65.1% in 2014 and commercial loans at 31.8%.

RSB operates five banking offices and one loan office center. Three offices are located in Kingston, including RSB’s main office (where the loan center is also located); one branch is in the Village of West Hurley; and one branch that was opened in 2013 is in Hyde Park, located in Dutchess County. Supplementing the banking offices is an automated teller machine (“ATM”) network. There is one machine at each of the branches except the main office which has two ATMs. These machines have deposit-taking capabilities. RSB has one off-site, non-deposit taking ATM which is in the Hurley Ridge Market. All bank offices are located in middle-income census tracts.

---

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

### **Assessment Area**

RSB's assessment area is comprised of all of Ulster County and part of Dutchess County.

There are 59 census tracts in the assessment area, of which eight are moderate-income, 43 middle-income, and eight upper-income.

<b>Assessment Area Census Tracts by Income Level</b>								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Ulster	0	0	7	33	7	47	14.9	15%
Dutchess*	0	0	1	10	1	12	8.3	8%
Total	0	0	8	43	8	59	13.6	14%

*\*Partial County*

### **Demographic & Economic Data**

The assessment area had a population of 222,931 during the evaluation period. About 14.5% of the population were over the age of 65 and 17.2% were under the age of sixteen.

Of the 54,811 families in the assessment area 19.6% were low-income families, 18.1% were moderate-income, 22.9% were middle-income and 39.4% were upper-income families. There were 84,910 households in the assessment area, of which 9.4% had income below the poverty level and 1.9% were on public assistance.

The weighted average median family income in the assessment area was \$74,043.

There were 98,639 housing units in the assessment area, of which 84.6% were one-to-four-family units, and 9.3% were multifamily units. A majority (60.6%) of the area's housing units were owner-occupied, while 26.9% were rental units. Of the 59,795 owner-occupied housing units, 9.4% were located in moderate-income census tracts and 90.6% were in middle- and upper-income census tracts. The median age of the housing stock was 51 years and the median home value was \$256,094.

There were 15,842 non-farm businesses in the assessment area. Of these, 75.9% reported revenues of less than or equal to \$1 million, 3.6% reported revenues of more than \$1 million and 20.5% did not report their revenues. Of all businesses in the

---

assessment area, 84.0% were businesses with less than fifty employees, and 92.0% operated from a single location. The largest industries in the area were services (44.4%), retail trade (14.5%), and construction (9.6%), while 9.3% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State during the evaluation period decreased from a high of 8.5% in 2012 to a low of 6.3% in 2014. Ulster and Dutchess counties fared better during the evaluation period compared to the nationwide and state levels of unemployment, as indicated in the following table.

<b>Assessment Area Unemployment Rate</b>				
	<b>Nationwide</b>	<b>Statewide</b>	<b>Dutchess</b>	<b>Ulster</b>
2011	8.9	8.3	7.5	7.9
2012	8.1	8.5	7.8	8.3
2013	7.4	7.7	6.6	7.2
2014	6.2	6.3	5.3	5.8

### **Community Information**

RSB is headquartered in the City of Kingston, which is Ulster County's county seat and New York State's first capital. The city is located midway between New York City and Albany.

Examiners interviewed a nonprofit organization incorporated in 1965 and located in Ulster County whose mission is to assist LMI individuals.

The community contact noted that there are concentrated pockets of poverty in the City of Kingston and in the northwestern parts of Ulster County. This may be due in large part to lack of public transportation especially in the northwestern rural parts of Ulster County. The community contact also observed that more people from New York City have been purchasing properties and farmlands in the area and converting them into second homes for weekend retreats, resulting in more seasonal service jobs instead of permanent jobs.

---

## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated RSB under the small bank performance standards in accordance with GRS Parts 76.7 and 76.12, which consist of the following lending test: (1) Loan-to-deposit (“LTD”) ratio and other lending-related activities; (2) assessment area concentration; (3) distribution of loans by borrower characteristics; (4) geographic distribution of loans; and (5) action taken in response to written complaints regarding CRA. Examiners also considered the following factors in assessing the bank’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 institution’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. RSB submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council and deposit data from the FDIC. DFS calculated LTD ratios from information shown in the Bank’s Uniform Bank Performance Report submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data obtained from the New York State Department of Labor. Some non-specific bank data were only available on a county-wide basis, and were used even where the institution’s assessment area included partial counties.

The assessment period included calendar years 2011, 2012, 2013 and 2014.

Examiners considered RSB’s HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted above.

HMDA-reportable loan data evaluated in this performance evaluation were actual originations.

At its **prior** Performance Evaluation as of December 31, 2010, DFS assigned RSB a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

**Current CRA Rating: “Satisfactory”**



---

**Lending Test:** “Satisfactory”

RSB’s HMDA-reportable lending activities were reasonable in light of the lending activity of the aggregate and RSB’s peer group and the demographic characteristics of the assessment area.

**Loan-to-Deposit Ratio and Other Lending-Related Activities:** “Outstanding”

RSB’s average LTD ratio was excellent considering its size, business strategy, financial condition, and its peer group’s lending, particularly over the final 11 quarters of the evaluation period. RSB’s average LTD ratio for the evaluation period was 85.6% compared to its peer group’s ratio of 80.8%. RSB’s LTD ratios trended upward while its peer group’s fluctuated. RSB and its peer group reached their highest LTD ratios of 92.9% and 87.5%, respectively, in the final quarter of the evaluation period.

The table below shows RSB’s LTD ratios in comparison with its peer group’s ratios for the 16 quarters since the prior evaluation.

<b>Loan-to-Deposit Ratios</b>																	
	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Avg.
Bank	79.8	81.2	79.6	82.2	81.7	84.6	86.0	87.0	85.6	85.1	87.7	87.2	90.1	89.9	89.6	92.9	85.6
Peer	80.8	81.6	81.9	81.3	78.9	78.9	80.2	79.8	78.4	79.3	78.9	80.2	79.4	80.6	85.6	87.5	80.8

**Assessment Area Concentration:** “Satisfactory”

During the evaluation period, RSB originated 84.8% by number and 80.3% by dollar value of its HMDA-reportable loans within its assessment area. This majority of lending inside the assessment area was a reasonable concentration of lending in the assessment area.

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

<b>Distribution of Loans Inside and Outside of the Assessment Area</b>											
Loan Type	Number of Loans					Loans in Dollars (in thousands)					
	Inside		Outside		Total	Inside		Outside		Total	
	#	%	#	%		\$	%	\$	%		
<b>HMDA-Reportable</b>											
2011	119	81.0%	28	19.0%	147	23,374	78.1%	6,544	21.9%	29,918	
2012	195	85.5%	33	14.5%	228	33,247	77.4%	9,693	22.6%	42,940	
2013	206	88.0%	28	12.0%	234	38,372	84.8%	6,869	15.2%	45,241	
2014	149	82.8%	31	17.2%	180	27,016	79.9%	6,783	20.1%	33,799	
<b>Grand Total</b>	<b>669</b>	<b>84.8%</b>	<b>120</b>	<b>15.2%</b>	<b>789</b>	<b>122,009</b>	<b>80.3%</b>	<b>29,889</b>	<b>19.7%</b>	<b>151,898</b>	

---

Distribution by Borrower Characteristics: “Satisfactory”

RSB’s distribution of loans based on borrower characteristics demonstrated adequate rates of lending among individuals of different income levels.

HMDA-Reportable Loans:

RSB’s HMDA-reportable loans demonstrated an adequate distribution of lending among individuals of different income levels.

Overall, RSB’s average rates of lending to LMI borrowers of 19.8% by number and 13.0% by dollar value were below its aggregate’s average rates of 24.8% and 16.2%, respectively. RSB’s lending rates to LMI individuals fluctuated during the evaluation period. The rates were highest in 2012 at 21.1% and lowest in 2013 at 7.7%. The aggregate’s rates ranged between 18.2% in 2011 and 14.8% in 2013. Both RSB and the aggregate underperformed in lending to LMI borrowers compared to the demographic characteristics of the assessment area.

The following table provides a summary of the distribution of RSB’s and the aggregate’s HMDA-reportable lending based on borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	6.8%	687	3.0%	191	7.2%	16,198	3.7%	19.2%
Moderate	21	17.8%	2,460	10.8%	540	20.3%	63,418	14.5%	18.2%
LMI	29	24.6%	3,147	13.8%	731	27.5%	79,616	18.2%	37.4%
Middle	29	24.6%	4,025	17.7%	659	24.8%	95,678	21.9%	23.7%
Upper	47	39.8%	12,370	54.3%	1,157	43.5%	240,897	55.1%	38.8%
Unknown	13	11.0%	3,227	14.2%	111	4.2%	21,331	4.9%	
<b>Total</b>	<b>118</b>		<b>22,769</b>		<b>2,658</b>		<b>437,522</b>		
2012									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	5.3%	985	3.3%	198	6.3%	18,617	3.5%	19.6%
Moderate	43	22.6%	5,419	17.9%	575	18.2%	69,174	12.9%	17.8%
LMI	53	27.9%	6,404	21.1%	773	24.4%	87,791	16.4%	37.4%
Middle	43	22.6%	5,438	17.9%	814	25.7%	125,361	23.4%	23.0%
Upper	79	41.6%	15,859	52.3%	1,437	45.4%	299,539	55.8%	39.6%
Unknown	15	7.9%	2,606	8.6%	140	4.4%	23,870	4.4%	
<b>Total</b>	<b>190</b>		<b>30,307</b>		<b>3,164</b>		<b>536,561</b>		
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	2.4%	477	1.3%	214	5.9%	20,105	3.1%	19.4%
Moderate	21	10.2%	2,337	6.4%	616	17.1%	74,250	11.6%	17.9%
LMI	26	12.7%	2,814	7.7%	830	23.1%	94,355	14.8%	37.3%
Middle	40	19.5%	5,525	15.0%	908	25.2%	139,487	21.8%	22.9%
Upper	99	48.3%	21,068	57.4%	1,686	46.9%	371,982	58.3%	39.8%
Unknown	40	19.5%	7,315	19.9%	174	4.8%	32,684	5.1%	
<b>Total</b>	<b>205</b>		<b>36,722</b>		<b>3,598</b>		<b>638,508</b>		
2014									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	4.7%	689	2.6%					19.6%
Moderate	16	10.8%	2,076	7.8%					18.1%
LMI	23	15.5%	2,765	10.4%					37.7%
Middle	36	24.3%	5,548	20.9%					22.9%
Upper	84	56.8%	17,546	66.0%					39.4%
Unknown	5	3.4%	707	2.7%					
<b>Total</b>	<b>148</b>		<b>26,566</b>						
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	30	4.5%	2,838	2.4%		6.4%		3.4%	
Moderate	101	15.3%	12,292	10.6%		18.4%		12.8%	
LMI	131	19.8%	15,130	13.0%		24.8%		16.2%	
Middle	148	22.4%	20,536	17.6%		25.3%		22.4%	
Upper	309	46.7%	66,843	57.4%		45.4%		56.6%	
Unknown	73	11.0%	13,855	11.9%		4.5%		4.8%	
<b>Total</b>	<b>661</b>		<b>116,364</b>						

---

Geographic Distribution of Loans: “Outstanding”

RSB’s lending demonstrated an excellent distribution of loans in census tracts of varying income levels.

HMDA-Reportable Loans:

RSB’s HMDA-reportable loans based on the income level of the geography demonstrated an excellent rate of lending in moderate-income census tracts. RSB’s assessment area does not include low-income census tracts. RSB’s average rates of lending to LMI geographies, therefore, are based on RSB’s lending in moderate-income census tracts. RSB extended 11.5% by number and 9.1% by dollar value of its loans in LMI census tracts, which was more than reasonable compared to the aggregate’s rates of lending of 8.0% by number and 6.3% by dollar value, and RSB more than doubled the aggregate’s rates in 2011 in LMI areas.

The following table provides a summary of RSB’s distribution of HMDA-reportable lending by the income level of the census tract.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2011									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	18	15.1%	2,303	9.9%	180	6.7%	20,743	4.7%	8.3%
LMI	18	15.1%	2,303	9.9%	180	6.7%	20,743	4.7%	8.3%
Middle	84	70.6%	14,662	62.8%	2,026	74.9%	324,369	72.9%	76.9%
Upper	17	14.3%	6,389	27.4%	498	18.4%	99,787	22.4%	14.8%
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
<b>Total</b>	<b>119</b>		<b>23,354</b>		<b>2,704</b>		<b>444,899</b>		
2012									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	21	10.8%	2,704	8.1%	271	8.3%	34,776	5.9%	10.4%
LMI	21	10.8%	2,704	8.1%	271	8.3%	34,776	5.9%	10.4%
Middle	154	79.0%	26,221	78.9%	2,429	74.8%	439,123	75.0%	74.4%
Upper	20	10.3%	4,322	13.0%	549	16.9%	111,214	19.0%	15.2%
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
<b>Total</b>	<b>195</b>		<b>33,247</b>		<b>3,249</b>		<b>585,113</b>		
2013									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	26	12.6%	4,162	10.8%	315	8.6%	49,553	7.3%	9.4%
LMI	26	12.6%	4,162	10.8%	315	8.6%	49,553	7.3%	9.4%
Middle	155	75.2%	28,947	75.4%	2,772	75.7%	505,282	74.6%	76.6%
Upper	25	12.1%	5,263	13.7%	574	15.7%	122,940	18.1%	14.0%
Unknown		0.0%		0.0%		0.0%		0.0%	
<b>Total</b>	<b>206</b>		<b>38,372</b>		<b>3,661</b>		<b>677,775</b>		
2014									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%					0.0%
Moderate	12	8.1%	1,942	7.2%					9.4%
LMI	12	8.1%	1,942	7.2%					9.4%
Middle	114	76.5%	19,109	70.7%					76.6%
Upper	23	15.4%	5,965	22.1%					14.0%
Unknown		0.0%		0.0%					
<b>Total</b>	<b>149</b>		<b>27,016</b>		<b>-</b>				
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	77	11.5%	11,111	9.1%		8.0%		6.2%	
LMI	77	11.5%	11,111	9.1%		8.0%		6.2%	
Middle	507	75.8%	88,939	72.9%		75.2%		74.3%	
Upper	85	12.7%	21,939	18.0%		16.9%		19.6%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
<b>Total</b>	<b>669</b>		<b>121,989</b>						

---

Action Taken In Response to Written Complaints with Respect to CRA: “Satisfactory”

Neither DFS nor RSB received any CRA-related complaints during the evaluation period.

**Additional Factors**

**The extent of participation by the banking institution’s board of directors or board of trustees in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.**

RSB’s CRA officer reports the bank’s lending activities to the board of trustees. These reports inform the board of the bank’s CRA activities. During the evaluation period the board reviewed, updated and approved RSB’s CRA policy in 2013 and 2014, to reflect the opening of the Hyde Park branch and changes in RSB’s assessment area.

**Discrimination and other illegal practices.**

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

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

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

RSB operates five offices and a loan center that is located in the same vicinity as its main office. All of RSB’s offices are located in middle-income census tracts. Three offices including its main office and loan center are in the City of Kingston, the largest city in Ulster County. One branch is located in the Village of West Hurley, and RSB opened a branch in Hyde Park, NY, in neighboring Dutchess County in 2013.

Branches are open weekdays from 8:30AM to 5:00PM, and Saturdays from 9:00AM to 2:00PM. The main office branch has extended hours on Thursdays and Fridays. All branches are supported by deposit-taking ATMs. RSB also has one off-site, non-deposit-taking ATM located inside a local market near the West Hurley branch. The five branches also provide drive-up or drive-through banking services with extended banking hours. Except for the main office, all drive-up banking services have limited Saturdays hours.

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

RSB ascertains the credit and banking needs of its assessment area through the involvement of members of senior management in local, civic and industry organizations. Some of these engagements include: The president and CEO is a board member of a state bankers association's retirement trust and also a board member of a regional foundation organization; the chief operating officer is a board member and committee member of a local health alliance, a board member of a local business association, and local civic organization; the chief financial officer is a board member of a local town utility service and of a community organization.

- The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

RSB markets its loans and banking products through various media outlets, such as local and regional newspapers, trade newsletters and radio ads. In addition, a bank representative attends local realtor caravans promoting RSB's loan products.

**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 noted no other factors.

## 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

“Community development”:

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.

### Community Development Loan

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 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.



## **Community Development Service**

Service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;
  - ❖ Developing secondary market vehicles or programs;
  - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
  - ❖ Furnishing financial services training for staff and management;
  - ❖ Contributing accounting/bookkeeping services; and
  - ❖ Assisting in fund raising, including soliciting or arranging investments.

## **Geography**

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 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 of \$1 million or less.

## **Low or Moderate Income ("LMI") Geographies**

Those census tracts or block numbering areas where, according to the 2000 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 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 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 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 represents 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.

### **Low-Income Housing Tax Credit (LIHTC)**

A dollar for dollar tax credit for affordable housing, 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. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they 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.

### **New Markets Tax Credit (NMTC)**

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate 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 US Treasury Department's Community Development Financial Institutions Fund (CDFI).

### **Qualified Investment**

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.