



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF CATSKILLS HUDSON BANK

SEPTEMBER 30, 2021

New York State Department of Financial Services
Consumer Protection and Financial Enforcement Division
One State Street, New York NY 10004

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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Catskill Hudson Bank - CRA Performance Evaluation

I - GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Catskills Hudson Bank (“CHB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of September 30, 2021.

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 institutions’ 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.

II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated CHB according to the intermediate small banking institutions performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2018, 2019 and 2020 for lending activities and the period from January 1, 2019 through September 30, 2021 for community development activities. The Department has assigned CHB a rating of “2,” indicating a “Satisfactory” record of helping to meet community credit needs.

The rating is based on the following factors:

A. Lending Test: Satisfactory

1. Loan-to-Deposit Ratio and Other Lending-Related Activities: Satisfactory

CHB's average LTD ratio was satisfactory considering its size, business strategy, financial condition and peer group activity.

CHB's average LTD ratio of 68.8% for the evaluation period was significantly below the peer's average of 81.7%. CHB's municipal deposits, which are subject to regulatory restrictions, contribute to the Bank's lower LTD ratios.

2. Assessment Area Concentration: Satisfactory

During the evaluation period, CHB originated 82.2% by number and 75.4% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a satisfactory concentration of lending within CHB's assessment area.

3. Distribution by Borrower Characteristics: Needs to Improve

CHB's HMDA-reportable and small business lending demonstrated a less than adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

While the Bank's small business lending rates to businesses with revenue of less than \$1 million was reasonable, CHB's mortgage lending rates to LMI borrowers was poor and well below the aggregate's rates.

4. Geographic Distribution of Loans: Satisfactory

CHB's origination of loans in census tracts of varying income levels demonstrated a satisfactory distribution of lending.

While the Bank's HMDA-reportable lending rates among LMI census tracts was less than adequate, CHB's small business lending rates in LMI census tracts was excellent.

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

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

B. Community Development Test: Satisfactory

CHB's community development performance demonstrated satisfactory responsiveness to the community development needs of its assessment area through community development loans, qualified investments and community development services, considering CHB's capacity, and the need for and availability of opportunities for community development in its assessment area.

1. Community Development Lending: Satisfactory

During the evaluation period, CHB originated \$12.4 million in new community development loans, and had \$2 million outstanding from prior evaluation periods. This demonstrated a satisfactory level of community development lending over the course of the evaluation period.

2. Qualified Investments: Satisfactory

During the evaluation period, CHB made \$1.7 million in new qualified investments and had \$795,000 outstanding from prior evaluation periods. In addition, CHB made \$24,155 in qualified grants. This demonstrated a satisfactory level of qualified investments over the course of the evaluation period.

3. Community Development Services: Outstanding

CHB demonstrated an excellent level of community development services over the course of the evaluation period. CHB performed 32 qualifying community development services during the evaluation period.

4. Responsiveness to Community Development Needs:

CHB demonstrated a satisfactory level of responsiveness to credit and community development needs.

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

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III - PERFORMANCE CONTEXT

A. Institution Profile

Chartered in 1993, CHB is a New York State-chartered commercial bank headquartered in the City of Kingston in Ulster County, New York. The Bank is wholly-owned subsidiary of Catskill Hudson Bancorp, a publicly-traded bank holding company.

CHB operates 11 branches: Six in Sullivan County, two in Ulster County and one each in Albany, Orange and Saratoga counties. It also operates one commercial loan center in Albany County, one residential loan office in Saratoga County; and one operations office in Orange County. Supplementing its branches is an automated teller machine (“ATM”) network consisting of one deposit-taking ATM at each branch.

The Bank offers traditional banking products, such as personal and business checking and savings accounts, certificates of deposits, and individual retirement accounts. Lending products offered commercial and consumer lending products, including lines of credit, bridge loans, commercial mortgage loans, home equity lines of credit and residential mortgage loans. CHB also provides direct deposits, telephone, online and mobile banking services, as well as remote capture deposits for business and personal accounts.

In its Consolidated Report of Condition (known as a “call report”) as of December 31, 2020, filed with the Federal Deposit Insurance Corporation (“FDIC”), CHB reported total assets of \$571.6 million, of which \$360.3 million were net loans and receivables. It also reported total deposits of \$530.6 million, resulting in a loan-to-deposit ratio of 67.9%. According to the comparative deposit data as of June 30, 2021, CHB obtained a market share of 0.87%, or \$514 million in a market of \$58.8 billion, ranking it 23rd among 44 deposit-taking institutions in the counties of Albany, Dutchess, Orange, Rensselaer, Saratoga, Schenectady, Sullivan, and Ulster.

The following is a summary of the Bank’s loan portfolio, based on the Schedule RC-C of the Bank’s call reports as of December 31, 2018, 2019 and December 31, 2020:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2018		2019		2020	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	17,272	5.7	29,731	9.1	58,689	16.2
Commercial & Industrial Loans	33,793	11.2	32,203	9.8	34,330	9.5
Commercial Mortgage Loans	195,481	64.7	187,308	57.1	193,677	53.4
Multifamily Mortgages	22,506	7.4	44,398	13.5	43,688	12.1
Consumer Loans	2,159	0.7	1,234	0.4	409	0.1
Construction Loans	29,123	9.6	31,427	9.6	29,327	8.1
Other Loans	1,859	0.6	1,975	0.6	2,310	0.6
Total Gross Loans	302,193		328,276		362,430	

As illustrated in the above table, CHB is primarily a commercial lender, with 62.9% of its loan portfolio in commercial loans, of which 53.4% are in commercial mortgage and 9.5% in

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commercial and industrial loans. During the evaluation period, the Bank increased its 1-4 family residential mortgage lending, from \$17.3 million in 2018 to \$58.7 million in 2020.

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

B. Assessment Area

The Bank's assessment area is comprised of Sullivan County and parts of Albany, Dutchess, Orange, Rensselaer, Saratoga, Schenectady and Ulster counties.

There are 268 census tracts in the Bank's assessment area, of which 27 are low-income, 53 are moderate-income, 135 are middle-income, 50 are upper-income and three tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI %
Albany*	1	10	13	17	10	51	45.1
Dutchess*	0	4	4	22	7	37	21.6
Orange*	0	1	4	10	4	19	26.3
Rensselaer*	0	4	8	18	5	35	34.3
Saratoga*	1	0	3	18	13	35	8.6
Schenectady*	1	7	10	17	6	41	41.5
Sullivan	0	0	4	17	3	24	16.7
Ulster*	0	1	7	16	2	26	30.8
Total	3	27	53	135	50	268	29.9

**Partial County*

C. Demographic & Economic Data

The assessment area had a total population of 1,057,475 as of December 31, 2020. About 15% of the population were over the age of 65 and 18.2% were under the age of 16.

Of the families in the assessment area, 22.3% were low-income, 17.5% were moderate-income, 21.9% were middle-income and 38.4% were upper-income families. There were 407,010 households in the assessment area, of which 11.9% had income below the poverty level and 3.1% were on public assistance. The weighted average median family income in the assessment area was \$79,257.

There were 476,828 housing units within the assessment area of which 81% were one- to four-family units, and 15.6% were multifamily units. A majority 53.2% of the area's housing units were owner-occupied, while 32.2% were rental occupied units. Of the 253,655 owner-occupied housing units, 17.3% were in low- and moderate-income census tracts while 82.7% were in middle- and upper-income census tracts. The median age of the housing stock was 59 years, and the median home value in the assessment area was \$198,292.

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There were 84,292 non-farm businesses in the assessment area. Of these, 84.4% were businesses with reported revenues of less than or equal to \$1 million, 5% reported revenues of more than \$1 million and 10.6% did not report their revenues. Of all the businesses in the assessment area, 97.6% were businesses with less than fifty employees while 88.7% operated from a single location. The largest industries in the area were services 38.3%, followed by retail trade 12.7% and finance, insurance and real estate 8.6%, while 19.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State and the counties in the Bank’s assessment area declined from 2018 to 2019, but increased drastically in 2020 due to the COVID-19 pandemic, which caused an economic slowdown globally. Saratoga County had the lowest annual unemployment rates throughout the evaluation period, while Sullivan County had the highest.

Assessment Area Unemployment Rate									
	NYS	Albany	Dutchess	Orange	Rensselaer	Saratoga	Schenectady	Sullivan	Ulster
2018	4.1%	3.7%	3.7%	3.9%	3.9%	3.5%	4.0%	4.1%	3.9%
2019	3.8%	3.5%	3.5%	3.6%	3.6%	3.2%	3.7%	3.8%	3.6%
2020	10.0%	7.2%	7.7%	8.4%	7.0%	6.7%	8.1%	8.8%	8.0%
Avg. of Above Years	6.0%	4.8%	5.0%	5.3%	4.8%	4.5%	5.3%	5.6%	5.2%

D. Community Information

Examiners conducted community contact interviews with representatives of two community organizations operating within the Bank’s assessment area to identify the credit needs of the community and whether financial institutions were meeting these needs.

The first interview was conducted with the executive director of an organization that offers programs to promote successful and affordable homeownership in the region. He noted that communities in the assessment area experienced additional difficulties due to COVID-19 pandemic, which included higher eviction and unemployment rates, and difficulty accessing banking and financial services. Banks closed branches in LMI neighborhoods, making banking services inaccessible for many residents of these areas. The director also noted that banks CRA officers should develop ongoing relationships with local organizations to ascertain the credit and community development needs of their communities.

The second interview was conducted the certified housing counselor of an organization, that advocates for and provides affordable housing and community development programs focused on revitalizing communities. The interviewee noted the continued need for affordable housing in the assessment area, especially in light of the pandemic, which caused many people from New York City to move to the region, resulting in a decrease in housing inventory and a substantial increase in housing prices that reduced housing affordability for the local population.

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IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated CHB under the intermediate small banking institution performance criteria in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.

The lending test includes:

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

The community development test includes:

1. Community development lending;
2. Community development investments;
3. Community development services; and
4. Responsiveness to community development needs.

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

1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;
2. Evidence of 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.

DFS derived statistics employed in this evaluation from various sources. CHB submitted bank-specific information both as part of the examination process and in its all 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 loan to deposit ("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. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even though CHB's assessment area includes several partial counties.

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The evaluation period included calendar years 2018, 2019 and 2020 for lending activities and the period from January 1, 2019 through September 30, 2021 for community development activities. Examiners considered CHB’s small business and HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted above.

HMDA-reportable and small business loan data evaluated in this performance evaluation represented actual originations.

CHB is not required to report small business loan data, so the Bank’s small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2018, DFS assigned CHB a rating of “2” or “satisfactory”.

CRA Rating: Satisfactory

A. Lending Test: Satisfactory

CHB’s small business and HMDA-reportable lending activities were reasonable in light of CHB’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of the assessment area.

1. Loan-to-Deposit Ratio and other Lending-Related Activities: Satisfactory

CHB’s average LTD ratio was satisfactory considering its size, business strategy, financial condition and peer group activity.

CHB’s average LTD ratio of 68.8% was lower than its peer group’s average ratio of 81.7%. However, the Bank’s average LTD ratio was an improvement from the 63.1% reported at the prior evaluation. CHB’s municipal deposits, which are subject to regulatory requirements, contribute to the Bank’s lower LTD ratios.

The table below shows CHB’s LTD ratios in comparison with the peer group’s ratios for the 12 quarters of this evaluation period.

Loan-to-Deposit Ratios													
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020	2020	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	69.1	74.4	68.0	69.7	69.4	71.0	63.4	70.2	70.9	68.4	62.9	67.9	68.8
Peer	81.7	82.8	83.2	83.1	82.2	83.2	82.9	82.4	81.9	80.8	80.0	75.8	81.7

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2. Assessment Area Concentration: Satisfactory

During the evaluation period, CHB originated 82.2% by number and 75.4% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a satisfactory concentration of lending within CHB’s assessment area.

i. HMDA-Reportable Loans:

During the evaluation period, CHB originated 83% by number and 77.5% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of CHB’s assessment area reflects a satisfactory concentration of lending.

ii. Small Business Loans:

During the evaluation period, CHB originated 81.8% by number and 73% by dollar value of its small business loans within the assessment area, reflecting a satisfactory concentration of lending within the assessment area.

In 2020, CHB’s small business loans increased substantially, primarily due to loans originated through the Small Business Administration’s Payroll Protection Program¹ (“PPP”), a loan program launched by the federal government to assist small businesses during the COVID-19 pandemic.

The following table shows the percentages of CHB’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										
2018	10	90.9%	1	9.1%	11	1,582	91.3%	150	8.7%	1,732
2019	42	84.0%	8	16.0%	50	11,460	81.8%	2,545	18.2%	14,005
2020	94	81.7%	21	18.3%	115	26,366	75.1%	8,745	24.9%	35,111
Subtotal	146	83.0%	30	17.0%	176	39,408	77.5%	11,440	22.5%	50,848
Small Business										
2018	32	57.1%	24	42.9%	56	8,398	63.1%	4,906	36.9%	13,304
2019	39	76.5%	12	23.5%	51	7,741	71.3%	3,110	28.7%	10,851
2020	185	89.8%	21	10.2%	206	16,079	80.6%	3,871	19.4%	19,950
Subtotal	256	81.8%	57	18.2%	313	32,218	73.0%	11,887	27.0%	44,105
Grand Total	402	82.2%	87	17.8%	489	71,626	75.4%	23,327	24.6%	94,953

¹ For more information on PPP loans, refer to the Glossary Section of this report.

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3. Distribution by Borrower Characteristics: Needs to Improve

CHB's HMDA-Reportable and small business lending demonstrated a less than adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

While the Bank's small business lending rates to businesses with revenue of less than \$1 million was reasonable, CHB's mortgage lending rates to LMI borrowers was poor and well below the aggregate's rates.

i. One-to-four Family HMDA-Reportable Loans:

CHB's one-to-four family HMDA-reportable mortgage lending demonstrated a poor distribution of loans among borrowers of different income levels, as the Bank's lending rates were well below the aggregate's and the LMI family demographics of the assessment area.

During the current evaluation period, CHB's mortgage lending to LMI borrowers of 13% by number and 7.1% by dollar value were significantly lower than the aggregate's lending of 32% and 22.4% respectively. While the Bank's lending rates to LMI borrowers in 2018 was comparable to the aggregate's rates, in 2019 and 2020 the Bank's rates were less than half the aggregate's rates. In addition, CHB's mortgage lending rates to LMI borrowers was also well below the 39.8% of LMI families (family demographics) living in the assessment area.

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

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Distribution of One-to-Four Family Loans by Borrower Income									
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	1,950	9.1%	190,270	5.3%	22.3%
Moderate	3	30.0%	275	17.4%	4,900	22.9%	654,770	18.3%	17.5%
LMI	3	30.0%	275	17.4%	6,850	32.0%	845,040	23.6%	39.8%
Middle	1	10.0%	140	8.8%	5,736	26.8%	933,690	26.1%	21.9%
Upper	6	60.0%	1,167	73.8%	8,214	38.3%	1,685,000	47.1%	38.4%
Unknown		0.0%		0.0%	631	2.9%	110,455	3.1%	
Total	10		1,582		21,431		3,574,185		
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	2.4%	101	0.9%	1,976	8.6%	205,510	4.1%	22.3%
Moderate	5	11.9%	756	6.6%	5,368	23.5%	776,870	15.4%	17.5%
LMI	6	14.3%	857	7.5%	7,344	32.1%	982,380	19.4%	39.8%
Middle	10	23.8%	1,997	17.4%	6,292	27.5%	1,097,885	21.7%	21.9%
Upper	25	59.5%	8,482	74.0%	8,324	36.4%	1,852,490	36.6%	38.4%
Unknown	1	2.4%	124	1.1%	914	4.0%	1,124,020	22.2%	
Total	42		11,460		22,874		5,056,775		
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.1%	80	0.3%	2,729	8.8%	338,035	5.3%	22.3%
Moderate	9	9.6%	1,573	6.0%	7,173	23.2%	1,194,525	18.7%	17.5%
LMI	10	10.6%	1,653	6.3%	9,902	32.0%	1,532,560	24.0%	39.8%
Middle	23	24.5%	5,780	21.9%	8,257	26.7%	1,660,435	26.0%	21.9%
Upper	59	62.8%	18,254	69.2%	11,242	36.3%	2,864,470	44.8%	38.4%
Unknown	2	2.1%	679	2.6%	1,580	5.1%	336,660	5.3%	
Total	94		26,366		30,981		6,394,125		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	1.4%	181	0.5%	6,655	8.8%	733,815	4.9%	
Moderate	17	11.6%	2,604	6.6%	17,441	23.2%	2,626,165	17.5%	
LMI	19	13.0%	2,785	7.1%	24,096	32.0%	3,359,980	22.4%	
Middle	34	23.3%	7,917	20.1%	20,285	26.9%	3,692,010	24.6%	
Upper	90	61.6%	27,903	70.8%	27,780	36.9%	6,401,960	42.6%	
Unknown	3	2.1%	803	2.0%	3,125	4.2%	1,571,135	10.5%	
Total	146		39,408		75,286		15,025,085		

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ii. Small Business Loans:

CHB's small business lending demonstrated a satisfactory distribution of loans among businesses of different revenue sizes, as the Bank's lending rates which compared favorably with the aggregate's.

During the evaluation period, CHB's average rates of lending to businesses with gross annual revenue of less than or equal to \$1 million was 45.3% by number and 40.8% by dollar value, which compared favorably with the aggregate's rates of 41.4% and 24.3%, respectively. Throughout the evaluation period, CHB's rates of lending outperformed the aggregate's rate by dollar value, while it trailed the aggregate's rate by number of loans in 2019. The Bank and the aggregate's lending rates by number and dollar value to small businesses with revenue of less than \$1 million, trailed the assessment area's percentages of these types of businesses (business demographics) each year of the evaluation period.

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

Distribution of Small Business Lending by Revenue Size of Business									
2018									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	20	62.5%	4,288	51.1%	8,191	45.0%	196,551	29.1%	80.3%
Rev. > \$1MM	12	37.5%	4,110	48.9%					6.6%
Rev. Unknown		0.0%		0.0%					13.1%
Total	32		8,398		18,198		675,746		
2019									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	16	41.0%	3,973	51.3%	8,753	43.7%	199,245	27.7%	81.6%
Rev. > \$1MM	23	59.0%	3,768	48.7%					6.1%
Rev. Unknown		0.0%		0.0%					12.4%
Total	39		7,741		20,009		720,063		
2020									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	80	43.2%	4,876	30.3%	7,982	36.2%	261,027	20.0%	84.4%
Rev. > \$1MM	18	9.7%	3,625	22.5%					5.0%
Rev. Unknown	87	47.0%	7,578	47.1%					10.6%
Total	185		16,079		22,023		1,303,415		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	116	45.3%	13,137	40.8%	24,926	41.4%	656,823	24.3%	
Rev. > \$1MM	53	20.7%	11,503	35.7%	-				
Rev. Unknown	87	34.0%	7,578	23.5%	0				
Total	256		32,218		60,230		2,699,224		

Catskill Hudson Bank - CRA Performance Evaluation

4. Geographic Distribution of Loans: Satisfactory

CHB's origination of loans in census tracts of varying income levels demonstrated a satisfactory distribution of lending. While the distribution of HMDA lending was less than adequate, the Bank's small business distribution was excellent resulting in an overall satisfactory distribution of lending.

i. HMDA-Reportable Loans:

The distribution of CHB's HMDA-reportable loans among census tracts of different income levels was less than adequate.

CHB's rates of lending to LMI census tracts of 8.9% by number of loans and 5.8% by dollar value were lower than the aggregate's rates of 15% and 13.2%, respectively. CHB failed to make any loans in low-income census tracts throughout the evaluation period, and its lending rates in LMI census tracts were well below the aggregate's lending rates for 2018 and 2020, and well below the owner-occupied housing demographics for LMI census tracts for each year of the evaluation period.

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

Catskill Hudson Bank - CRA Performance Evaluation

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2018									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	726	3.4%	137,090	3.4%	3.5%
Moderate	1	10.0%	132	8.3%	2,712	12.5%	411,230	10.2%	13.6%
LMI	1	10.0%	132	8.3%	3,438	15.9%	548,320	13.6%	17.1%
Middle	7	70.0%	1,107	70.0%	12,371	57.2%	2,270,375	56.2%	57.5%
Upper	2	20.0%	343	21.7%	5,808	26.9%	1,221,210	30.2%	25.3%
Unknown		0.0%		0.0%	11	0.1%	1,385	0.0%	0.0%
Total	10		1,582		21,628		4,041,290		
2019									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	738	3.2%	122,470	2.4%	3.5%
Moderate	8	19.0%	1,446	12.6%	2,968	12.8%	521,550	10.3%	13.8%
LMI	8	19.0%	1,446	12.6%	3,706	16.0%	644,020	12.7%	17.3%
Middle	23	54.8%	6,089	53.1%	13,009	56.3%	2,834,615	56.1%	57.6%
Upper	11	26.2%	3,925	34.2%	6,377	27.6%	1,534,755	30.4%	25.1%
Unknown		0.0%		0.0%	9	0.0%	43,385	0.9%	0.0%
Total	42		11,460		23,101		5,056,775		
2020									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	848	2.7%	300,400	4.3%	3.5%
Moderate	4	4.3%	699	2.7%	3,409	10.9%	640,665	9.1%	13.8%
LMI	4	4.3%	699	2.7%	4,257	13.6%	941,065	13.3%	17.3%
Middle	61	64.9%	17,194	65.2%	17,736	56.8%	3,862,380	54.6%	57.6%
Upper	29	30.9%	8,473	32.1%	9,199	29.5%	2,262,315	32.0%	25.1%
Unknown		0.0%		0.0%	14	0.0%	2,130	0.0%	0.0%
Total	94		26,366		31,206		7,067,890		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2312	3.0%	559,960	3.5%	
Moderate	13	8.9%	2,277	5.8%	9,089	12.0%	1,573,445	9.7%	
LMI	13	8.9%	2,277	5.8%	11,401	15.0%	2,133,405	13.2%	
Middle	91	62.3%	24,390	61.9%	43,116	56.8%	8,967,370	55.5%	
Upper	42	28.8%	12,741	32.3%	21,384	28.2%	5,018,280	31.0%	
Unknown	-	0.0%	-	0.0%	34	0.0%	46,900	0.3%	
Total	146		39,408		75,935		16,165,955		

Catskill Hudson Bank - CRA Performance Evaluation

ii. Small Business Loans:

The distribution of CHB's small business loans among census tracts of varying income levels was excellent, due in part to the Bank's origination of PPP loans in moderate-income tracts in 2020.

During the evaluation period, CHB's rates of lending to LMI census tract were 38.3% by number of loans and 29.5% by dollar value. These percentages compared favorably to the aggregate's rates of 22.9% and 24.1%, respectively. The Bank's rates of lending in LMI geographies in years 2018 and 2020 outperformed the assessment area business demographics.

The following table provides a summary of the distribution of CHB's small business loans by the income level of the geography where the businesses were located:

Catskill Hudson Bank - CRA Performance Evaluation

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2018									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	3.1%	160	1.9%	1,619	8.9%	74,048	11.0%	11.5%
Moderate	11	34.4%	2,529	30.1%	2,559	14.1%	94,361	14.0%	15.2%
LMI	12	37.5%	2,689	32.0%	4,178	23.0%	168,409	24.9%	26.7%
Middle	16	50.0%	4,434	52.8%	9,157	50.3%	311,262	46.1%	49.6%
Upper	4	12.5%	1,275	15.2%	4,826	26.5%	194,943	28.8%	23.4%
Unknown		0.0%		0.0%	37	0.2%	1,132	0.2%	0.3%
Total	32		8,398		18,198		675,746		
2019									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	1,725	8.6%	76,583	10.6%	11.1%
Moderate	10	25.6%	976	12.6%	2,790	13.9%	90,515	12.6%	15.2%
LMI	10	25.6%	976	12.6%	4,515	22.6%	167,098	23.2%	26.4%
Middle	24	61.5%	6,157	79.5%	10,361	51.8%	362,208	50.3%	50.6%
Upper	5	12.8%	608	7.9%	5,102	25.5%	188,451	26.2%	22.7%
Unknown		0.0%		0.0%	31	0.2%	2,306	0.3%	0.4%
Total	39		7,741		20,009		720,063		
2020									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	2,026	9.2%	142,328	10.9%	11.5%
Moderate	76	41.1%	5,850	36.4%	3,100	14.1%	173,203	13.3%	15.1%
LMI	76	41.1%	5,850	36.4%	5,126	23.3%	315,531	24.2%	26.7%
Middle	89	48.1%	8,375	52.1%	11,160	50.7%	643,667	49.4%	49.8%
Upper	20	10.8%	1,854	11.5%	5,670	25.7%	340,861	26.2%	23.2%
Unknown		0.0%		0.0%	67	0.3%	3,356	0.3%	0.3%
Total	185		16,079		22,023		1,303,415		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.4%	160	0.5%	5,370	8.9%	292,959	10.9%	
Moderate	97	37.9%	9,355	29.0%	8,449	14.0%	358,079	13.3%	
LMI	98	38.3%	9,515	29.5%	13,819	22.9%	651,038	24.1%	
Middle	129	50.4%	18,966	58.9%	30,678	50.9%	1,317,137	48.8%	
Upper	29	11.3%	3,737	11.6%	15,598	25.9%	724,255	26.8%	
Unknown	-	0.0%	-	0.0%	135	0.2%	6,794	0.3%	
Total	256		32,218		60,230		2,699,224		

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

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

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B. Community Development Test: Satisfactory

CHB's community development performance demonstrated satisfactory responsiveness to the community development needs of its assessment area through community development loans, qualified investments and community development services, considering CHB's capacity, and the need for and availability of opportunities for community development in its assessment area.

1. Community Development Lending: Satisfactory

During the evaluation period, CHB originated \$12.4 million in new community development loans, and had \$2 million outstanding from prior evaluation periods. This demonstrated a satisfactory level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	1	300	1	324
Economic Development	9	9,390	9	1,721
Community Services	2	2,750		
Total	12	12,440	10	2,045

Below are highlights of CHB's community development lending.

- CHB participated in the amount of \$3 million of a total of \$7.7 million to finance the construction of multi-use building with 54 residential units and one commercial space. The property is located in a low-income tract in Albany, New York. The project is slated to involve 39 construction jobs, 50 full-time jobs and the retention of 50 full-time jobs.
- CHB extended a \$500,000 renewable line of credit to an organization that offers small farm services and resources through its various programs. The organization offers food and nutritional education targeting recipients of government food programs.
- The Bank extended a line of credit for \$250,000 to a nonprofit organization providing financing to community oriented economic community development projects through nonprofit organizations that support the creation of affordable housing units, address food deserts, and finance businesses that create jobs for women, people of color and people with development disabilities.

2. Qualified Investments: Satisfactory

During the evaluation period, CHB made \$1.7 million in new qualified investments and had \$795,000 outstanding from prior evaluation periods. In addition, CHB made \$24,155 in qualified grants. This demonstrated a satisfactory level of qualified investments over the course of the evaluation period.

Catskill Hudson Bank - CRA Performance Evaluation

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing				
Economic Development				
Community Services	7	1,747	4	795
Other (Please Specify)				
Total	7	1,747	4	795
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	2	1		
Economic Development	2	3		
Community Services	20	20		
Other (Please Specify)				
Total	24	24		

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

Investments

- CHB invested a total of \$973,250 in four municipal bonds issued by a local government in Ulster County, NY. The village of mostly moderate-income census tracts used the funds to finance various general needs.
- CHB invested a total of \$99,000 in two municipal bonds issued by a local government in Sullivan County, NY for the purchase of a garbage truck. The truck will service a village with mostly low- and moderate- income census tracts.

Grants

- CHB donated \$11,460 to a hospital foundation in Saratoga County. The foundation supports the largest healthcare provider in the community and provides healthcare services to Medicare and Medicaid patients in Saratoga and surrounding counties.
- CHB donated \$4,250 to an organization that supports LMI homeownership across Ulster County.
- CHB donated \$3,000 to a community loan fund that serves small businesses in Albany and the Greater Capital region. The funds financed various community projects, as well as provided financing to minority and women-owned businesses.

3. Community Development Services: Outstanding

CHB demonstrated an excellent level of community development services over the course of the evaluation period.

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CHB performed 32 qualifying community development services during the evaluation period, which were made up of members of the board of directors, management or employees serving on the board or committees of various nonprofit organizations. These organizations offer programs for LMI individuals/families and small businesses, so providing community services and economic development within the Bank's assessment area.

Summary of Community Development Services	
Activity Type	Number of Activities
On-Going Board & Committee memberships	32
Technical Assistance	
Seminars	
Credit Counseling Programs	
Other Services	
Total Community Development Services	32

Below are highlights of CHB's community development services.

- A board member serves as chairman of a County Workforce Development Board, and the president of the Bank serves on the board. The County Workforce Development Board directs federal, state, and local funding for the county's workforce development programs and oversees the county's career center.
- A board member is a vice president of a nonprofit organization that serves the youth, the elderly and the underserved population in a village in Sullivan County, NY.
- The president of the Bank is also the chairman of the board of a nonprofit organization in Ulster County that assists individuals and families build and improve affordable homes.
- A Bank employee serves as treasurer of a nonprofit local development corporation whose primary purpose is to stimulate investments within the City of Kingston. The organization assists businesses with "gap" financing through its revolving loan program, approving projects that may not be conventionally financed.

4. Responsiveness to Community Development Needs:

CHB demonstrated a reasonable level of responsiveness through community development lending, investments, and service needs.

C. Additional Factors

1. 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.

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CHB's Board and management continue to take an active role in the Bank's CRA program. The CRA officer conducts an annual review of the CRA policy which is approved by the board of directors. Board members attend CRA trainings conducted by the compliance officer. Management and board members provide oversight and guidance to the Bank's CRA activities.

2. 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 CHB intended to discourage applications for the types of credit offered by CHB.

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

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

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

CHB closed two branches during the evaluation period, both located in middle-income tracts. The Malta office in Saratoga County and the Latham office in Albany County were closed in 2020 and 2021, respectively. In 2020, the Bank relocated the Monticello office (Sullivan County) one block from its original location (it remained in middle-income tract).

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Sullivan				5	1	6	0%
Ulster*			1	1		2	50%
Orange*				1		1	0%
Dutchess*						0	0%
Saratoga*				1		1	0%
Albany*				1		1	0%
Rensselaer*						0	0%
Schenectady*						0	0%
Total	0	0	1	9	1	11	9%

* Partial County

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4. 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.*

Members of the Bank's board and senior management serve as board or committee members on various community organizations. These affiliations, combined with relationships the Bank has developed with other various community organizations, are relied upon by the Bank to ascertain the banking and 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*

CHB'S promotes its products and services by advertising in local media outlets, at sponsored events, through outreach efforts by branch staff and via its website.

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

Responding to the immediate credit needs of its community due to the COVID pandemic, CHB in 2020 originated 165 PPP loans, of which 94% were within the Bank's assessment area. The majority of these PPP loans, 84.2% or 139 loans, averaged about \$31,000 and were made to micro-businesses. In addition, 45% of the PPP loans were originated to businesses within moderate-income tracts.

V - 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;

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- 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 bank’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

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- ❖ 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.

Fair Market Rents (“FMRs”)

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For the annual FMRs in New York MSAs or counties, go to www.huduser.gov/portal/datasets/fmr.html

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 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

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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 the 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.

Paycheck Protection Program (“PPP”) Loans

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs and providing for forgiveness of the full principal for qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

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;

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- 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.

Small Business Loan

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