



# CRA Statement

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# CRA Statement

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### **Introduction**

In enacting the Community Reinvestment Act (CRA), the Congress required each appropriate federal financial supervisory agency to assess an institution's record of helping to meet the credit needs of the local communities in which the institution is chartered, consistent with the safe and sound operations of the institution, and to take this record into account in the agency's evaluation of an application for a deposit facility by the institution.

The FDIC implements the CRA regulation in 12 CFR Part 345. Since its original enactment, the CRA laws and regulations have gone through several changes, with the most recent major revision made in September 2005. Under the current CRA regulations, banks subject to CRA are classified into three categories with different regulatory requirements: Large Banks (assets over \$1 billion), Intermediate Small Banks (assets over \$250 million and less than \$1 billion), and Small Banks (assets under \$250 million). The Bank is currently classified as a Large Bank for CRA purposes. Accordingly, the Bank's CRA policy reflects primarily the regulatory requirements applicable to large banks.

In addition to the CRA regulation contained in 12 CFR Part 345, the Federal banking agencies have published an "Interagency Questions and Answers Regarding Community Development" (Interagency Q&A). This Policy should be read in conjunction with the CRA regulation in 12 CFR Part 345 as well as the Interagency Q&A. Bank personnel who have direct CRA-related responsibilities should refer to the Interagency Q&A for further guidance.

### **The Bank's CRA Program**

The CRA Officer is responsible for developing and monitoring the Bank's CRA program. More specifically, the responsibilities of the CRA Officer include:

- Develop and implement the Bank's CRA program;
- Develop policies and procedures necessary to ensure the bank's compliance with the CRA regulations;
- Keep abreast of changes in the CRA regulations and ensure timely revision of policy if necessary;
- Periodically analyze the lending patterns of the bank to ensure nondiscriminatory practices and report the results to the Audit/Compliance Committee;



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- Follow up on CRA-related activity reports submitted by other departments of the Bank;
- Conduct periodic self-assessment of the Bank's performance and report results to the Audit Committee;
- Contact local community, civic and government leaders to identify lending, investment, and service opportunities;
- Prepare and maintain all the CRA-related records, reporting and disclosure requirements and public files; and
- Coordinate with outside consultants, auditors, and regulatory examiners regarding CRA-related matters.

Performance under the Bank's CRA program will be subject to regular review and monitoring by the Audit Committee of the Board of Trustees. The objectives of the Bank's CRA program will be to:

- Encourage credit applications from all segments of the communities served by the bank without regard to ethnic background or income level;
- Serve the needs of the bank's assessment areas through a combination of small business lending, multi-family and affordable housing real estate and construction lending, community development lending, investments and services;
- Continuously monitor the marketplace and the bank's loan programs to evaluate the effectiveness in providing loans in low- to moderate-income areas, individuals and small businesses; and
- Be responsive to the economic and demographic characteristics of its assessment areas.

Underlying the Bank's CRA program is a key concept that CRA is the responsibility of every bank employee and director. All of the Bank's directors, officers and employees are encouraged to be sensitive to the credit needs of the local community, to participate in the activities of the local community groups or development organizations, to examine any credit services that might be offered by the Bank, and to bring such potential credit services to the attention of the Bank's management and directors. To that end, the CRA Officer will organize and coordinate a CRA Committee comprised of the CEO and other relevant members of Senior Management. The committee will meet quarterly and be kept abreast of CRA-relevant activities and recommendations; summary minutes will be recorded and distributed to all members.



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### Definitions

“Community Development” means:

- (1) Affordable housing (including multifamily rental housing) for low-or moderate-income individuals;
- (2) Community services targeted to low-moderate-income individuals;
- (3) Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
- (4) Activities that revitalize or stabilize:
  - a. Low- or moderate-income geographies;
  - b. Designated disaster areas; or
  - c. Distressed or underserved nonmetropolitan middle-income geographies designated by the Federal banking regulatory agencies on:
    - i. Rates of poverty, unemployment, and population loss; or
    - ii. Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

“Community Development Loan”: means loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan; and
  - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).



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“Community Development Service” means a service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank’s retail banking services (under the performance criteria for the Service test).

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

“Income Level” includes:

- (1) Low-income, which means an individual income that is less than 50% of the area median income a median family income that is less than 50% in the case of a geography.
- (2) Moderate-income, which means an individual income that is at least 50% and less than 80% of the area median income or a median family income that is at least 50% and less than 80% in the case of a geography.
- (3) Middle-income, which means an individual income that is at least 80% and less than 120% of the area median income or a median family income that is at least 80% and less than 120% in the case of a geography.
- (4) Upper-income, which means an individual income that is 120% or more of the area median income or a median family income that is 120% or more in the case of a geography.

“Loan Location”. A loan is located as follows:

- (1) A consumer loan is located in the geography where the borrower resides;
- (2) A home mortgage loan is located in the geography where the property to which the loan relates is located; and
- (3) A small business or small farm loan is located in the geography where the main business facility or farm is located or where the loan proceeds otherwise will be applied, as indicated by the borrower.

“MSA” means a metropolitan statistical area as defined by the Director of the Office of Management and Budget.

“Qualified Investment” means a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. (Refer to the Interagency Q&A for examples of qualified investment).



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“Large Bank” means a bank that, as of December 31 of either of the prior two calendar years, had assets of greater than \$1 billion. “Intermediate small bank” means a small bank with assets of at least \$250 million as of December 31 of both of the prior two calendar years and less than \$1 billion as of December of either of the prior two calendar years.

“Small Business Loan” means a loan included in “loans to small businesses” as defined in the instructions for preparation of the Consolidated Report of Condition and Income.

### **Safe and Sound Operations**

The CRA laws and regulations do not require a bank to make loans or investments or to provide services that are inconsistent with safe and sound operations. To the contrary, the FDIC anticipates banks can meet the standards of the CRA regulation with safe and sound loans, investments, and services on which the banks expect to make a profit. Banks are permitted and encouraged to develop and apply flexible underwriting standards for loans that benefit low- or moderate-income geographies or individuals, only if consistent with safe and sound operations.

### **Performance Context**

The FDIC applies the tests and standards in its evaluation of a bank’s CRA performance in the context of:

- (1) Demographic data on median income levels, distribution of household income, nature of housing stock, housing costs, and other relevant data pertaining to a bank’s assessment areas;
- (2) Any information about lending, investment, and service opportunities in the bank’s assessment areas maintained by the bank or obtained from community organizations, state, local, and tribal governments, economic development agencies, or other sources;
- (3) The bank’s product offerings and business strategy as determined from data provided by the bank;
- (4) Institutional capacity and constraints, including the size and financial condition of the bank, the economic climate (national, regional, and local), safety and soundness limitations, and any other factors that significantly affect the bank’s ability to provide lending, investments, or services in its assessment areas.
- (5) The bank’s past performance and the performance of similarly situated lenders;



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- (6) The bank's public file and any written comments about the bank's CRA performance submitted to the bank or the FDIC; and
- (7) Any information deemed relevant by the FDIC.

Therefore, the CRA Officer shall periodically update and review the Bank's performance context based on the above guidelines to ensure the continued appropriateness of the Bank's CRA program and performance relative to its current performance context.

### **Large Bank Performance Standards**

There are four performance tests and standards employed by the FDIC in its assessment of the CRA performance of a bank, based on a bank's classification and/or its election: (1) Lending, Investment and Service tests, (2) Community development test for wholesale or limited purpose banks, (3) Small bank performance standards, and (4) Strategic Plan. The Bank will be assessed based on the Large Bank Performance Standards. The Large Bank evaluation standards focus on lending, investment, and service performance.

#### **Lending Test**

The lending test evaluates a Bank's record of helping to meet the credit needs of its assessment area through loans that benefit its assessment area or a broader statewide or regional area that includes the assessment area. The following components are included in the evaluation of a Bank's lending test performance:

- CRA assessment area characteristics;
- Overall lending activity from the last CRA examination;
- Percentage of lending activity in the Bank's CRA assessment area;
- Distribution of loans to borrowers with divergent incomes or to different size businesses within the Bank's CRA assessment area;
- Geographic distribution of loans within the Bank's CRA assessment area;
- Number and dollar amount of community development lending; and
- Innovative and flexible lending practices.

#### **Investment Test**

The investment test evaluates a Bank's record of helping to meet the credit needs of its assessment area through qualified investments that benefit its assessment area or a broader statewide or regional area that includes the assessment area. The following components are included in the evaluation of a Bank's investment test performance:

- The dollar amount of qualified investments;
- The innovativeness or complexity of qualified investments;
- The responsiveness of qualified investments to credit and community development needs; and



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- The degree to which the qualified investments are not routinely provided by private investors.

#### **Service Test**

The service test evaluates a Bank's record of helping to meet the credit needs of its assessment area through services that benefit its assessment area or a broader statewide or regional area that includes the assessment area. The following components are included in the evaluation of a Bank's service test performance:

- The current distribution of a Bank's branches among low-, moderate-, middle-, and upper-income geographies;
- In the context of its current distribution of a Bank's branches, the Bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- The availability and effectiveness of alternative systems for delivering retail banking services (e.g. RSFs, RSFs not owned or operated by or exclusively for a Bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

#### **Discriminatory or Other Illegal Credit Practices**

The FDIC's evaluation of the Bank's CRA performance would be adversely affected if the Bank was found to have evidence of discriminatory or other illegal credit practices in any geography by the Bank. Evidence of discriminatory or other credit practices that would represent a violation of an applicable law, rule, or regulation includes, but is not limited to:

- (1) Discrimination against applicants on a prohibited basis in violation, for example, of the Equal Credit Opportunity Act or the Fair Housing Act;
- (2) Violations of the Home Ownership and Equity Protection Act;
- (3) Violations of section 5 of the Federal Trade Commission Act;
- (4) Violations of section 8 of the Real Estate Settlement Procedures Act; and





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- (5) Violations of the Truth in Lending Act provisions regarding a consumer's right of rescission.

In determining the effect of evidence of practices described above on a bank's assigned rating, the FDIC considers the nature, extent and strength of the evidence of the practices; the policies and procedures that the bank has in place to prevent the practices; any corrective action that the bank has taken or has committed to take, including voluntary corrective action resulting from self-assessment; and any other relevant information.

It is the policy of Ridgewood Savings Bank not to engage in any lending or banking transactions or activities that are discriminatory on a prohibited basis or otherwise illegal or in violation of any applicable laws or regulations. The Bank has developed various policies and procedures to ensure the compliance objectives are well understood by all employees and are met in a satisfactory manner.

### **Assessment Areas**

The Bank will be evaluated based on the activities within its assessment areas. At least annually, the CRA Officer will review the assessment areas to ensure that:

- they consist of one or more MSAs or contiguous political subdivisions (i.e., counties, cities, or towns);
- the assessment areas are still appropriate;
- they consist of whole geographies;
- they do not reflect illegal discrimination;
- they do not arbitrarily exclude low- or moderate-income areas; and
- they include geographies where the Bank has its main office, branches and deposit-taking ATM's, as well as the surrounding geographies in which the Bank has originated or purchased a substantial portion of its loans.

Based on the above, the Bank's CRA Assessment Area, as specified in 12 C.F.R. 345.41, is determined to be the following seven counties in the State of New York, each in their entirety: Queens, Kings, Nassau, Suffolk, New York, Bronx, and Westchester.



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#### **CRA Public Notice**

The CRA public notice is information which must be prominently displayed at the main office and all branch office locations, as required by the regulation. The public notice states that the public may write to the Bank or the FDIC concerning the Bank's performance in helping to meet community credit needs. Members of the community may also review letters from the public received by the Bank regarding its CRA performance. A copy of the Bank's CRA Public Notice can be found in Exhibit A (for placement at its main office) and Exhibit B (for placement at its branch offices) to this Policy.

#### **CRA Public File**

The Bank's public file will include:

- All written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the Bank's performance in helping to meet community credit needs, and any response to the comments by the Bank, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the Bank or publication of which would violate specific provisions of law;
- A copy of the public section of the Bank's most recent CRA Performance Evaluation prepared by the FDIC. The Bank shall place this copy in the public file within 30 business days after its receipt from the FDIC;
- A list of the Bank's branches, their street addresses, and geographies;
- A list of branches opened or closed by the Bank during the current year and each of the prior two calendar years, their street addresses, and geographies;
- A list of services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the Bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any;
- A map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on the map or in a separate list. and
- The Bank's loan-to-deposit ratio for each quarter of the prior calendar year.



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The Bank will make available to the public for inspection upon request and at no cost the information required above at its Main office located at 71-02 Forest Avenue, Ridgewood, NY 11385.

The CRA Officer is responsible for the maintenance of the CRA public file and to ensure that the information required for the public file is current as of April 1 of each year. Any requests for copies of public file materials or written comments regarding the Bank's CRA performance must be forwarded immediately to the CRA Officer.



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#### **Exhibit A**

#### **RIDGEWOOD SAVINGS BANK COMMUNITY REINVESTMENT ACT NOTICE**

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications filed by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section to our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet Community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Manager, Division of Compliance and Consumer Affairs, FDIC, 20 Exchange Place, New York, New York 10005. You may send written comments about our performance in helping to meet community credit needs to the CRA Officer, Ridgewood Savings Bank, 71-02 Forest Avenue, Ridgewood, New York 11385 and FDIC Regional Manager. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Manager. You may also request from the FDIC Regional Manager an announcement of our applications covered by the CRA filed with FDIC.



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#### **Exhibit B**

CRA Public Notice for the Bank's Branch Offices

#### **RIDGEWOOD SAVINGS BANK COMMUNITY REINVESTMENT ACT NOTICE**

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications filed by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA. You may review today the public section of our most recent CRA evaluation, prepared by the FDIC, and a list of services provided at this branch. You may also have access to the following additional information, which we make available to you at this branch within five calendar days after you make a request to us: (1) a map showing the assessment area containing this branch, which is the area in which the FDIC evaluates our CRA performance in this community; (2) information about our branches in this assessment area; (3) a list of services we provide at those locations; (4) data on our lending performance in this assessment area; (5) copies of all written comments received by us that specifically relate to our CRA performance in this assessment area, and any responses we have made to those comments. If we are operating under an approved strategic plan, you may also have access to a copy of the plan.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Manager, Division of Compliance and Consumer Affairs, FDIC, 20 Exchange Place, New York, New York 10005. You may send written comments about our performance in helping to meet community credit needs to the CRA Officer, Ridgewood Savings Bank, 71-02 Forest Avenue, Ridgewood, New York 11385 and FDIC Regional Manager. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any Comments received by the FDIC Regional Manager. You may also request from the FDIC Regional Manager an announcement of our applications covered by the CRA filed with FDIC.