



**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:** June 30, 2016

**Institution:** Ridgewood Savings Bank  
71-02 Forest Avenue  
Ridgewood, NY 11385-5647

**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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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Ridgewood Savings Bank (“RSB”) 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 June 30, 2016.

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.

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

DFS evaluated RSB according to the large bank performance criteria pursuant to Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent ("GRS"). This evaluation period included calendar years 2013, 2014 and 2015 for HMDA and Modification Extension and Consolidation Agreements ("MECA"). Community development activities were considered for the period from July 1, 2013 through June 30, 2016. RSB is rated "2," indicating a **"Satisfactory"** record of helping to meet community credit needs.

This rating is based on the following factors:

### **Lending Test: "Low Satisfactory"**

RSB's lending activities were adequate, considering RSB's size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area's credit needs.

### **Lending Activity: "Low Satisfactory"**

RSB's lending levels were adequate, considering its size, business strategy and financial condition, as well as peer group activity and demographics characteristics and credit needs of the assessment area.

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

During the evaluation period, RSB originated 98.4% by number and 99.1% by dollar value of its HMDA-reportable and MECA loans within the assessment area. This substantial majority of lending inside the assessment area reflected an excellent concentration of lending.

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

RSB's origination of loans in census tracts of varying income levels demonstrated an adequate distribution of lending. The rating reflects the greater weight given to HMDA lending.

### **Distribution by Borrower Characteristics: "Need to Improve"**

RSB's 1-4 family HMDA lending demonstrated a less than adequate distribution of loans among individuals of different income levels.

RSB's rates of lending to LMI borrowers was well below its aggregate's rates for the evaluation period.

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Community Development Lending: “Outstanding”

During the evaluation period, RSB originated \$228.1 million in new community development loans and had \$124.8 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

**Investment Test: “High Satisfactory”**

RSB invested \$51.4 million in new qualified community development investments and had \$18.6 million outstanding from prior evaluations. In addition, RSB made \$426,750 in community development grants. This demonstrated a more than reasonable level of community development investments and grants over the course of the evaluation period.

**Service Test: “Outstanding”**

Retail Banking Services: “Outstanding”

RSB has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI communities.

Community Development Service: “High Satisfactory”

RSB provided a relatively high level of community development services.

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

## PERFORMANCE CONTEXT

### Institution Profile

Founded in 1921, Ridgewood Savings Bank (“RSB”) is a New York State chartered mutual savings bank headquartered in Ridgewood, New York. RSB operates 35 branch offices throughout New York City, Long Island and Westchester County, including a branch located in a Banking Development District.

RSB offers a variety of deposit and loan products as well as financial services. Its loan products include 1-4 family residential mortgages, cooperative loans, multifamily mortgages, commercial real estate, home equity and consumer loans. However, RSB does not originate small business loans. Deposit products include personal and business checking, savings and money market accounts as well as certificates of deposit, club accounts and individual retirement accounts. Services offered include direct deposit, safe deposit box rental, online banking, e-statements, debit cards, gift cards, credit cards and a mobile application. In addition, during the evaluation period RSB joined the “All-Point” network providing its customers with free access to the network’s more than 55,000 ATMs worldwide. RSB also operates a mobile branch that provides banking services to seniors in adult living facilities and students at schools as well as community events throughout the bank’s assessment area.

Per the Consolidated Report of Condition as of June 30, 2016, filed with the Federal Deposit Insurance Corporation, RSB reported total assets of \$5.3 billion, of which \$3.0 billion were net loans and leases. It also reported total deposits of \$4.1 billion, resulting in a loan-to-deposit (“LTD”) ratio of 73.3%. According to the latest available comparative deposit data, as of June 30, 2016, RSB had a market share of 0.30 percent or \$4.1 billion in a market of \$1.4 trillion, ranking it 27<sup>th</sup> among 129 deposit-taking institutions in the assessment area.

The following is a summary of the RSB’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2013, 2014, 2015 and June 30, 2016 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	12/31/2013		12/31/2014		12/31/2015		6/30/2016	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	1,781,761	70.3	1,797,315	69.4	1,813,417	64.3	1,833,029	60.7
Multifamily Mortgages	558,408	22.0	618,795	23.9	843,703	29.9	1,017,235	33.7
Commercial Mortgage Loans	185,539	7.3	162,920	6.3	153,025	5.4	162,722	5.4
Commercial & Industrial Loans	3,313	0.1	2,388	0.1	1,549	0.1	74	0.0
Consumer Loans	4,068	0.2	4,988	0.2	3,618	0.1	2,349	0.1
Construction Loans	826	0.0	787	0.0	748	0.0	0	0.0
Other Loans	1,370	0.1	1,797	0.1	2,540	0.1	4,277	0.1
<b>Total Gross Loans</b>	<b>2,535,285</b>	<b>100.0</b>	<b>2,588,990</b>	<b>100.0</b>	<b>2,818,600</b>	<b>100.0</b>	<b>3,019,686</b>	<b>100.0</b>

As illustrated in the above table, RSB is primarily a real estate lender with 60.7% of its loan portfolio in 1-4 family residential mortgage loans and 33.7% in multifamily mortgage loans as of June 30, 2016. During the evaluation period, RSB's lending focus shifted slightly from 1-4 family residential mortgage loans to multifamily mortgage loans, which nearly doubled from the end of the previous evaluation period.

*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 the following seven counties: Bronx, Kings, New York, Queens, Nassau, Suffolk, and Westchester.

There were 2,887 census tracts in the assessment area, of which 351 were low-income, 746 were moderate-income, 1,021 were middle-income, 693 were upper-income and 76 were tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	10	143	97	60	29	339	70.8
Kings	13	125	295	213	115	761	55.2
New York	12	44	61	25	146	288	36.5
Queens	26	21	169	314	139	669	28.4
Nassau	8	9	26	157	84	284	12.3
Suffolk	1	4	70	197	51	323	22.9
Westchester	6	5	28	55	129	223	14.8
<b>Total</b>	<b>76</b>	<b>351</b>	<b>746</b>	<b>1,021</b>	<b>693</b>	<b>2,887</b>	<b>38.0</b>

### **Demographic & Economic Data**

The assessment area had a population of 11.5 million during the evaluation period. About 12.6% of the population were over the age of 65 and 19.6% were under the age of sixteen.

Of the 2.7 million families in the assessment area 27.5% were low-income, 17.3% were moderate-income, 18.2% were middle-income, and 37.0% were upper-income families. There were 4.2 million households in the assessment area, of which 14.8% had income below the poverty level and 3.4% were on public assistance.

The weighted average median family income in the assessment area was \$79,944.

There were 4.6 million housing units within the assessment area, of which 51.6% were one-to-four family units, and 48.1% were multifamily units. Of the area's housing units, 41.0% were owner-occupied, while 50.2% were rental units. Of the 1.9 million owner-occupied housing units, 19.6% were in low- and moderate-income census tracts while 80.4% were in middle- and upper-income census tracts. The median age of the housing stock was 70 years and the median home value in the assessment area was \$523,647.

There were 816,766 non-farm businesses in the assessment area. Of these, 78.0% were businesses with reported revenues of less than or equal to \$1 million, 6.1% reported revenues of more than \$1 million and 15.9% did not report their revenues. Of all the businesses in the assessment area, 85.6% were businesses with less than 50 employees while 92.4% operated from a single location. The largest industries in the assessment area were services (50.7%), retail trade (14.7%) insurance and real estate (8.8%), and 6.6% of businesses in the assessment area were not classified.

Per New York State Department of Labor, the annual average unemployment rate steadily declined during the evaluation period for New York State and the seven counties that made up RSB's assessment area indicating improving economic conditions. The annual unemployment rates for Bronx County during the evaluation period were consistently the highest while the unemployment rates for Nassau County were consistently the lowest.

<b>Assessment Area Unemployment Rate</b>								
	Statewide	Bronx	Kings	New York	Queens	Nassau	Suffolk	Westchester
2013	7.7%	11.7%	9.3%	7.5%	7.7%	5.9%	6.6%	6.3%
2014	6.3%	9.7%	7.6%	6.1%	6.3%	4.8%	5.4%	5.1%
2015	5.3%	7.7%	5.9%	4.8%	5.0%	4.3%	4.8%	4.6%
<b>Average for above 3 years</b>	<b>6.4%</b>	<b>9.7%</b>	<b>7.6%</b>	<b>6.1%</b>	<b>6.3%</b>	<b>5.0%</b>	<b>5.6%</b>	<b>5.3%</b>

### **Community Information**

Examiners interviewed representatives of two organizations that provide community development including affordable housing, economic development and/or community services within the RSB's assessment areas. One was a workforce and economic development organization located in New York City, that focuses on the issues of poverty and under-employment as well as helping start-up businesses and first-generation immigrants to overcome education and employment barriers. The other was a nonprofit organization comprised of over 100 neighborhood-based affordable housing and equitable economic development organizations and Community Development Corporations engaged in bank



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reinvestment advocacy on behalf of New York City's LMI communities.

The interviews helped to identify potential credit needs or credit opportunities within the assessment area. The interviewees indicated while the economic conditions in the assessment area for housing and small business was improving, there is still a credit need for affordable housing, small business, start-up business and community services that benefit low- and moderate-income individuals and families. The interviewees also noted the need to increase branch presence in low-income census tracts and offer more affordable products and services to low- and moderate-income individuals and families. One interviewee noted that the RSB in combination with its new SBA loan program, should also implement a formal second look program referring denied applicants to local CDFI's that lend to small businesses and provide a range of technical support helping businesses become successful and ultimately bankable.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated RSB under the large bank's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent which consist of the lending, investment and service tests. 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. Any practices intended to discourage credit applications,*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. 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, 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 RSB helps 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 ("FFIEC") and deposit data from the FDIC. DFS calculated loan-to-deposit ratios from information shown in the Bank's Uniform Bank Performance Report as submitted to the FDIC.

DFS sourced the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually, and obtained unemployment data from the New York State Department of Labor.

The assessment period for HMDA and MECA loans covered calendar years 2013, 2014 and 2015. The assessment period for community development activities covered the period from July 1, 2013 through June 30, 2016.

Examiners considered RSB's HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test and Modifications, Extensions and Consolidation Agreements ("MECAs") for multifamily loans were considered in evaluating factors (2) and (3).

Examiners gave greater weight to HMDA-reportable loans in the lending test, as they represented 87.8% by number and 62.8% by dollar value of loans originated in the assessment area.

At its **prior** Performance Evaluation, as of June 30, 2013, DFS assigned RSB a rating

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of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

**Current CRA Rating: “Satisfactory”**

**LENDING TEST:** “Low Satisfactory”

*The bank’s lending performance was evaluated pursuant to the following criteria:*

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

RSB’s HMDA-reportable activities, including multifamily MECA loans were adequate considering RSB’s size, business strategy and financial condition, as well as peer group activity, demographics characteristics and credit needs of its assessment area.

RSB’s lending activity and geographic distribution by census tract income were adequate, while distribution by borrower income was less than adequate. However, community development loans particularly for affordable housing, demonstrated an excellent response to the credit needs of the assessment area.

Competition for mortgage loans within the bank’s assessment area is high. In 2015, Wells Fargo Bank, N.A., JPMorgan Chase Bank, N.A., and Citibank, N.A. were the top three lenders in the bank’s assessment area with a combined market share of 32.6%. RSB, in 2015, ranked 53<sup>rd</sup> out of 523 mortgage lenders with a market share of 0.41% by dollar value of loans in its assessment area.

During the current evaluation period, RSB continued its efforts to expand its mortgage delivery channels through brokers and to increase its financial literacy and mortgage workshop programs.

**Lending Activity: “Low Satisfactory”**

RSB’s lending levels were adequate considering its size, business strategy and financial condition, as well as peer group activity and demographics characteristics and credit needs of its assessment area.

RSB’s average LTD ratio for the evaluation period was 66.4%, substantially below its peer group’s ratio of 91.8%. However, RSB’s quarterly LTD ratios steadily increased during the evaluation period from a low of 61.9% in the fourth quarter of 2013 to 73.3% for the second quarter of 2016. The increase in RSB’s quarterly LTD ratio was due primarily to an increase in multifamily lending.

Loan-to-Deposit Ratios													
	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	Avg.
Bank	62.1	61.9	62.0	63.7	64.4	65.6	65.2	67.1	70.0	70.1	71.1	73.3	66.4
Peer	86.1	88.0	87.6	90.1	91.5	92.9	92.4	93.9	94.3	95.3	94.1	95.6	91.8

**Assessment Area Concentration: “Outstanding”**

During the evaluation period, RSB originated 98.4% by number, and 99.1% by dollar value of its HMDA-reportable and MECA loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

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

Distribution of Loans Inside and Outside of the Assessment Area											
Loan Type	Number of Loans					Loans in Dollars (in thousands)					
	Inside		Outside		Total	Inside		Outside		Total	
	#	%	#	%		\$	%	\$	%		
<b>HMDA-Reportable</b>											
2013	550	99.1%	5	0.9%	555	319,893	99.5%	1,623	0.5%	321,516	
2014	393	98.0%	8	2.0%	401	212,226	98.5%	3,296	1.5%	215,522	
2015	405	97.1%	12	2.9%	417	244,960	97.7%	5,782	2.3%	250,742	
Subtotal	1,348	98.2%	25	1.8%	1,373	777,079	98.6%	10,701	1.4%	787,780	
<b>MECA Loans</b>											
2013	91	100.0%	0	0.0%	91	213,757	100.0%	0	0.0%	213,757	
2014	26	100.0%	0	0.0%	26	65,984	100.0%	0	0.0%	65,984	
2015	70	100.0%	0	0.0%	70	180,995	100.0%	0	0.0%	180,995	
Subtotal	187	100.0%	0	0.0%	187	460,736	100.0%	0	0.0%	460,736	
<b>Grand Total</b>	<b>1,535</b>	<b>98.4%</b>	<b>25</b>	<b>1.6%</b>	<b>1,560</b>	<b>1,237,815</b>	<b>99.1%</b>	<b>10,701</b>	<b>0.9%</b>	<b>1,248,516</b>	

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

RSB’s origination of loans in census tracts of varying income levels demonstrated an adequate distribution of lending. The rating reflects the greater weight given to HMDA lending.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans by the income level of the geography was adequate.

During the evaluation period, RSB's rates of lending in LMI geographies of 10.8% by number and 14.0% by dollar value of loans, were below the aggregate's rates of 17.7% and 19.2%, respectively. RSB's rates also trailed the assessment area demographics of 19.6% of owner-occupied housing units located in LMI income tracts for most of the evaluation period. However, RSB's rates of lending improved every year of the evaluation period and in 2015 its lending rate by dollar value of loans of 20.7% exceeded the aggregate's rate and the owner-occupied housing demographics.

The following table provides a summary of the distribution of RSB's HMDA-reportable loans by the income level of the geography where the property is located.

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2013</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	3	0.5%	2,207	0.7%	3,079	2.4%	2,111,687	3.5%	2.3%
Moderate	43	7.8%	22,410	7.0%	16,150	12.8%	7,398,376	12.3%	15.0%
LMI	46	8.4%	24,617	7.7%	19,229	15.3%	9,510,063	15.8%	17.3%
Middle	125	22.7%	62,544	19.6%	49,009	39.0%	17,535,410	29.1%	43.8%
Upper	378	68.7%	232,263	72.6%	57,445	45.7%	33,019,557	54.8%	38.8%
Unknown	1	0.2%	469	0.1%	130	0.1%	151,595	0.3%	0.0%
<b>Total</b>	<b>550</b>	<b>100.0%</b>	<b>319,893</b>	<b>100.0%</b>	<b>125,813</b>	<b>100.0%</b>	<b>60,216,625</b>	<b>100.0%</b>	<b>100.0%</b>
<b>2014</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	15	3.8%	9,112	4.3%	2,853	3.2%	2,773,602	5.6%	2.7%
Moderate	31	7.9%	24,611	11.6%	14,344	16.3%	7,849,425	15.9%	16.8%
LMI	46	11.7%	33,723	15.9%	17,197	19.6%	10,623,027	21.6%	19.6%
Middle	107	27.2%	50,337	23.7%	36,206	41.2%	14,230,955	28.9%	44.6%
Upper	239	60.8%	127,928	60.3%	34,353	39.1%	24,294,409	49.3%	35.8%
Unknown	1	0.3%	238	0.1%	81	0.1%	92,233	0.2%	0.0%
<b>Total</b>	<b>393</b>	<b>100.0%</b>	<b>212,226</b>	<b>100.0%</b>	<b>87,837</b>	<b>100.0%</b>	<b>49,240,624</b>	<b>100.0%</b>	<b>100.0%</b>
<b>2015</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	9	2.2%	9,638	3.9%	3,308	3.2%	2,929,133	4.9%	2.7%
Moderate	45	11.1%	40,957	16.7%	16,603	15.8%	9,451,838	15.7%	16.8%
LMI	54	13.3%	50,595	20.7%	19,911	19.0%	12,380,971	20.6%	19.6%
Middle	126	31.1%	64,522	26.3%	44,184	42.1%	18,248,440	30.3%	44.6%
Upper	225	55.6%	129,843	53.0%	40,736	38.8%	29,522,979	49.0%	35.8%
Unknown	0	0.0%	0	0.0%	43	0.0%	41,517	0.1%	0.0%
<b>Total</b>	<b>405</b>	<b>100.0%</b>	<b>244,960</b>	<b>100.0%</b>	<b>104,874</b>	<b>100.0%</b>	<b>60,193,907</b>	<b>100.0%</b>	<b>100.0%</b>
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	27	2.0%	20,957	2.7%	9,240	2.9%	7,814,422	4.6%	
Moderate	119	8.8%	87,978	11.3%	47,097	14.8%	24,699,639	14.6%	
LMI	146	10.8%	108,935	14.0%	56,337	17.7%	32,514,061	19.2%	
Middle	358	26.6%	177,403	22.8%	129,399	40.6%	50,014,805	29.5%	
Upper	842	62.5%	490,034	63.1%	132,534	41.6%	86,836,945	51.2%	
Unknown	2	0.1%	707	0.1%	254	0.1%	285,345	0.2%	
<b>Total</b>	<b>1,348</b>	<b>100.0%</b>	<b>777,079</b>	<b>100.0%</b>	<b>318,524</b>	<b>100.0%</b>	<b>169,651,156</b>	<b>100.0%</b>	

MECA Multifamily Loans:

The distribution of RSB's MECA multifamily loans among census tracts of varying income levels was excellent.

During the evaluation period, RSB made a total of 187 MECA loans in the amount of \$460.7 million of which it originated 59.9% by number and 56.7% by dollar value of loans within LMI geographies. RSB's rates of lending for every year of the evaluation period also substantially exceeded the demographics of owner-occupied housing units of 19.6% in the assessment area.

The following table provides a summary of the distribution of RSB's MECA multifamily loans by the income level of the geography where the property is located.

<b>Distribution of MECA loans by Geographic Income of the Census Tract</b>					
<b>2013</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	21	23.1%	58,289	27.3%	2.3%
Moderate	30	33.0%	55,310	25.9%	15.0%
LMI	51	56.0%	113,599	53.1%	17.3%
Middle	27	29.7%	63,614	29.8%	43.8%
Upper	13	14.3%	36,544	17.1%	38.8%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>91</b>	<b>100%</b>	<b>213,757</b>	<b>100%</b>	<b>100%</b>
<b>2014</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	3	11.5%	16,300	24.7%	2.7%
Moderate	15	57.7%	30,946	46.9%	16.8%
LMI	18	69.2%	47,246	71.6%	19.6%
Middle	4	15.4%	8,688	13.2%	44.6%
Upper	4	15.4%	10,050	15.2%	35.8%
Unknown	0	0%	0	0.0%	0.0%
<b>Total</b>	<b>26</b>	<b>100%</b>	<b>65,984</b>	<b>100%</b>	<b>100%</b>
<b>2015</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	19	27.1%	37,550	20.7%	2.7%
Moderate	24	34.3%	62,720	34.7%	16.8%
LMI	43	61.4%	100,270	55.4%	19.6%
Middle	11	15.7%	28,730	15.9%	44.6%
Upper	16	22.9%	51,995	28.7%	35.8%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>70</b>	<b>100.0%</b>	<b>180,995</b>	<b>100%</b>	<b>100%</b>
<b>GRAND TOTAL</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	43	23.0%	112,139	24.3%	
Moderate	69	36.9%	148,976	32.3%	
LMI	112	59.9%	261,115	56.7%	
Middle	42	22.5%	101,032	21.9%	
Upper	33	17.6%	98,589	21.4%	
Unknown	-	0.0%	-	0.0%	
<b>Total</b>	<b>187</b>	<b>100%</b>	<b>460,736</b>	<b>100%</b>	

## Distribution by Borrower Characteristics: “Needs to Improve”

RSB’s 1-4 family HMDA lending demonstrated a less than adequate distribution of loans among individuals of different income levels.

During the evaluation period, RSB’s rates of lending to LMI borrowers of 7.1% by number and 2.0% by dollar value of loans were significantly below the aggregate’s rates of 15.4% and 6.6%, respectively. RSB’s performance for lending to LMI borrowers for the current evaluation period also compared negatively to its performance for the prior evaluation period, in which its rates of lending were 16.5% by number and at 4.9% by dollar value of loans.

Management is encouraged to increase its efforts to expand mortgage delivery channels to reach more LMI borrowers considering the aggregate’s performance and the high level of low- or moderate-income families (44.6%) within the assessment area.

The following table provides a summary of the distribution of RSB’s 1-4 family HMDA-reportable loans by borrower income.

Distribution Of 1-4 Family Loans by Borrower Income									
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	7	1.3%	709	0.2%	4,122	3.4%	705,426	1.4%	26.1%
Moderate	40	7.4%	6,763	2.2%	14,370	11.7%	2,873,279	5.7%	17.0%
LMI	47	8.8%	7,472	2.4%	18,492	15.1%	3,578,705	7.1%	43.1%
Middle	50	9.3%	10,429	3.4%	25,824	21.1%	6,601,213	13.1%	18.3%
Upper	421	78.4%	275,986	89.8%	73,075	59.6%	36,613,016	72.8%	38.6%
Unknown	19	3.5%	13,316	4.3%	5,274	4.3%	3,532,252	7.0%	
<b>Total</b>	<b>537</b>	<b>100.0%</b>	<b>307,203</b>	<b>100.0%</b>	<b>122,665</b>	<b>100.0%</b>	<b>50,325,186</b>	<b>100.0%</b>	<b>100.0%</b>
2014									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	4	1.1%	344	0.2%	3,191	3.7%	590,342	1.5%	27.5%
Moderate	14	3.8%	2,204	1.2%	10,727	12.6%	2,220,067	5.8%	17.3%
LMI	18	4.9%	2,548	1.4%	13,918	16.4%	2,810,409	7.3%	44.8%
Middle	44	12.0%	11,119	5.9%	18,184	21.4%	4,867,903	12.7%	18.2%
Upper	288	78.7%	161,986	85.9%	49,904	58.6%	27,645,063	72.0%	37.0%
Unknown	16	4.4%	12,816	6.8%	3,108	3.7%	3,076,265	8.0%	
<b>Total</b>	<b>366</b>	<b>100.0%</b>	<b>188,469</b>	<b>100.0%</b>	<b>85,114</b>	<b>100.0%</b>	<b>38,399,640</b>	<b>100.0%</b>	<b>100.0%</b>
2015									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	3	0.8%	405	0.2%	3,510	3.3%	702,247	1.2%	27.5%
Moderate	23	6.1%	3,658	1.9%	12,203	11.6%	2,699,556	4.5%	17.3%
LMI	26	6.9%	4,063	2.1%	15,713	15.0%	3,401,803	5.7%	44.8%
Middle	45	11.9%	12,550	6.4%	21,221	20.2%	6,018,151	10.0%	18.2%
Upper	289	76.3%	165,367	84.8%	57,792	55.1%	33,690,741	56.0%	37.0%
Unknown	19	5.0%	12,941	6.6%	10,148	9.7%	17,083,030	28.4%	
<b>Total</b>	<b>379</b>	<b>100.0%</b>	<b>194,921</b>	<b>100.0%</b>	<b>104,874</b>	<b>100.0%</b>	<b>60,193,725</b>	<b>100.0%</b>	<b>100.0%</b>
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	14	1.1%	1,458	0.2%	10,823	3.5%	1,998,015	1.3%	
Moderate	77	6.0%	12,625	1.8%	37,300	11.9%	7,792,902	5.2%	
LMI	91	7.1%	14,083	2.0%	48,123	15.4%	9,790,917	6.6%	
Middle	139	10.8%	34,098	4.9%	65,229	20.9%	17,487,267	11.7%	
Upper	998	77.8%	603,339	87.4%	180,771	57.8%	97,948,820	65.8%	
Unknown	54	4.2%	39,073	5.7%	18,530	5.9%	23,691,547	15.9%	
<b>Total</b>	<b>1,282</b>	<b>100.0%</b>	<b>690,593</b>	<b>100.0%</b>	<b>312,653</b>	<b>100.0%</b>	<b>148,918,551</b>	<b>100.0%</b>	

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### Community Development Lending: “Outstanding”

During the evaluation period, RSB originated \$228.1 million in new community development loans and had \$124.8 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

RSB’s qualified community development loans for the period totaled \$352.9 million, a nearly 100% increase from the \$178.6 million reported at the prior evaluation. This was primarily due to RSB’s increased multifamily lending; as a result, the majority of its community development loans were for affordable housing.

RSB’s annualized ratio of community development loans to average total assets for the evaluation period totaled 2.3% demonstrating an excellent level of community development lending.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	141	217,802	62	124,840
Revitalize & Stabilize	4	10,275		
Community Services				
Economic Development				
Total	145	228,077	62	124,840

Below are highlights of RSB’s community development loans.

#### Affordable Housing

- RSB refinanced a \$7.0 million multifamily mortgage loan for a 7-story mixed-use apartment building located in Jamaica, NY. The property contains a total of 70 apartments and three store fronts currently occupied by medical offices. The majority of the rental units, including 18 rent-stabilized units, are affordable as they are below the U.S. Department of Housing and Urban Development’s (“HUD”) fair market rents (“FMR”) for Queens County.
- RSB refinanced a \$3.4 million multifamily mortgage loan for a 6-story apartment building in Bronx, NY. The property contains only residential units which are all rent-stabilized and rents are below the HUD’s FMR’s for Bronx County.



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## Revitalize and Stabilize

- RSB refinanced a \$1.0 million commercial mortgage loan for a two-story commercial building occupied by a restaurant and catering business. The property is in a moderate-income census tract in Brooklyn, NY. The restaurant provides jobs helping to stabilize and revitalize the area.

## **Flexible and/or Innovative Lending Practices:**

RSB offered several innovative or flexible lending programs to meet the credit needs of its assessment area. The following is a brief description of a couple of these programs:

- Tuition Loan Program: RSB offered a tuition loan program for several parochial elementary schools in its assessment area. The program offers loans with customized terms and low rates to low-income families to make tuition payments more manageable. During the evaluation, RSB made 1,056 tuition loans totaling \$1.9 million.
- RSB Affordable Housing Product (“AHP”): RSB offered AHP to homebuyers, a unique product, with flexible loan terms and various repayment plans. The product also requires only a 3% down payment.

## **INVESTMENT TEST:** “High Satisfactory”

*DFS evaluated RSB’s investment performance pursuant to the following criteria:*

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to credit and community development needs.*

RSB’s community development investments were more than reasonable considering the assessment area’s credit needs.

## **Community Development Investments:**

During the evaluation period, RSB made \$51.4 million in new community development investments and had \$18.6 million outstanding from prior evaluations. In addition, RSB made \$426,750 in community development grants. This demonstrated a more than reasonable level of community development investments and grants over the course of the evaluation period.

RSB’s community development investments and grants totaled \$70.4 million for the

evaluation period resulting in an annualized ratio of community development investments and grants to average total assets of 0.46% for the evaluation period. This was an improvement over the 0.14% reported at the prior evaluation and a more than reasonable level of community development investments.

The table below shows the total community development investments and grants by community development purpose.

<b>Community Development Investments and Grants</b>				
	This Evaluation Period		Outstandings Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing	19	45,378	14	18,590
Economic Development	2	50		
Community Services				
Revitalize & Stabalize	2	5,938		
<b>Total</b>	<b>23</b>	<b>51,366</b>	<b>14</b>	<b>18,590</b>
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	46	64		
Economic Development	4	5		
Community Services	202	330		
Revitalize and Stabilize	23	29		
<b>Total</b>	<b>275</b>	<b>427</b>		

Below are highlights of RSB’s new community development investments.

Affordable Housing

- RSB invested \$45.3 million in a CRA qualified investment fund secured by mortgage-backed securities issued by FNMA/GNMA. The securities are collateralized by residential mortgage loans made to LMI borrowers in RSB’s assessment area.
- RSB invested \$3.0 million in the Raymond James New York Housing Opportunities Fund. The fund with Low-Income Housing Tax Credit (“LIHTC”) supports the creation, rehabilitation, retention and/or preservation of affordable housing for qualified low-income residents in New York.

Economic Development

- RSB renewed a \$25,000 certificate of deposit issued by Spring Bank, which is a NY State chartered bank that is a U.S. Treasury Department designated Community Development Financial Institution, providing financial services and financing in LMI communities.

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## **Community Development Grants**

During the evaluation period, RSB made \$426,750 in grants to various community development organizations. Most of the grants benefitted organizations that provided community development services within the assessment area. The following are some highlights of grants made during the evaluation period:

- RSB contributed \$6,000 to an organization that is an umbrella organization of about 100 nonprofit affordable housing and economic development groups, serving low- and moderate-income residents throughout New York City.
- RSB donated \$13,000 to a not-for-profit organization whose mission is to help academically capable and motivated children from at-risk situations to meet their full potential. The organization, through a boarding program, provides them with a safe and stable living environment, academic support, and guidance to finish high school, graduate from college, and become responsible and productive citizens.
- RSB contributed \$6,000 to an organization whose mission is to ensure and improve food security for families, sponsor programs that help families achieve self-sufficiency, and educate the public about the causes and consequences of hunger on Long Island.
- RSB donated \$3,500 to a not-for-profit organization which is in partnership with other community-based organizations, small businesses, and policymakers works for a more sustainable and equitable New York City by combining urban planning, research, policy advocacy, and small business assistance to advance innovative solutions to low- and moderate-income communities that face the greatest economic and environmental challenges.
- RSB contributed \$2,000 to an organization that assists start-up businesses in their development by providing products ranging from technical assistance to financing. The organization provides resources for local employment opportunities and solutions to residents relating to commercial issues.

## **Innovativeness of Community Development Investments:**

RSB did not use innovative investments to support community development. While RSB made a large amount of investment in mortgage-backed securities, this investment is not considered innovative.

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## **Responsiveness of Community Development Investments to Credit and Community Development Needs:**

RSB's community development investments exhibited an adequate responsiveness to the assessment area's credit and community development needs.

### **SERVICE TEST: "Outstanding"**

*DFS evaluated RSB's retail service performance pursuant to the following criteria:*

- (1) The current distribution of the banking institution's branches;*
- (2) The institutions record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services; and*
- (4) The range of services provided.*

*DFS evaluated RSB's community development service performance pursuant to the following criteria:*

- (1) The extent to which the banking institution provides community development services; and*
- (2) The innovativeness and responsiveness of community development services.*

### **Retail Banking Services: "Outstanding"**

RSB has an excellent branch network, delivery systems, branch hours, services and alternative delivery systems particularly as they relate to LMI communities.

#### **Current distribution of the banking institution's branches:**

RSB has an excellent distribution of branches within its assessment area.

RSB's retail delivery system was readily accessible to LMI individuals inside its assessment area. As of the evaluation date, RSB operated 34 full branches and one limited facility providing only drive-thru service. While RSB has no branches in low-income census tracts it has 13 branches or 37% of its branches in moderate-income census tracts. In addition, RSB operates a mobile branch serving mainly senior assisted living facilities in its assessment area.

During the evaluation period, RSB's branch distribution significantly improved as four former middle-income census tracts were reclassified into moderate-income census tracts due to newly delineated MSA boundaries effective in 2014. Thus, RSB's distribution of branches in LMI geographies improved from the 25% reported at the prior evaluation period. In addition, RSB's distribution is comparable to the assessment area's concentration of LMI census tracts of 38%.

RSB continues to participate in the New York State Department of Financial Services' Banking Development District (BDD) program. This program is designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks play an important role in promoting individual wealth, community development, and revitalization. RSB's branch located at 3824 White Plains Road, Bronx, NY is the BDD approved branch.

<b>Distribution of Branches within the Assessment Area - 2016</b>						
<b>County</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>Total</b>	<b>LMI</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>%</b>
Bronx	0	5	2	1	8	63%
Kings	0	2	1	2	5	40%
New York	0	0	0	2	2	0%
Queens	0	4	1	5	10	40%
Nassau	0	1	4	1	6	17%
Suffolk	0	0	2	0	2	0%
Westchester	0	1	1	0	2	50%
<b>Total</b>	<b>0</b>	<b>13</b>	<b>11</b>	<b>11</b>	<b>35</b>	<b>37%</b>

Record of opening and closing branches:

RSB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and or LMI individuals.

RSB did not open any branches during the evaluation period; however, it closed the following two branches:

- In February 2014, RSB closed the branch at 843 Bronx River Road, Bronxville, NY (middle-income census tract); and
- In April 2016, RSB closed the branch at 1626 Bruckner Boulevard, Bronx NY (middle-income census tract). This branch had participated in the BDD program since September 2006.

Availability and effectiveness of alternative systems for delivering retail services:

RSB's delivery systems are readily accessible to significant portions of the bank's assessment area including LMI geographies and individuals.

RSB has a total of 45 ATMs, 43 of which are located at branch locations with at least one ATM at each branch. All of these are available 24/7 for deposit and/or cash withdrawal. RSB's mobile branch also offers ATM services at approved locations

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including community events such as walks and parades. The other ATM is located off-site at a college located in a moderate-income census tract. Of the 45 ATMs 18 are in low- and moderate-income census tracts. In addition, RSB is a member of the “All Point” network offering its customers free access to over 55,000 additional ATMs worldwide.

Other delivery channels available to customers include online banking, mobile (App) banking, telephone banking and banking by mail.

*Range of services provided:*

RSB’s services meet the convenience and accessibility needs of its assessment area, particularly LMI geographies and individuals.

Branches are typically open Monday through Friday from 9:00 AM to 3:00 PM and most of the branches offer extended hours until 7:00 PM either on Thursday or Friday. Branches also typically offer Saturday hours from 9:00AM to 1:00PM. A majority of the branches also have a drive-up/walk-up window open from 7:00 AM to 7:00 PM.

The mobile branch services 23 senior centers in the assessment area bi-weekly and monthly, of which six are in low- or moderate-income census tracts.

The BDD branch offers the “NYC SafeStart Account.” The account has no overdraft fees and no monthly fees if the minimum balance is met. The account was created as a less costly alternative account targeted at unbanked households.

**Community Development Services:** “High Satisfactory”

RSB provided a relatively high level of community development services.

Many RSB’s officers and employees offer their technical expertise as members of boards or committees of community organizations that focus on helping low- and moderate-income individuals and families. In addition, RSB also provided financial literacy classes in schools, branches and businesses as well as held workshops and outreach events that provide financial education to residents within the assessment area. The following are highlights of community development services provided by RSB through its officers, trustees and employees:

- The executive vice president and chief operating officer is a member of the board of a not-for-profit organization headquartered in Syosset, Long Island, NY that offers care for children and adolescents in need, including children who have been abused, neglected and/ or abandoned. The organization also provides foster care and adoption services for children in their care that need a loving family.

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- The senior vice president and chief technology officer is a board and committee member of an organization that operates food pantries as well as a food assistance program in Suffolk and Nassau County.
  - A senior vice president serves on the board of an organization that addresses the issues of hunger and homelessness on Long Island by providing food, shelter, long-term housing, and supportive services.
  - A trustee of the board is also a member of the board of an organization that provides guidance and oversight, as well as educational and mentoring services to at-risk youth.
  - A trustee is the chairman of the board of an organization located in the Bedford-Stuyvesant neighborhood in Brooklyn, NY. Its mission is to alleviate and educate the public on persistent hunger and poverty in our communities. The organization provides thousands of meals to hungry people and helps them to achieve self-sufficiency.

### **Additional Factors**

The following factors were also considered in assessing RSB's record of performance.

### **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 has a CRA committee, which meets quarterly. Committee members include the CEO, president, chief lending officer, chief risk officer, chief retail banking officer, chief financial officer, chief investment officer and the internal auditor. The committee discusses CRA-related initiatives such as outreach efforts and workshops, and reviews its community developing lending, investments and services activity. The minutes of the CRA committee are presented and approved by the board of trustees quarterly. The board also approves the bank's CRA policy statement.

### **Discrimination and other illegal practices**

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

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

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

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

### **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.

The CRA officer, senior management and other members of management maintain a strong rapport with many community-based organizations. Additionally, branch managers are encouraged to be active in community-based organizations (local community boards, BID's, not-for-profit organizations). Members of management attend meetings with organizations that provide assistance to small business and LMI individuals and communities to explore opportunities to ascertain and meet 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

RSB is actively engaged in many community-based organizations within its assessment area. These organizations focus on affordable housing, economic development, empowering low-income New Yorkers and serving at-risk youth. RSB introduces its products and services at meetings held with these organizations, as well as part of the financial education workshops it hosts.

RSB also advocates community engagement and involvement through its "Spirit of Ridgewood" program, which encourages employees of the bank to provide resources and support to the communities RSB serves.

Through active involvement with the community and community-based organizations, and taking part in activities and events, RSB disseminates information on its products and services, which include the Bank's Affordable Lending and First-time Homebuyer program, and the Money Matters and Tax Preparation Days. The Bank also supports Mortgage Awareness Days and special events through its social media platform.

RSB also advertises its products and services via press releases, branch merchandising, television, radio and its website.

**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**



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RSB has applied for a new branch to be located at 1035 Fulton Street, Brooklyn, NY, which has been designated as a Banking Development District. The area is experiencing revitalization and development. These new developments will increase commercial storefronts and retail activity in the area, providing for financing needs and banking opportunities. As mentioned, RSB currently has one branch in a Banking Development District located in the Bronx.

During the evaluation RSB received favorable comments from nonprofit organizations on its role on meeting the credit needs in the community.

## 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

## **Small Business Loan**

A small business loan is a loan less than or equal to \$1 million.

## **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.