



**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, 2017

**Institution:** Gouverneur Savings & Loan Association  
43 Church Street  
Gouverneur, NY 13642

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

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## 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 Borrowers Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints with Respect to CRA	
Additional Factors	
Glossary .....	5

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Gouverneur Savings & Loan Association (“GS&L” or the “Bank”) prepared by the New York State Department of Financial Services (the “Department” or “DFS”). 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, 2017.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate such 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 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 (“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 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**

The Department evaluated GS&L under the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. This assessment period included calendar years 2012, 2013, 2014, 2015, 2016, and 2017. GS&L is rated "Satisfactory" or "2." This rating means GS&L had a satisfactory record of meeting community credit needs.

The rating is based on the following factors:

### **Loan-to-Deposit Ratio and Other Lending-Related Activities: "Outstanding"**

GS&L's average loan-to-deposit ("LTD") ratio was excellent considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

GS&L's average LTD ratio of 123.4% for the evaluation period significantly exceeded its peer group's ratio of 82% for the same period.

### **Assessment Area Concentration: "Outstanding"**

During the evaluation period, GS&L originated 93.8% by number and 94% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending reflects an excellent concentration of lending within GS&L's assessment area.

### **Distribution by Borrowers Characteristics: "Satisfactory"**

GS&L's one-to-four family HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes. Examiners gave greater weight to HMDA-reportable loans because they made up a large majority of all loans originated by GS&L within its assessment area.

### **Geographic Distribution of Loans: "Satisfactory"**

GS&L's origination of loans in census tracts of varying income levels (the assessment area does not contain any low-income census tracts) demonstrated a reasonable distribution of lending.

### **Action Taken in Response to Written Complaints with Respect to CRA: "N/A"**

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

*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 GRS Part 76.*

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## **PERFORMANCE CONTEXT**

### **Institution Profile**

GS&L, headquartered in Gouverneur, New York, was originally chartered by New York State in 1892 as a mutual savings and loan association, but changed to a federal chartered stock institution in 1998. In 2013, GS&L changed back to a New York State charter. GS&L is wholly owned by Gouverneur Bancorp, Inc., a one-bank holding company that is a majority-owned subsidiary of Cambray Mutual Holding Company.

GS&L offers various banking services and products. Services offered include wire transfers, safe deposit rentals, telephone banking, and online banking with bill pay option. Deposit products offered include personal and business checking, savings and money market accounts, while loan products include consumer loans (personal, automobile, and recreational vehicle loans), residential fixed and adjustable mortgage loans, and home equity loans. GS&L also offers commercial mortgage loans, installment loans, lines-of-credit, letters-of-credit, and equipment loans.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2017, filed with the Federal Deposit Insurance Corporation ("FDIC"), GS&L reported total assets of \$135.9 million, of which \$99.7 million were net loans and lease financing receivables. It also reported total deposits of \$84.3 million, resulting in a LTD ratio of 117.8%. According to the latest available comparative deposit data as of June 30, 2017, GS&L had a market share of 2.7%, or \$83.7 million in a market of \$3.1 billion, ranking it 9<sup>th</sup> among 14 deposit-taking institutions in its assessment area.

GS&L faces competition in its assessment area from larger regional banks, which include Watertown Savings Bank, North Country Savings Bank, and Carthage Federal Savings & Loan Association. All of these institutions are larger than GS&L and operate within and outside of GS&L's assessment area.

The following table shows a summary of the bank's loan portfolio, based on Schedule RC-C of GS&L's December 31, 2012, 2013, 2014, 2015, 2016, and 2017's Call Reports.

<b>TOTAL GROSS LOANS OUTSTANDING</b>												
Loan Type	2012		2013		2014		2015		2016		2017	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	97,300	83.4	94,064	83.2	93,317	84.6	90,937	85.8	89,668	86.7	86,614	86.6
Commercial & Industrial Loans	2,024	1.7	1,886	1.7	2,027	1.8	2,199	2.1	2,364	2.3	2,317	2.3
Commercial Mortgage Loans	8,187	7.0	7,883	7.0	7,301	6.6	6,632	6.3	6,007	5.8	5,763	5.8
Multifamily Mortgages Loans	1,224	1.0	786	0.7	744	0.7	462	0.4	430	0.4	399	0.4
Consumer Loans	4,302	3.7	4,323	3.8	3,814	3.5	3,416	3.2	3,196	3.1	3,104	3.1
Construction Loans	3,478	3.0	4,051	3.6	3,002	2.7	2,199	2.1	1,607	1.6	1,773	1.8
Agricultural Loans	101	0.1	96	0.1	89	0.1	83	0.1	76	0.1	69	0.1
Other Loans	28	0.0	26	0.0	25	0.0	18	0.0	18	0.0	28	0.0
Lease Financing	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Gross Loans</b>	<b>116,644</b>		<b>113,115</b>		<b>110,319</b>		<b>105,946</b>		<b>103,366</b>		<b>100,067</b>	

As illustrated in the above table, GS&L is primarily a residential real estate lender, with 86.6% of its gross loan portfolio in 1-4 family residential mortgage loans.

GS&L operates two full-service branch offices, one in Gouverneur and the other in Alexandria Bay, as well as a loan production office in Lowville. Supplementing the branch offices are two automated teller machines (“ATMs”), one at GS&L’s corporate headquarters (which does not otherwise offer banking services and products) and the other at the Gouverneur branch.

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

### **Assessment Area**

GS&L’s assessment area is comprised of St. Lawrence, Lewis, and Jefferson Counties. GS&L amended its assessment area in 2017 to include the entire counties of Jefferson and Lewis. Prior to 2017, GS&L’s assessment area included all of St. Lawrence County but only parts of Jefferson and Lewis Counties.

There are 61 census tracts in the area, of which none are low-income, eight are moderate-income, 43 are middle-income, five are upper-income, and five tracts have no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Jefferson	2	0	5	17	2	26	19.2
Lewis	0	0	1	6	0	7	0.0
St. Lawrence	3	0	2	20	3	28	0.0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>8</b>	<b>43</b>	<b>5</b>	<b>61</b>	<b>13.1</b>

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## **Demographic & Economic Data**

The assessment area had a population of 258,082 during the examination period. Approximately 13.6% of the population were over the age of 65 and 20.5% were under the age of 16.

Of the 63,784 families in the assessment area, 21.3% were low-income, 18.4% were moderate-income, 22.1% were middle-income, and 38.1% were upper-income. There were 96,294 households in the assessment area, of which 15.3% had income below the poverty level and 3.1% were on public assistance.

The weighted average median family income in the assessment area was \$57,430.

There were 125,988 housing units within the assessment area, of which 79.8% were one-to-four family units, and 8.3% were multifamily units. Of the area's housing units, 49.4% were owner-occupied, while 27.0% were rental units. Of the 62,276 owner-occupied housing units, 0% were in Low-income census tracts, 7.4% were in moderate-income census tracts, and 92.6% were in middle- and upper-income census tracts. The median age of the housing stock was 53 years and the median home value in the assessment area was \$115,992.

There were 10,645 non-farm businesses in the assessment area. Of these, 75.2% were businesses with reported revenues of less than or equal to \$1 million, 6.2% reported revenues of more than \$1 million, and 18.6% did not report their revenues. Of all the businesses in the assessment area, 96.4% were businesses with less than fifty employees while 82.1% operated from a single location. The largest industries in the area were services (40.0%), followed by retail trade (15.6%) and construction (8.9%); 5.1% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the annual average unemployment rates for the three counties that comprise GS&L's assessment area were consistently higher than the annual average unemployment rates for New York State for each year of the evaluation period.

<b>Assessment Area Unemployment Rates</b>				
	<b>NY State</b>	<b>St. Lawrence</b>	<b>Lewis</b>	<b>Jefferson</b>
2012	8.5	8.9	10.0	9.9
2013	7.7	8.9	9.5	9.2
2014	6.3	7.7	7.8	7.6
2015	5.3	7.3	6.9	6.6
2016	4.8	6.6	6.7	6.2
2017	4.7	6.8	6.7	6.6

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### **Community Information**

DFS examiners interviewed the director of a local nonprofit organization that assists LMI individuals and families in the homebuying process. The organization primarily serves rural Saint Lawrence County, which has high unemployment. The high unemployment has been caused by a sharp decline in the county's industrial base; as a result, the county has also experienced a decline in population.

The director noted there is a need for financial institutions to offer low-cost home loan products to assist LMI individuals and families. The director noted overall bank involvement is adequate, and viewed GS&L favorably.



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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*The Department evaluated GS&L under the small banking institution performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the following lending test criteria:*

- 1. Loan-to-deposit ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution of loans by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA.*

*DFS also considered the following factors in assessing the bank's record of performance:*

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Evidence of practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. The institution's record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

*Finally, DFS considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which GS&L helps meet the credit needs of its entire community.*

DFS derived statistics employed in this evaluation from various sources. GS&L submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS 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 FFIEC. DFS based business demographic data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2012, 2013, 2014, 2015, 2016, and 2017.

Examiners considered GS&L's HMDA-reportable and small business loans in evaluating factors (2), (3), and (4) of the lending test noted above.

Examiners gave greater weight to GS&L's HMDA-reportable lending as it made up 72.4% by number and 81.5% by dollar value of loans originated within the assessment area.

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

This is GS&L's first CRA evaluation by the Department since GS&L converted to a New York State charter in 2013. The most recent evaluation of GS&L's CRA performance was conducted by the Office of the Comptroller of the Currency ("OCC"), which assigned GS&L a CRA rating of "Outstanding" as of April 3, 2012.

**Current CRA Rating: "Satisfactory"**

**Lending Test: "Satisfactory"**

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

**Loan-to-Deposit Ratio and other Lending-Related Activities: "Outstanding"**

GS&L's average LTD ratio was excellent considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

GS&L's average LTD ratio of 123.4% for the evaluation period significantly exceeded its peer group's ratio of 82% for the same period. Furthermore, GS&L's quarterly average LTD ratios consistently exceeded the peer's quarterly LTD ratios. GS&L's lowest quarterly average LTD ratio of 117.8% reported in the fourth quarter of 2017 was still well above its peer group's highest quarterly average LTD ratio of 86.5%, also reported for the fourth quarter of 2017.

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

Loan to Deposit Ratio												
	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
<b>Bank</b>	125.9	122.7	124.5	127.5	124.2	116.7	115.1	122.1	126.3	125.3	128.9	130.7
<b>Peer</b>	78.9	78.9	80.2	79.8	78.4	79.3	78.9	80.2	79.4	80.6	81.9	81.9

Loan to Deposit Ratio													
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Avg.
<b>Bank</b>	126.9	124.9	124.7	124.5	127.4	124.6	122.6	120.1	120.3	119.1	118.2	117.8	<b>123.4</b>
<b>Peer</b>	80.7	82.7	84.1	83.8	83.0	83.7	84.4	84.6	83.8	85.4	86.2	86.5	<b>82.0</b>

### Assessment Area Concentration: “Outstanding”

During the evaluation period, GS&L originated 93.8% by number and 94% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending reflects an excellent concentration of lending within GS&L’s assessment area.

### HMDA-Reportable Loans

GS&L originated 93.7% by number and 94.3% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

### Small Business Loans

GS&L originated 93.9% by number and 93% by dollar value of its small business loans within the assessment area. This substantial majority of lending reflects an excellent concentration of lending within the assessment area.

The following table shows the percentages of GS&L’s HMDA-reportable and small business 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>										
2012	173	92.0%	15	8.0%	188	14,715	92.7%	1,154	7.3%	15,869
2013	145	92.4%	12	7.6%	157	13,450	94.1%	838	5.9%	14,288
2014	109	90.8%	11	9.2%	120	10,826	92.0%	943	8.0%	11,769
2015	83	96.5%	3	3.5%	86	7,742	96.2%	302	3.8%	8,044
2016	104	92.9%	8	7.1%	112	9,418	92.6%	749	7.4%	10,167
2017	117	100.0%	0	0.0%	117	9,651	100.0%	0	0.0%	9,651
<b>Subtotal</b>	<b>731</b>	<b>93.7%</b>	<b>49</b>	<b>6.3%</b>	<b>780</b>	<b>65,802</b>	<b>94.3%</b>	<b>3,986</b>	<b>5.7%</b>	<b>69,788</b>
<b>Small Business</b>										
2012	47	90.4%	5	9.6%	52	2,643	87.5%	376	12.5%	3,019
2013	52	94.5%	3	5.5%	55	2,874	90.3%	309	9.7%	3,183
2014	46	90.2%	5	9.8%	51	1,974	85.2%	343	14.8%	2,317
2015	41	91.1%	4	8.9%	45	2,249	96.6%	78	3.4%	2,327
2016	43	97.7%	1	2.3%	44	2,834	99.3%	20	0.7%	2,854
2017	49	100.0%	0	0.0%	49	2,408	100.0%	0	0.0%	2,408
<b>Subtotal</b>	<b>278</b>	<b>93.9%</b>	<b>18</b>	<b>6.1%</b>	<b>296</b>	<b>14,982</b>	<b>93.0%</b>	<b>1,126</b>	<b>7.0%</b>	<b>16,108</b>
<b>Grand Total</b>	<b>1,009</b>	<b>93.8%</b>	<b>67</b>	<b>6.2%</b>	<b>1,076</b>	<b>80,784</b>	<b>94.0%</b>	<b>5,112</b>	<b>6.0%</b>	<b>85,896</b>

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Distribution by Borrower Characteristics: “Satisfactory”

GS&L’s one-to-four family HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes. As noted above, examiners gave greater weight to HMDA-reportable loans because they made up a large majority of all loans originated by GS&L within its assessment area.

HMDA-Reportable Loans

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

GS&L’s average rates of lending in LMI geographies of 22.7% by number and 14.4% by dollar value of loans for the evaluation period were comparable to the aggregate’s average rates of 22.5% and 12%, respectively.

GS&L’s rate of lending by number of loans in LMI geographies outperformed the aggregate’s rate in 2012, 2013, and 2014, but trailed the aggregate’s rate in 2015, 2016, and 2017. GS&L’s rate of lending by dollar value of loans in LMI geographies outperformed the aggregate’s rate in each year of the evaluation period except 2015. Both GS&L’s and the aggregate’s rates of lending in LMI geographies were well below the assessment area’s percentage of LMI families in each year of the evaluation period.

The following table provides a summary of the distribution of GS&L’s one-to-four family loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	7.9%	1,018	7.1%	92	5.4%	3,358	1.9%	21.9%
Moderate	24	14.5%	1,805	12.6%	248	14.5%	14,928	8.4%	20.3%
LMI	37	22.4%	2,823	19.7%	340	19.9%	18,286	10.3%	42.1%
Middle	51	30.9%	3,273	22.9%	438	25.7%	39,258	22.2%	22.0%
Upper	68	41.2%	7,491	52.4%	861	50.5%	110,221	62.2%	35.9%
Unknown	9	5.5%	711	5.0%	67	3.9%	9,367	5.3%	0.0%
<b>Total</b>	<b>165</b>		<b>14,298</b>		<b>1,706</b>		<b>177,132</b>		
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	4.9%	319	2.7%	77	5.0%	2,208	1.4%	21.9%
Moderate	21	17.1%	1,024	8.7%	249	16.2%	14,562	9.2%	20.3%
LMI	27	22.0%	1,343	11.4%	326	21.2%	16,770	10.5%	42.1%
Middle	28	22.8%	1,668	14.1%	384	24.9%	31,412	19.8%	22.0%
Upper	65	52.8%	7,713	65.3%	743	48.2%	97,591	61.4%	35.9%
Unknown	3	2.4%	1,085	9.2%	87	5.6%	13,254	8.3%	0.0%
<b>Total</b>	<b>123</b>		<b>11,809</b>		<b>1,540</b>		<b>159,027</b>		
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	5.8%	241	2.7%	72	4.8%	2,142	1.5%	22.2%
Moderate	17	19.8%	952	10.8%	236	15.6%	11,380	7.8%	19.9%
LMI	22	25.6%	1,193	13.6%	308	20.3%	13,522	9.3%	42.2%
Middle	21	24.4%	1,613	18.3%	367	24.2%	26,343	18.1%	21.9%
Upper	43	50.0%	5,990	68.1%	789	52.1%	96,789	66.6%	37.0%
Unknown	0	0.0%	0	0.0%	50	3.3%	8,767	6.0%	0.0%
<b>Total</b>	<b>86</b>		<b>8,796</b>		<b>1,514</b>		<b>145,421</b>		
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	3.3%	74	1.2%	94	6.2%	3,089	2.0%	21.2%
Moderate	9	14.8%	506	8.4%	240	15.8%	13,188	8.6%	19.9%
LMI	11	18.0%	580	9.7%	334	22.0%	16,277	10.6%	41.2%
Middle	21	34.4%	1,765	29.4%	367	24.2%	31,542	20.5%	21.9%
Upper	27	44.3%	3,276	54.6%	770	50.7%	99,284	64.6%	37.0%
Unknown	2	3.3%	380	6.3%	47	3.1%	6,525	4.2%	0.0%
<b>Total</b>	<b>61</b>		<b>6,001</b>		<b>1,518</b>		<b>153,628</b>		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	4.6%	263	3.1%	96	5.2%	3,859	1.9%	22.2%
Moderate	14	16.1%	740	8.9%	296	16.1%	19,048	9.6%	19.4%
LMI	18	20.7%	1,003	12.0%	392	21.3%	22,907	11.6%	41.6%
Middle	19	21.8%	1,213	14.5%	474	25.7%	40,987	20.7%	22.0%
Upper	49	56.3%	5,985	71.6%	910	49.4%	123,551	62.4%	36.4%
Unknown	1	1.1%	160	1.9%	66	3.6%	10,637	5.4%	0.0%
<b>Total</b>	<b>87</b>		<b>8,361</b>		<b>1,842</b>		<b>198,082</b>		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	8.3%	304	3.9%	233	6.7%	9,800	2.7%	21.3%
Moderate	17	17.7%	952	12.2%	671	19.4%	46,447	12.7%	18.4%
LMI	25	26.0%	1,256	16.1%	904	26.1%	56,247	15.4%	39.8%
Middle	31	32.3%	2,264	28.9%	943	27.2%	93,057	25.5%	22.1%
Upper	40	41.7%	4,305	55.0%	1,482	42.8%	197,955	54.2%	38.1%
Unknown	0	0.0%	0	0.0%	134	3.9%	18,245	5.0%	0.0%
<b>Total</b>	<b>96</b>		<b>7,825</b>		<b>3,463</b>		<b>365,504</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	38	6.1%	2,219	3.9%	664	5.7%	24,456	2.0%	
Moderate	102	16.5%	5,979	10.5%	1,940	16.7%	119,553	10.0%	
LMI	140	22.7%	8,198	14.4%	2,604	22.5%	144,009	12.0%	
Middle	171	27.7%	11,796	20.7%	2,973	25.7%	262,599	21.9%	
Upper	292	47.2%	34,760	60.9%	5,555	48.0%	725,391	60.5%	
Unknown	15	2.4%	2,336	4.1%	451	3.9%	66,795	5.6%	
<b>Grand Total</b>	<b>618</b>		<b>57,090</b>		<b>11,583</b>		<b>1,198,794</b>		

## Small Business Loans

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

During the evaluation period, GS&L's rates of lending by number and dollar value of loans to businesses with gross annual revenue of \$1 million or less significantly exceeded the aggregate's rates for each year of the evaluation period. GS&L's rates of lending by number and dollar value also exceeded the percentage of businesses with revenues of \$1 million or less (business demographics) located in the assessment area for each year of the evaluation period.

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

Distribution of Small Business Lending by Revenue Size of Business									
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	46	97.9%	2,308	87.3%	458	42.1%	17,447	34.1%	71.3%
Rev. > \$1MM	1	2.1%	335	12.7%					3.3%
Rev. Unknown	0	0.0%	0	0.0%					25.4%
<b>Total</b>	<b>47</b>		<b>2,643</b>		<b>1,089</b>		<b>51,100</b>		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	50	96.2%	2,693	93.7%	475	44.2%	22,052	38.0%	71.4%
Rev. > \$1MM	2	3.8%	181	6.3%					3.9%
Rev. Unknown	0	0.0%	0	0.0%					24.8%
<b>Total</b>	<b>52</b>		<b>2,874</b>		<b>1,075</b>		<b>58,085</b>		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	44	95.7%	1,888	95.6%	418	40.3%	17,340	38.6%	69.8%
Rev. > \$1MM	2	4.3%	86	4.4%					4.1%
Rev. Unknown	0	0.0%	0	0.0%					26.1%
<b>Total</b>	<b>46</b>		<b>1,974</b>		<b>1,037</b>		<b>44,969</b>		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	40	97.6%	2,199	97.8%	558	51.6%	17,687	35.9%	74.6%
Rev. > \$1MM	1	2.4%	50	2.2%					4.4%
Rev. Unknown	0	0.0%	0	0.0%					21.0%
<b>Total</b>	<b>41</b>		<b>2,249</b>		<b>1,082</b>		<b>49,335</b>		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	41	95.3%	2,664	94.0%	705	46.0%	25,535	26.2%	76.7%
Rev. > \$1MM	2	4.7%	170	6.0%					5.3%
Rev. Unknown	0	0.0%	0	0.0%					18.0%
<b>Total</b>	<b>43</b>		<b>2,834</b>		<b>1,531</b>		<b>97,520</b>		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	47	95.9%	1,970	81.8%	Aggregate loan data was not available				75.2%
Rev. > \$1MM	2	4.1%	438	18.2%					6.2%
Rev. Unknown	0	0.0%	0	0.0%					18.6%
<b>Total</b>	<b>49</b>		<b>2,408</b>						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	268	96.4%	13,722	91.6%	2,614	45.0%	100,061	33.2%	
Rev. > \$1MM	10	3.6%	1,260	8.4%					
Rev. Unknown	0	0.0%	0	0.0%					
<b>Grand Total</b>	<b>278</b>		<b>14,982</b>		<b>5,814</b>		<b>\$301,009</b>		

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Geographic Distribution of Loans: “Satisfactory”

GS&L’s origination of loans in census tracts of varying income levels (the assessment area does not contain any low-income census tracts) demonstrated a reasonable distribution of lending.

HMDA-Reportable Loans

The distribution of GS&L’s HMDA-reportable loans among census tracts of varying income levels was reasonable.

During the evaluation period, GS&L originated 5.7% by number and 3.9% by dollar value of its HMDA-reportable loans in moderate-income census tracts, which was just below the aggregate’s rates of 6.8% by number and 6.1% by dollar value of loans.

GS&L’s rates of lending in moderate-income census tracts in 2012, 2013, 2014, and 2016 trailed the aggregate’s rates; in fact, GS&L did not originate any loans in moderate-income census tracts in 2016. However, in 2015 and 2017, GS&L’s rates of lending in moderate-income census tracts exceeded the aggregate’s rates. GS&L’s rates of lending in moderate-income census tracts increased significantly in 2017 to 21.8% by number and 17.2% by dollar value of loans, which was well above the aggregate’s rates of 8.6% and 9.9%, respectively. GS&L’s improvement in lending in moderate-income census tracts correlated with the expansion of its assessment area for 2017.

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

Distribution of HMDA Reportable Lending by Geographic Income of the Census Tract									
2012									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	4	2.3%	236	1.6%	115	6.2%	8,356	4.5%	6.9%
LMI	4	2.3%	236	1.6%	115	6.2%	8,356	4.5%	6.9%
Middle	168	97.1%	14,374	97.7%	1,670	90.0%	172,071	92.6%	89.1%
Upper	1	0.6%	105	0.7%	69	3.7%	5,404	2.9%	4.1%
Unknown	0	0.0%	0	0.0%	1	0.1%	45	0.0%	0.0%
<b>Total</b>	<b>173</b>		<b>14,715</b>		<b>1,855</b>		<b>185,876</b>		
2013									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	4	2.8%	137	1.0%	105	6.2%	8,654	5.1%	6.9%
LMI	4	2.8%	137	1.0%	105	6.2%	8,654	5.1%	6.9%
Middle	140	96.6%	13,258	98.6%	1,522	90.5%	154,900	91.8%	89.1%
Upper	1	0.7%	55	0.4%	53	3.2%	5,131	3.0%	4.1%
Unknown	0	0.0%	0	0.0%	2	0.1%	127	0.1%	0.0%
<b>Total</b>	<b>145</b>		<b>13,450</b>		<b>1,682</b>		<b>168,812</b>		
2014									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	4	3.7%	119	1.1%	79	4.8%	4,029	2.6%	6.9%
LMI	4	3.7%	119	1.1%	79	4.8%	4,029	2.6%	6.9%
Middle	105	96.3%	10,707	98.9%	1,504	91.9%	144,774	94.5%	89.1%
Upper	0	0.0%	0	0.0%	54	3.3%	4,478	2.9%	4.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>109</b>		<b>10,826</b>		<b>1,637</b>		<b>153,281</b>		
2015									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	5	6.0%	426	5.5%	74	4.4%	4,221	2.6%	6.9%
LMI	5	6.0%	426	5.5%	74	4.4%	4,221	2.6%	6.9%
Middle	78	94.0%	7,316	94.5%	1,572	92.7%	156,512	94.8%	89.1%
Upper	0	0.0%	0	0.0%	49	2.9%	4,385	2.7%	4.1%
Unknown	0	0.0%	0	0.0%	1	0.1%	13	0.0%	0.0%
<b>Total</b>	<b>83</b>		<b>7,742</b>		<b>1,696</b>		<b>165,131</b>		
2016									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	161	7.8%	12,135	5.7%	12.2%
LMI	0	0.0%	0	0.0%	161	7.8%	12,135	5.7%	12.2%
Middle	103	99.0%	9,298	98.7%	1,807	88.1%	191,897	90.6%	83.5%
Upper	1	1.0%	120	1.3%	81	3.9%	7,366	3.5%	4.4%
Unknown	0	0.0%	0	0.0%	2	0.1%	328	0.2%	0.0%
<b>Total</b>	<b>104</b>		<b>9,418</b>		<b>2051</b>		<b>211,726</b>		
2017									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	25	21.4%	1,659	17.2%	331	8.6%	43,460	9.9%	7.4%
LMI	25	21.4%	1,659	17.2%	331	8.6%	43,460	9.9%	7.4%
Middle	91	77.8%	7,902	81.9%	3,208	83.7%	360,425	82.4%	83.5%
Upper	1	0.9%	90	0.9%	293	7.6%	33,691	7.7%	9.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>117</b>		<b>9,651</b>		<b>3,832</b>		<b>437,576</b>		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Moderate	42	5.7%	2,577	3.9%	865	6.8%	80,855	6.1%	
LMI	42	5.7%	2,577	3.9%	865	6.8%	80,855	6.1%	
Middle	685	93.7%	62,855	95.5%	11,283	88.5%	1,180,579	89.3%	
Upper	4	0.5%	370	0.6%	599	4.7%	60,455	4.6%	
Unknown	0	0.0%	0	0.0%	6	0.0%	185	0.0%	
<b>Total</b>	<b>731</b>		<b>65,802</b>		<b>12,753</b>		<b>1,322,074</b>		



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### Small Business Loans

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

During the evaluation period, GS&L originated 7.2% by number and 9.6% by dollar value of small business loans in moderate-income census tracts during the evaluation period.

GS&L's rates of lending in moderate-income census tracts in 2012, 2013, 2014, and 2016 trailed the aggregate's rates; in fact, GS&L did not originate any loans in moderate-income census tracts in 2012. However, in 2015 and 2017, GS&L's rates of lending in moderate-income census tracts exceeded the aggregate's rates. GS&L's rates of lending in moderate-income census tracts increased significantly in 2017 to 26.5% by number and 32.8% by dollar value of loans, which was well above the assessment area's business demographics (the percentage of small businesses in moderate-income census tracts was 12.7%). GS&L's and the aggregate's rates of lending were below the business demographics in moderate-income census tracts in all other years of the evaluation period, except for GS&L's rates by dollar value of loans in 2014 and 2015. GS&L's improvement in lending in moderate-income census tracts correlated with the expansion of its assessment area in 2017.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2012									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	70	6.4%	2,589	5.1%	8.4%
LMI	0	0.0%	0	0.0%	70	6.4%	2,589	5.1%	8.4%
Middle	47	100.0%	2,643	100.0%	963	88.4%	45,491	89.0%	84.4%
Upper	0	0.0%	0	0.0%	56	5.1%	3,020	5.9%	6.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.3%
<b>Total</b>	<b>47</b>		<b>2,643</b>		<b>1,089</b>		<b>51,100</b>		
2013									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	1	1.9%	133	4.6%	59	5.5%	2,214	3.8%	8.8%
LMI	1	1.9%	133	4.6%	59	5.5%	2,214	3.8%	8.8%
Middle	51	98.1%	2,741	95.4%	966	89.9%	52,733	90.8%	83.7%
Upper	0	0.0%	0	0.0%	50	4.7%	3,138	5.4%	7.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>52</b>		<b>2,874</b>		<b>1,075</b>		<b>58,085</b>		
2014									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	1	2.2%	175	8.9%	56	5.4%	1,874	4.2%	8.8%
LMI	1	2.2%	175	8.9%	56	5.4%	1,874	4.2%	8.8%
Middle	45	97.8%	1,799	91.1%	920	88.7%	40,047	89.1%	83.5%
Upper	0	0.0%	0	0.0%	61	5.9%	3,048	6.8%	7.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.3%
<b>Total</b>	<b>46</b>		<b>1,974</b>		<b>1,037</b>		<b>44,969</b>		
2015									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	3	7.3%	300	13.3%	53	4.9%	1,777	3.6%	8.3%
LMI	3	7.3%	300	13.3%	53	4.9%	1,777	3.6%	8.3%
Middle	38	92.7%	1,949	86.7%	972	89.8%	44,866	90.9%	82.9%
Upper	0	0.0%	0	0.0%	57	5.3%	2,692	5.5%	7.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1.0%
<b>Total</b>	<b>41</b>		<b>2,249</b>		<b>1,082</b>		<b>49,335</b>		
2016									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.4%
Moderate	2	4.7%	41	1.4%	139	9.1%	7,321	7.5%	14.0%
LMI	2	4.7%	41	1.4%	139	9.1%	7,321	7.5%	14.4%
Middle	41	95.3%	2,793	98.6%	1,299	84.8%	84,973	87.1%	75.6%
Upper	0	0.0%	0	0.0%	92	6.0%	5,225	5.4%	9.8%
Unknown	0	0.0%	0	0.0%	1	0.1%	1	0.0%	0.3%
<b>Total</b>	<b>43</b>		<b>2,834</b>		<b>1,531</b>		<b>97,520</b>		
2017									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	Aggregate loan data was not available				0.0%
Moderate	13	26.5%	790	32.8%					12.7%
LMI	13	26.5%	790	32.8%					12.7%
Middle	34	69.4%	1,563	64.9%					75.9%
Upper	2	4.1%	55	2.3%					10.8%
Unknown	0	0.0%	0	0.0%					0.7%
<b>Total</b>	<b>49</b>		<b>2,408</b>		-		-		
Grand Total									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Moderate	20	7.2%	1,439	9.6%	377	6.5%	15,775	5.2%	
LMI	20	7.2%	1,439	9.6%	377	6.5%	15,775	5.2%	
Middle	256	92.1%	13,488	90.0%	5,120	88.1%	268,110	89.1%	
Upper	2	0.7%	55	0.4%	316	5.4%	17,123	5.7%	
Unknown	0	0.0%	0	0.0%	1	0.0%	1	0.0%	
<b>Total</b>	<b>278</b>		<b>14,982</b>		<b>5,814</b>		<b>301,009</b>		

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

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

**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**

GS&L's board of directors performs an annual review of the CRA statement and the accuracy of the assessment area, and regularly reviews GS&L's performance in meeting the credit needs of its community.

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

DFS examiners did not note practices by GS&L intended to discourage applications for the types of credit offered by GS&L.

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

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

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

<b>Distribution of Branches within the Assessment Area</b>							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI #
St. Lawrence			1			1	100.0%
Jefferson				1		1	0.00%
<b>Total</b>			<b>1</b>	<b>1</b>		<b>2</b>	<b>50%</b>

GS&L did not open or close any branch offices during the evaluation period. One of GS&L's branch offices is located in a moderate-income census tract and the other is in a middle-income census tract. Both branch offices offer hours from 8:15 am to 4:00 pm Monday through Thursday and offer extended hours on Friday from 8:15 am to 6:00 pm, but GS&L does not offer Saturday hours. Both branch offices also offer drive-up service with the same hours offered as branch services.

GS&L's headquarters does not offer banking services, but it has an ATM. GS&L's branch office in Gouverneur (St. Lawrence County) also has an ATM. GS&L also has a loan production office in a middle-income census tract in Lowville. The office offers hours 8:30

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am to 4:30 pm Monday through Friday.

### **Process Factors**

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

GS&L by way of its directors, officers and employees ongoing involvement in the community ascertain the credit needs of the community.

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

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

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

In 2017, GS&L partnered with Habitat for Humanity to provide financing for 1-2-unit owner occupied first-time home buyers within St. Lawrence County. GS&L developed specific underwriting guidelines for the program.

## 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.