



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2019

Institution: Tompkins Trust Company
110 N. Tioga Street
Ithaca, NY 14850

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 Tompkins Trust Company (“TTC” 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, 2019.

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

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated TTC according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The evaluation period included calendar years 2017, 2018, and 2019 for lending activities and the period from October 1, 2016 to December 31, 2019 for community development activities. TTC is rated "2" indicating a **Satisfactory** record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: High Satisfactory

TTC's HMDA-reportable and small business lending activities were more than reasonable in light of TTC's 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.

Lending Activity: High Satisfactory

TTC's lending levels were more than reasonable considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

TTC's average loan-to-deposit ("LTD") ratio was 84.2% for the evaluation period, reflecting a significant increase from the Bank's ratio of 70% during the prior evaluation period. The Bank's LTD ratio was slightly below the peer group's average of 85.8%.

Assessment Area Concentration: Outstanding

During the evaluation period, TTC originated 90.2% by number and 87.7% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

Geographic Distribution of Loans: High Satisfactory

TTC's origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

The distribution of TTC's HMDA-reportable loans by the income level of the geography was more than reasonable. TTC originated 12.7% by number of loans and 14.8% by dollar value of its HMDA-reportable loans in LMI geographies. TTC's rate of lending in LMI geographies exceeded the aggregate's rate of 9.9% by number and 8.4% by dollar value of loans.

The distribution of TTC's small business loans among census tracts of varying income levels was adequate. TTC originated 18.3% by number and 16.2% by dollar value of its small business loans in LMI geographies during the evaluation, while the aggregate

originated 16.1% and 17.3%, respectively.

Distribution by Borrower Characteristics: Low Satisfactory

TTC's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

TTC's one-to-four family HMDA-reportable lending demonstrated an adequate distribution of loans among individuals of different income levels. TTC's HMDA-reportable distribution among LMI borrowers averaged 22.8% by number and 14.1% by dollar value, which was lower than the aggregate's lending rates of 31.7% and 20.9%, respectively.

TTC's small business lending demonstrated a more than reasonable distribution of loans among businesses of different revenue sizes. TTC's lending to businesses with annual revenue of \$1 million or less was 50% by number and 44.2% by dollar value, outperforming the aggregate's rates of 47.1% and 31%, respectively.

Community Development Lending: Outstanding

During the evaluation period, TTC originated \$55.7 million in new community development loans and had \$9.8 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Approximately 48% of TTC's community development loans (both new and outstanding from prior evaluation periods) consisted of credit extensions for community service programs, while loans extended for economic development, affordable housing and revitalization and stabilization purposes made up the remainder.

INVESTMENT TEST: High Satisfactory

TTC's qualified investments were more than reasonable in light of the assessment area's credit needs.

Qualified Investments:

During the evaluation period, TTC made \$9.3 million in qualified investments and had \$868,782 outstanding from prior evaluation periods. In addition, TTC made \$330,152 in qualified grants. This demonstrated a more than reasonable level of qualified investments over the course of the evaluation period.

Innovativeness of Qualified Investments:

TTC did not make use of innovative investments to support community development.

Responsiveness of Qualified Investments to Credit and Community Development Needs:

TTC's qualified investments exhibited more than reasonable responsiveness to the assessment area's credit and community development needs.

SERVICE TEST: High Satisfactory

Retail Banking Services: Outstanding

TTC has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, which were adequate to meet the needs of LMI individuals.

Community Development Services: High Satisfactory

TTC provided a more than reasonable 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 GRS Part 76.

PERFORMANCE CONTEXT

Institution Profile:

Chartered in 1836, TTC is a commercial bank headquartered in Ithaca, New York. TTC is a wholly owned subsidiary of Tompkins Financial Corporation (“TFC”) a publicly owned financial holding company. TFC also owns Tompkins Mahopac Bank, Tompkins Bank of Castile and a bank in Pennsylvania. In addition, TFC wholly owns Tompkins Financial Advisors, which provides investment advice and wealth management services, and Tompkins Insurance Agencies, which offers various insurance products.

TTC offers a range of banking services and products as well as investment and insurance services and products. Loan products include residential mortgage loans, home equity loans, lines of credit, consumer loans, small business loans, commercial mortgage loans, commercial and industrial loans, and agricultural loans. TTC’s deposit products include personal and business checking and savings accounts, certificates of deposits and IRA accounts. The bank also offers cash management services for businesses and online and mobile banking.

TTC has thirteen branches within its assessment area, of which nine branches are located in Tompkins County and one branch each in Cayuga, Cortland, Onondaga and Schuyler counties. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of 16 machines, including one each at 12 of the branch offices. In addition, TTC has 10 off-site ATMs at locations within its assessment area. Two of the offsite ATMs are deposit-taking.

In its Consolidated Report of Condition (the Call Report) as of December 31, 2019, filed with the Federal Deposit Insurance Corporation (“FDIC”), TTC reported total assets of \$2.1 billion, of which \$1.4 billion were net loans and lease financing receivables. It also reported total deposits of \$1.6 billion, resulting in a loan-to-deposit ratio of 84.9%. According to the latest available comparative deposit data as of June 30, 2019, TTC obtained a market share of 10.2%, or \$1.5 billion, in a market of \$14.9 billion, ranking it 3rd among 24 deposit-taking institutions in the assessment area.

The following is a summary of the bank’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2017, 2018, and 2019 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	Year 1		Year 2		Year 3	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	570,207	43.0	589,306	43.8	597,153	42.4
Commercial & Industrial Loans	105,809	8.0	110,073	8.2	98,895	7.0
Commercial Mortgage Loans	349,813	26.4	347,872	25.9	381,863	27.1
Multifamily Mortgages	125,506	9.5	124,169	9.2	139,403	9.9
Consumer Loans	25,518	1.9	29,732	2.2	33,825	2.4
Agricultural Loans	15,931	1.2	15,920	1.2	15,167	1.1
Construction Loans	60,290	4.5	58,624	4.4	71,609	5.1
Obligations of States & Municipalities	59,896	4.5	56,121	4.2	55,101	3.9
Other Loans	0	0.0	95	0.0	0	0.0
Lease financing	13,499	1.0	13,494	1.0	16,054	1.1
Total Gross Loans	1,326,469		1,345,406		1,409,070	

As illustrated in the above table, TTC is primarily a residential real estate lender, with 52.3% of its loan portfolio in residential real estate, while commercial and industrial loans and commercial mortgage loans made up 34.1% of the loan portfolio.

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

Assessment Area

The Bank's assessment area is comprised of Cayuga, Cortland, Tompkins, Schuyler, and Onondaga counties. In 2018, the Bank expanded its assessment area to include the entirety of Onondaga County, adding an additional 106 census tracts or an increase of 112.8% compared to the prior evaluation period, at which time the assessment area only included parts of Onondaga County.

There are now 200 census tracts in the assessment area, of which 24 are low-income, 27 are moderate-income, 87 are middle-income, 55 are upper-income, and 7 are tracts with no income indicated.

TTC has 51 LMI census tracts this evaluation period compared to 12 during the prior period, an increase of 325%. Onondaga County has 84% of the total LMI geographies in the assessment area. Additionally, 5 middle-income census tracts in Schuyler County are classified as underserved or distressed, resulting in a total of 28% of the assessment area being comprised of LMI and distressed/underserved census tracts.

The table below shows the distribution of census tracts in TTC's assessment area by county and income level.

Assessment Area Census Tracts by Income Level									
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	Middle distressed or underserved	LMI & Distressed %
Cayuga	1	1	2	12	4	20	15%		15%
Cortland	0	0	1	8	3	12	8%		8%
Onondaga	5	23	20	50	42	140	31%		31%
Schuyler	0	0	0	5	0	5	0%	5	100%
Tompkins	1	0	4	12	6	23	17%		17%
Total	7	24	27	87	55	200		5	28%

Demographic & Economic Data

The assessment area had a population of 718,785 during the examination period. Approximately 14.8% of the population was over the age of 65 and 18.2% was under the age of 16.

Of the 168,282 families in the assessment area 20.3% were low-income, 16.3% were moderate-income, 20.5% were middle-income and 42.9% were upper income. There were 279,694 households in the assessment area, of which 14.4% had income below the poverty level and 3.5% were on public assistance.

The weighted average median family income in the assessment area was \$73,603.

There were 312,384 housing units within the assessment area, of which 79.6% were one-to four-family units and 16.1% were multifamily units. A majority (58.1%) of the area's housing units were owner-occupied, while 33.7% were rental units.

Of the 181,634 owner-occupied housing units, 11.3% were in LMI census tracts while 88.7% were in middle- and upper-income census tracts. The median age of the housing stock was 58 years, and the median home value in the assessment area was \$136,747.

There were 42,896 non-farm businesses in the assessment area. Of these, 79.4% were businesses with reported revenues of less than or equal to \$1 million, 6.8% reported revenues of more than \$1 million, and 13.8% did not report their revenues. Of all the businesses in the assessment area, 95.9% were businesses with less than fifty employees while 85.3% operated from a single location. The largest industries in the area were services (43.6%), followed by retail trade (14.4%) and finance insurance and real estate (7.3%); 10.6% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State declined from 2017 to 2019. The same was true for the average unemployment rates for each of the counties in the assessment area, except Tompkins County where the unemployment rate remained the same for 2018 and 2019. Cortland and Schuyler counties continually had the highest unemployment rates during the period, while Tompkins County continually had the lowest rates.

Assessment Area Unemployment Rate						
	Statewide	Cayuga	Cortland	Onondaga	Schuyler	Tompkins
2017	4.7	5.0	5.8	4.7	5.8	4.3
2018	4.1	4.5	5.1	4.0	5.1	3.6
2019	4.0	4.3	4.9	3.9	4.7	3.6
Average of Years Above	4.4	4.4	5.3	4.3	5.2	3.8

Community Information

Examiners conducted community contact interviews with representatives of two community service organizations operating in TTC’s assessment area to further understand the economic conditions and potential credit and banking needs of the assessment area.

The first organization was a Community Development Financial Institution (“CDFI”) focused on affordable housing, serving Tompkins and six nearby counties. Tompkins County, which includes the City of Ithaca, is an economic hub. The representative stated that due to limited housing, cash buyers are common and that the university student population has driven the rental market upward thus making it very costly to live in the area. The LMI population faces an affordability issue because of this heavy demand for housing. However, proposed new student housing may help the rental market for the LMI population indirectly by making available more of the existing housing for the non-student population.

The second organization focused on helping local businesses grow in Tompkins County through direct assistance including loan funding. The organization’s president noted that, prior to the pandemic, the county had a strong higher education component (Cornell, Ithaca College); continuing growth in job opportunities; significant construction activities at Cornell, hotels, residential development, office space expansion; and a strong healthcare sector. All of the aforementioned factors have attracted young professionals, families and students. However, the representative stated that the pandemic has put much on standstill. At the time of the interview, there were no students residing on local college campuses and high-tech R&D firms had been severely hit by the crisis. Local community leaders were also seeking to take advantage of the tourism opportunities in the area, including promotion of vacation homes on Cayuga Lake. The representative further stated that local financial institutions adequately support the needs of local small businesses and are significant community participants through volunteer activities.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated TTC under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, 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 TTC helps to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. TTC 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 obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS derived 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. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2017, 2018, and 2019 for lending activities and the period from October 1, 2016 to December 31, 2019 for community development activities.

Examiners considered TTC's HMDA-reportable and small business loans in evaluating factors (2), (3) and (4) of the lending test noted below. As TTC made very few small farm loans, DFS based all analyses on small business lending only.

At its prior Performance Evaluation, as of September 30, 2016, DFS assigned TTC a rating of "1," reflecting an "Outstanding" record of helping to meet the credit needs of TTC's community.

Current CRA Rating: Satisfactory

LENDING TEST: High 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.*

TTC's HMDA-reportable and small business lending activities were more than reasonable in light of TTC's 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.

Lending Activity: High Satisfactory

TTC's lending levels were more than reasonable considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

TTC's average LTD ratio was 84.2%, reflecting a significant increase from the Bank's average LTD ratio of 70% during the prior evaluation, while it was slightly below the peer group's average of 85.8%.

The table below shows TTC's LTD ratios in comparison with the peer group's ratios for the evaluation period.

Loan-to-Deposit Ratios													
	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	Avg.
Bank	77.3	82.2	84.0	86.0	82.4	86.6	85.4	85.5	84.2	88.9	82.6	84.9	84.2
Peer	83.1	84.7	85.3	85.0	85.0	86.7	86.8	86.9	85.9	87.0	86.7	86.6	85.8

Assessment Area Concentration: Outstanding

During the evaluation period, TTC originated 90.2% by number and 87.7% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

HMDA-Reportable Loans:

During the evaluation period, TTC originated 91.4% by number and 90.5% 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:

TTC originated 89% by number and 83.8% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects more than reasonable concentration of lending.

The following table shows the percentages of TTC's HMDA-reportable and small business 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
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2017	392	89.7%	45	10.3%	437	108,539	87.2%	15,882	12.8%	124,421
2018	360	92.8%	28	7.2%	388	87,846	93.9%	5,709	6.1%	93,555
2019	393	91.8%	35	8.2%	428	88,803	91.6%	8,189	8.4%	96,992
Subtotal	1,145	91.4%	108	8.6%	1,253	285,188	90.5%	29,780	9.5%	314,968
Small Business										
2017	344	86.6%	53	13.4%	397	56,485	78.5%	15,493	21.5%	71,978
2018	359	90.4%	38	9.6%	397	64,812	84.7%	11,750	15.3%	76,562
2019	372	89.9%	42	10.1%	414	73,985	87.4%	10,647	12.6%	84,632
Subtotal	1,075	89.0%	133	11.0%	1,208	195,282	83.8%	37,890	16.2%	233,172
Grand Total	2,220	90.2%	241	9.8%	2,461	480,470	87.7%	67,670	12.3%	548,140

Geographic Distribution of Loans: High Satisfactory

TTC's origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

HMDA-Reportable Loans:

The distribution of TTC's HMDA-reportable loans by the income level of the geography was more than reasonable.

TTC originated 12.7% by number of loans and 14.8% by dollar value of its HMDA-reportable loans in LMI geographies, exceeding the aggregate's rates of 9.9% and 8.4%, respectively. However, TTC originated 10 loans or 0.9% by number of HMDA-reportable loans in low-income geographies, lower than the aggregate's rate of 1.7%, while its 2.2% originations by dollar value is slightly above aggregate's rate of 2.1%.

TTC's HMDA-reportable lending levels in LMI geographies compared favorably to the percentage of owner-occupied housing units in the assessment area.

The following table provides a summary of the distribution of TTC'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									
2017									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	58	1.0%	56,508	4.8%	1.1%
Moderate	38	9.7%	13,647	12.6%	555	9.3%	117,242	10.0%	8.9%
LMI	38	9.7%	13,647	12.6%	613	10.3%	173,750	14.8%	10.0%
Middle	237	60.5%	59,131	54.5%	3,192	53.5%	537,195	45.8%	55.0%
Upper	111	28.3%	26,573	24.5%	2,131	35.7%	416,723	35.5%	34.9%
Unknown	6	1.5%	9,188	8.5%	32	0.5%	46,486	4.0%	0.1%
Total	392		108,539		5,968		1,174,154		
2018									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	1.7%	3,141	3.6%	257	2.0%	26,755	1.4%	2.7%
Moderate	47	13.1%	13,747	15.6%	1,034	8.0%	109,550	5.8%	8.6%
LMI	53	14.7%	16,888	19.2%	1,291	10.0%	136,305	7.2%	11.3%
Middle	197	54.7%	37,483	42.7%	6,533	50.8%	832,945	44.0%	53.3%
Upper	104	28.9%	30,641	34.9%	5,018	39.0%	853,140	45.1%	35.3%
Unknown	6	1.7%	2,834	3.2%	24	0.2%	70,930	3.7%	0.1%
Total	360		87,846		12,866		1,893,320		
2019									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	1.0%	3,149	3.5%	243	1.8%	30,595	1.3%	2.7%
Moderate	50	12.7%	8,607	9.7%	1,083	7.9%	110,415	4.7%	8.6%
LMI	54	13.7%	11,756	13.2%	1,326	9.7%	141,010	6.0%	11.3%
Middle	218	55.5%	42,503	47.9%	6,960	51.0%	950,250	40.8%	53.3%
Upper	115	29.3%	31,556	35.5%	5,327	39.0%	1,163,465	49.9%	35.3%
Unknown	6	1.5%	2,988	3.4%	37	0.3%	76,495	3.3%	0.1%
Total	393		88,803		13,650		2,331,220		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	0.9%	6,290	2.2%	558	1.7%	113,858	2.1%	
Moderate	135	11.8%	36,001	12.6%	2,672	8.2%	337,207	6.2%	
LMI	145	12.7%	42,291	14.8%	3,230	9.9%	451,065	8.4%	
Middle	652	56.9%	139,117	48.8%	16,685	51.4%	2,320,390	43.0%	
Upper	330	28.8%	88,770	31.1%	12,476	38.4%	2,433,328	45.1%	
Unknown	18	1.6%	15,010	5.3%	93	0.3%	193,911	3.6%	
Total	1,145		285,188		32,484		5,398,694		

Small Business Loans:

The distribution of TTC's small business loans among census tracts of varying income levels was adequate.

TTC originated 18.3% by number and 16.2% by dollar value of its small business loans in LMI geographies, comparing favorably by number but below by dollar value of loans to the aggregate's rates of lending of 16.1% and 17.3%, respectively.

During the evaluation period, TTC's rates of lending in moderate-income geographies was consistently higher than the aggregate's rate of lending. However, the Bank's rates of lending in low-income geographies were lower than the aggregate's lending rate.

Nevertheless, the Bank's levels of small business lending in LMI geographies represent a notable decrease from the prior evaluation. At that time, TTC's originated 28.4% by number and 25.2% by dollar value of its small business loans in LMI geographies. Each of those levels was more than double those of the aggregate, which were 10.9% and 11.5%, respectively.

The following table provides a summary of the distribution of TTC's small business loans by the income level of the geography where the business was located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2017									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	0.6%	53	0.1%	119	2.2%	7,676	3.0%	2.7%
Moderate	59	17.2%	7,448	13.2%	633	11.6%	30,501	11.8%	12.5%
LMI	61	17.7%	7,501	13.3%	752	13.8%	38,177	14.8%	15.2%
Middle	169	49.1%	26,290	46.5%	2,705	49.6%	132,831	51.6%	49.6%
Upper	100	29.1%	18,481	32.7%	1,944	35.6%	81,943	31.8%	34.5%
Unknown	14	4.1%	4,213	7.5%	55	1.0%	4,574	1.8%	0.8%
Total	344		56,485		5,456		257,525		
2018									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	1.4%	815	1.3%	739	6.7%	49,023	10.2%	7.9%
Moderate	57	15.9%	9,599	14.8%	1,088	9.9%	47,068	9.8%	10.8%
LMI	62	17.3%	10,414	16.1%	1,827	16.7%	96,091	20.0%	18.7%
Middle	182	50.7%	31,234	48.2%	4,832	44.1%	207,818	43.3%	44.9%
Upper	97	27.0%	17,808	27.5%	4,053	37.0%	157,533	32.8%	34.0%
Unknown	18	5.0%	5,356	8.3%	252	2.3%	18,651	3.9%	2.5%
Total	359		64,812		10,964		480,093		
2019									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	2.2%	2,527	3.4%	745	6.4%	30,596	6.1%	7.8%
Moderate	66	17.7%	11,291	15.3%	1,174	10.2%	48,982	9.8%	10.5%
LMI	74	19.9%	13,818	18.7%	1,919	16.6%	79,578	15.9%	18.4%
Middle	188	50.5%	35,427	47.9%	5,070	43.8%	231,285	46.3%	44.8%
Upper	98	26.3%	20,443	27.6%	4,317	37.3%	166,974	33.4%	34.3%
Unknown	12	3.2%	4,297	5.8%	258	2.2%	21,728	4.3%	2.5%
Total	372		73,985		11,564		499,565		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	1.4%	3,395	1.7%	1,603	5.7%	87,295	7.1%	
Moderate	182	16.9%	28,338	14.5%	2,895	10.3%	126,551	10.2%	
LMI	197	18.3%	31,733	16.2%	4,498	16.1%	213,846	17.3%	
Middle	539	50.1%	92,951	47.6%	12,607	45.1%	571,934	46.2%	
Upper	295	27.4%	56,732	29.1%	10,314	36.9%	406,450	32.9%	
Unknown	44	4.1%	13,866	7.1%	565	2.0%	44,953	3.6%	
Total	1,075		195,282		27,984		1,237,183		

Distribution by Borrower Characteristics: Low Satisfactory

TTC's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

One-to-Four Family HMDA-Reportable Loans:

TTC's one-to-four family HMDA-reportable lending demonstrated an adequate distribution of loans among individuals of different income levels.

TTC's HMDA-reportable lending demonstrated an adequate distribution of loans among individuals of different income levels. TTC's HMDA-reportable distribution among LMI borrowers averaged 22.8% by number and 14.1% by dollar value, which was lower than the aggregate's lending rates of 31.7% and 20.9%, respectively. TTC's lending rates to LMI borrowers, as well as those of the aggregate were below the demographic level of LMI families in the assessment area.

The following table provides a summary of the distribution of TTC's one-to-four family loans by borrower income.

Distribution of One-to-Four Family Loans by Borrower Income									
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	6.5%	1,746	2.6%	412	7.3%	24,394	2.5%	18.0%
Moderate	57	15.4%	7,834	11.7%	1,098	19.3%	92,195	9.5%	15.8%
LMI	81	21.9%	9,580	14.3%	1,510	26.6%	116,589	12.0%	33.8%
Middle	91	24.6%	13,386	19.9%	1,435	25.3%	150,980	15.6%	21.0%
Upper	169	45.7%	38,390	57.2%	2,545	44.8%	444,933	45.9%	45.2%
Unknown	29	7.8%	5,785	8.6%	185	3.3%	256,202	26.4%	
Total	370		67,141		5,675		968,704		
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	18	5.3%	1,632	2.4%	1,242	9.7%	92,180	5.7%	20.3%
Moderate	70	20.5%	9,786	14.2%	2,866	22.4%	279,280	17.3%	16.3%
LMI	88	25.7%	11,418	16.6%	4,108	32.1%	371,460	23.0%	36.6%
Middle	72	21.1%	12,178	17.7%	3,176	24.8%	360,880	22.4%	20.5%
Upper	149	43.6%	39,194	56.9%	5,157	40.3%	833,345	51.6%	42.9%
Unknown	33	9.6%	6,099	8.9%	346	2.7%	48,320	3.0%	
Total	342		68,889		12,787		1,614,005		
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	20	5.3%	2,125	2.7%	1,345	9.9%	106,525	5.8%	20.3%
Moderate	60	15.9%	7,298	9.2%	3,192	23.6%	325,120	17.8%	16.3%
LMI	80	21.2%	9,423	11.9%	4,537	33.5%	431,645	23.7%	36.6%
Middle	90	23.8%	15,448	19.4%	3,427	25.3%	417,445	22.9%	20.5%
Upper	175	46.3%	46,600	58.6%	5,153	38.1%	913,395	50.1%	42.9%
Unknown	33	8.7%	8,018	10.1%	411	3.0%	60,495	3.3%	
Total	378		79,489		13,528		1,822,980		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	62	5.7%	5,503	2.6%	2,999	9.4%	223,099	5.1%	
Moderate	187	17.2%	24,918	11.6%	7,156	22.4%	696,595	15.8%	
LMI	249	22.8%	30,421	14.1%	10,155	31.7%	919,694	20.9%	
Middle	253	23.2%	41,012	19.0%	8,038	25.1%	929,305	21.1%	
Upper	493	45.2%	124,184	57.6%	12,855	40.2%	2,191,673	49.7%	
Unknown	95	8.7%	19,902	9.2%	942	2.9%	365,017	8.3%	
Total	1,090		215,519		31,990		4,405,689		

Small Business Loans:

TTC's small business lending demonstrated a more than reasonable distribution of loans among businesses of different revenue sizes.

TTC's small business lending demonstrated a more than reasonable distribution of loans among businesses of different revenue sizes. TTC's lending to businesses with annual revenue of \$1 million or less was 50% by number and 44.2% by dollar value,

outperforming the aggregate's rates of 47.1% and 31%, respectively. Both TTC's and the aggregate's lending rates were below the percentage of small businesses with annual revenues of \$1 million or less located within the assessment area.

The following table provides a summary of the distribution of TTC's small business loans by the revenue size of the business.

Distribution of Small Business Lending by Revenue Size of Business									
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	159	46.2%	27,218	48.2%	2,878	52.7%	99,706	38.7%	77.6%
Rev. > \$1MM	110	32.0%	23,545	41.7%	2,578		157,819		7.4%
Rev. Unknown	75	21.8%	5,722	10.1%					15.0%
Total	344		56,485		5,456		257,525		
2018									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	186	51.8%	26,580	41.0%	5,114	46.6%	168,583	35.1%	78.2%
Rev. > \$1MM	130	36.2%	34,631	53.4%	5,850		311,510		7.3%
Rev. Unknown	43	12.0%	3,601	5.6%					14.5%
Total	359		64,812		10,964		480,093		
2019									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	192	51.6%	32,425	43.8%	5,195	44.9%	115,432	23.1%	79.4%
Rev. > \$1MM	160	43.0%	37,502	50.7%	6,369		384,133		6.8%
Rev. Unknown	20	5.4%	4,058	5.5%					13.8%
Total	372		73,985		11,564		499,565		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	537	50.0%	86,223	44.2%	13,187	47.1%	383,721	31.0%	
Rev. > \$1MM	400	37.2%	95,678	49.0%	14,797		853,462		
Rev. Unknown	138	12.8%	13,381	6.9%					
Total	1,075		195,282		27,984		1,237,183		

Community Development Lending: Outstanding

During the evaluation period, TTC originated \$55.7 million in new community development loans and had \$9.8 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

The current level of new community development lending of \$55.7 million, averaging \$17.1 million annually, exceeded the level of \$41.7 million, averaging about \$15.1 million annually, noted at the prior evaluation, equating to an annualized increase of

approximately 13%.

Approximately 48% of TTC's community development loans (both new and outstanding from prior evaluation periods) consisted of credit extensions for community service programs, while loans extended for economic development, affordable housing and revitalization and stabilization purposes made up the remainder.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	7	10,758		
Economic Development	5	17,015		
Community Services	11	26,900	3	5,248
Revitalization/Stabilization	2	1,000	2	4,516
Total	25	55,673	5	9,764

Below are highlights of TTC's community development lending.

Affordable Housing

- TTC funded \$3.3 million of a \$8.2 million participation loan to finance the rehabilitation of 20 multifamily rental housing facilities. Located in low-income census tracts in Syracuse (Onondaga County), the projects consisted of 66 units aimed at providing affordable housing to LMI individuals. Rents for all units will be set at or below 70% of area median income.
- TTC extended a \$1.5 million line of credit to a nonprofit organization that strives to revitalize neighborhoods in Central New York and assist LMI individuals in obtaining quality housing. The Bank provided an additional \$2.6 million term loan to purchase a property that will be developed into a mixed-use facility that will include affordable rental housing and space for community-based organizations.

Economic Development

- TTC extended a \$7.3 million loan to purchase adjacent properties located in a moderate-income tract in Ithaca (Tompkins County) for the construction and renovation of a retail grocery center, classroom and conference space. The project has received a tax abatement from Tompkins County, and will create 40 new permanent jobs for LMI individuals.

Community Services

- TTC extended a \$4 million line of credit to a nonprofit organization that addresses the needs of at-risk youths through an array of medical, educational, vocational and recreational services.
-
- TTC extended a \$1.5 million loan to a nonprofit organization that offers housing opportunities and community support services to LMI individuals and families with special needs in Cortland County.

Revitalization/Stabilization

- TTC extended \$1 million in loans to a nonprofit housing and community development organization and CDFI to support the organization's home improvement loan program. The loan program seeks to address the lack of available capital for borrowers who are unable to attain financing from local lending institutions because they have no equity and/or otherwise failed to meet bank underwriting standards.

Flexible and/or Innovative Lending Practices:

TTC made significant use of flexible or innovative lending practices to support community development.

Below are highlights of TTC's flexible or innovative lending practices.

- First Home Club: This program offers a down payment/closing cost assistance in conjunction with the Federal Home Loan Bank ("FHLB") of NY. The program is available to qualified buyers who meet the FHLB's definition of a first-time homebuyer. Assistance is provided in the form of a 4-to-1 match of an applicant's savings, with a maximum grant of \$7,500.
- Community One Program: This first-time homebuyer loan program is sponsored by the Bank, and available to first-time LMI mortgage borrowers. Eligible borrowers are subject to an income limit of 80% of the HUD median income of the area.
- Federal Home Loan Mortgage Corporation ("Freddie Mac") Home Possible: This program offers financing of up to 97% loan-to-value for the purchase or refinance of single-family homes, including condominium units. The program includes no income limits for properties in low-income census tracts; in other census tracts, borrower income is limited to 100% area median income.
- Federal Housing Administration ("FHA") Mortgages: FHA, a federal agency, guarantees loans in this program. Mortgages made pursuant to this program can be granted to applicants with lower credit scores and with as little as a 3.5% down

payment.

- Small Business Administration (“SBA”) Loan Products: TTC is an SBA lender.

INVESTMENT TEST: High Satisfactory

DFS evaluated TTC’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 the credit and community development needs of the assessment area.*

TTC’s qualified investments were more than reasonable in light of the assessment area’s credit needs.

Qualified Investments: High Satisfactory

During the evaluation period, TTC made \$9.3 million in new qualified investments and had \$868,782 outstanding from prior evaluation periods. In addition, TTC made \$330,152 in qualified grants. This demonstrated a more than reasonable level of qualified investments and grants over the course of the evaluation period.

Total new and previously outstanding qualified investments (including current period grants) of \$10.5 million represented a significant increase of \$4.1 million compared to the prior evaluation’s total investment of \$6.4 million. This also represented an annualized average of \$3.0 million in new investment and grant activity, an increase of 188% from the prior evaluation period’s annualized average of \$1 million.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	3	1,850		
Economic Development	2	6,863	4	869
Community Services	6	590		
Revitalization/Stabilization				
Total	11	9,303	4	869
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	5	5		
Economic Development				
Community Services	55	280		
Revitalization/Stabilization	3	45		
Total	63	330		

Below are highlights of TTC's qualified investments and grants.

- TTC invested \$6.4 million in a bond issued by a local development agency that funded the renovation, expansion and improvement of a community healthcare facility. The facility is located in a moderate-income census tract providing healthcare services in the regional area that includes Tompkins County.
- TTC purchased three municipal notes totaling \$1.9 million issued by a local urban renewal agency. The notes supported the Neighborhood Housing Initiative Program which supports neighborhood housing initiatives in Tompkins County.
- TTC contributed \$25,000 to a youth development agency that promotes the educational, social, vocational and character development of underprivileged children in the City of Syracuse (Onondaga County).
- TTC contributed \$45,000 to a nonprofit organization engaged in the revitalization of neighborhoods in Central New York, encouraging stability and diversity, and assisting LMI individuals in obtaining quality housing.
- TTC contributed \$55,000 to a foundation that secures resources to enhance learning opportunities for students of a local community college. The foundation provides funding for student housing and provides contributions and scholarships to deserving students in order to enable them to attend the college.

Innovativeness of Qualified Investments:

TTC did not use innovative investments to support community development during the evaluation period.

Responsiveness of Qualified Investments to Credit and Community Development Needs:

TTC's qualified investments exhibited more than reasonable responsiveness to the assessment area's credit and community development needs.

SERVICE TEST: High Satisfactory

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

- (1) The current distribution of the banking institution's branches;*
- (2) The institution's 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 TTC'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

TTC has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, which were adequate to meet the needs of LMI individuals.

Current distribution of the banking institution's branches:

TTC has an excellent distribution of branches within its assessment area. While the majority of its branches are in Tompkins County, all other counties in the assessment area have at least one full-service branch.

TTC has thirteen full-service branches within its assessment area, of which nine branches are in Tompkins County and one branch each in Cayuga, Cortland, Onondaga and Schuyler Counties. Of the thirteen branches, one branch is in a middle-income distressed or underserved census tract and three are in moderate-income tracts.

Distribution of Branches within the Assessment Area									
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %	Distressed or Underserved	LMI and Distressed or Underserved
Cayuga			1			1	100%		100%
Cortland				1		1	0%		0%
Onondaga					1	1	0%		0%
Schuyler				1		1	0%	1	100%
Tompkins			2	3	4	9	22%		22%
Total	-	-	3	5	5	13	23%	1	31%

Record of opening and closing branches:

TTC's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, including LMI geographies and/or LMI individuals.

There were no branch openings or closings during the evaluation period.

Availability and effectiveness of alternative systems for delivering retail services:

TTC's delivery systems are accessible to significant portions of the Bank's assessment area, including LMI geographies and individuals.

Alternative systems for delivering the Bank's services to its customers include 24-hour full-service ATMs. All of TTC's branches (except for the Kendal branch) have 24-hour accessible ATMs with deposit taking capabilities. Several off-site ATMs can be found in strategic locations such as retail establishments and educational institutions, where the ATMs are restricted to cash withdrawals.

Other delivery channels available to customers include free online and mobile banking services, and automated telephone banking. TTC also has a customer care center that allows customers to talk to a live customer representative to report a lost or stolen credit or debit card and internet banking assistance, available during regular banking hours.

Range of services provided:

TTC's services meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals.

Four branches have hours of operations from 8:30 AM or 9:00 AM to 5:00 PM, Monday to Friday. The Auburn branch opens at 8:00 AM, Monday to Wednesday. Five branches have extended hours till 6:00 PM on Thursday and Friday. Eight branches are open on Saturday till 12:00 PM and nine branches offer drive up facilities.

The Onondaga branch is open from 10:00 AM to 2:00 PM Monday to Friday. The branch is a full-service one with night deposit capabilities.

Community Development Services: High Satisfactory

TTC provided a more than a more than reasonable level of community development services.

During the evaluation period, senior management and other employees served as active members on various boards and committees of local government agencies and community organizations located in TTC's assessment area.

Below are highlights of community development services.

- A commercial bank relationship manager served as board president of an Ithaca City organization that assists LMI individuals acquire quality and affordable housing.
- A central recovery manager served as a board member and treasurer of a Tompkins County organization that serves residents dealing with mental health issues, developmental disabilities and chemical dependency.
- A credit administration division manager served as a board member of an organization that focuses on building and sustaining hunger-free communities in the Southern Tier region of NY.
- TTC employees participated in several first-time homebuyer seminars, which discussed the mortgage process. The seminars were hosted by various local organizations.

Additional Factors

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

The Bank's record of taking action, if warranted, in response to written complaints about its performance in helping meet credit needs in its assessment area.

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

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 CRA.

TTC has a board approved CRA policy, which it is the CRA officer's responsibility to implement. The CRA officer reports annually to the Board of Directors regarding TTC's CRA performance and activities.

TTC's CRA committee discusses CRA-related initiatives such as outreach efforts and workshops, and reviews community development activities. The annual CRA self-assessment is presented to the compliance committee, the CRA committee, and the Bank's executive management. Minutes of the CRA Committee's meetings are presented to the board on a regular basis.

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 practices by TTC intended to discourage applications for the types of credit offered by TTC.

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

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.*

TTC's board members, senior management, and other employees serve on committees and the boards of various local community-based organizations and conduct financial seminars each year. Through these efforts, the Bank is able to ascertain and explore opportunities to meet the credit needs of its 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*

TTC advertises its products and services through a variety of media channels and offers several loan programs designed to help individuals and small businesses pursue their goals of homeownership and business growth/success, respectively.

TTC's marketing strategy involves an integrated approach across traditional and social media, touch point marketing, and public relations efforts to reach current and prospective customers. Types of media utilized include print, radio, digital, outdoor, and social media.

The Bank's marketing plans include a comprehensive marketing strategy for its mortgage products including its Community One Program (special loan program for

owner-occupied 1-2 family home purchase transactions) and to support new products through the use of the Bank's website, flyers, digital screens, and digital advertising.

Other factors that in the judgment of the Superintendent bear upon the extent to which TTC is helping to meet the credit needs of its entire community

In addition to community development loans originated within the assessment area, TTC originated \$44.9 million in community development loans benefitting communities outside of the Bank's assessment area. Activities included revitalization and stabilization efforts in moderate-income census tracts and economic development efforts geared to small businesses.

GLOSSARY

Aggregate Lending

“Aggregate lending” means 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.

Banking Development District (“BDD”) Program

The BDD Program is a program 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 can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

Community Development

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- 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;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

Community Development Loan

“Community development loan” means 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 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

“Community development service” means a 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.

Community Development Financial Institution (“CDFI”)

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

Geography

“Geography” means 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 Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
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.

LMI Geographies

“LMI geographies” means those census tracts or block numbering areas where, according to the most current 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 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 Block Numbering Areas (“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

“LMI borrowers” means 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 Federal Financial Institutions Examination Council (“FFIEC”).

LMI Individuals/Persons

“LMI individuals” or “LMI persons” means 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 FFIEC.

LMI Penetration Rate

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

Low-Income Housing Tax Credit (“LIHTC”)

LIHTC were 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. The tax credits 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.

Minority Depository Institutions (“MDIs”)

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

New Markets Tax Credit (“NMTC”)

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits 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 CDFI Fund, an agency of the United States Department of the Treasury.

Qualified Investment

“Qualified investment” means 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.