



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF SAWYER SAVINGS BANK

AS OF DECEMBER 31, 2022

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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SAWYER SAVINGS BANK – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Sawyer Savings Bank (“SSB” 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 December 31, 2022.

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 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 end of this Evaluation.

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II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated SSB according to the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2020, 2021, and 2022 for lending activities. The Department assigned SSB a rating of “2” indicating a “Satisfactory” record of helping to meet community credit needs.

A. Lending Test: Satisfactory

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

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

SSB's average LTD ratio for the evaluation period of 87.6%, exceeded its peer average LTD ratio of 76.4%. Furthermore, the Bank's quarterly average LTD ratios exceeded its peer average quarterly ratios for each quarter of the evaluation period.

2. Assessment Area Concentration: Satisfactory

During the evaluation period, SSB originated 68% by number and 61.1% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

3. Distribution by Borrower Characteristics: Satisfactory

SSB's one-to-four family HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

4. Geographic Distribution of Loans: Needs to Improve

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

The Bank's HMDA reportable and small business lending rates in LMI census tracts were well below the aggregate's lending rates. SSB's HMDA reportable lending rates in LMI census tracts also trailed the percentage of LMI owner-occupied housing units and its small business lending rates, also trailed the percentage of small businesses located in LMI census tracts.

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

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

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

SSB is a New York State-chartered, mutual savings bank headquartered in the Village of Saugerties in Ulster County, New York.

SSB operates four branches in Ulster County in the Village of Saugerties, New Paltz, and in the hamlets of Marlboro and Highland. Each branch has an onsite, deposit-taking automated teller machine (“ATM”) except the New Paltz branch which has a non-deposit-taking ATM. The Bank also operates a loan production office in Saugerties, New York.

The Bank offers a variety of consumer and business banking products and services. Consumer products include checking and savings accounts, money market accounts, certificates of deposit, home equity, construction, and mortgage loans. Consumer services include mobile banking, online banking, online bill pay and telephone banking. Business products include business checking, business savings, time deposits, commercial mortgage loans, agricultural loans, business installment loans, overdraft protection loans, equipment lines of credit, and revolving lines of credit. Business services include remote deposit capture, night depository and merchant services.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2022, filed with the Federal Deposit Insurance Corporation (“FDIC”), SSB reported total assets of \$278 million, of which \$214 million were net loans and lease financing receivables. It also reported total deposits of \$235.2 million, resulting in an LTD ratio of 91%. According to the latest available comparative deposit data as of June 30, 2023, SSB obtained a market share of 5.2%, or \$243.2 million in a market of \$4.7 billion, ranking it 8th among 19 deposit-taking institutions in Ulster County.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2020, December 31, 2021, and December 31, 2023’s Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2020		2021		2022	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	117,571	61.6	114,521	57.6	121,219	56.0
Commercial & Industrial Loans	11,438	6.0	9,094	4.6	5,476	2.5
Commercial Mortgage Loans	25,871	13.5	29,258	14.7	31,513	14.6
Multifamily Mortgages	20,475	10.7	31,840	16.0	42,059	19.4
Consumer Loans	205	0.1	157	0.1	176	0.1
Agricultural Loans	11,232	5.9	7,382	3.7	7,786	3.6
Construction Loans	4,176	2.2	6,670	3.4	8,173	3.8
Obligations (other than securities and leases)	0	0.0	0	0.0	113	0.1
Total Gross Loans	190,968		198,922		216,515	

As illustrated in the above table, SSB is primarily a residential lender, with 75.4% of its loan portfolio in 1-4 residential mortgage loans (56%) and multifamily loans (19.4%).

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

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B. Assessment Area

SSB’s assessment area consists of part of Ulster County. While the Bank’s assessment area did not change, the number of census tracts increased from 39 to 41 census tracts in 2022 following the 2020 U.S. Census Bureau report. The census tract changes in the Bank’s assessment area were as follows: the 9529 census tract was replaced by census tracts 9529.01 and 9529.02; and census tract 9550 was replaced by census tracts 9550.01 and 9550.02.

As of 2022, there are 41 census tracts in the Bank’s assessment area, of which none are low-income, eight are moderate-income, 28 are middle-income, four are upper-income, and one census tract has no income indicated. In 2020 and 2021, SSB’s assessment area had one low-income census tract (census tract 9517), this census tract was reclassified to a moderate-income census tract in 2022.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Ulster*	1	0	8	28	4	41	19.5
Total	1	0	8	28	4	41	19.5

* *Partial county*

C. Demographic & Economic Data

The assessment area had a population of 151,937 during the evaluation period. Approximately 20% of the population were over the age of 65 and 18% were under the age of 16.

Of the 35,788 families in the assessment area, 22% were low-income, 17.1% were moderate-income, 20.5% were middle-income and 40.5% were upper-income. There were 59,974 households in the assessment area, of which 11.2% had income below the poverty level and 2.4% were on public assistance. The weighted average median family income in the assessment area was \$85,871.

There were 71,025 housing units within the assessment area, of which 84.2% were one-to-four family units and 9.3% were multifamily units. A majority (57.4%) of the housing units were owner-occupied units, 27.01% were rental-occupied units and 15.6% were vacant units.

Of the 40,743 owner-occupied housing units, 12.2% were in LMI census tracts while 84.9% were in middle- and upper-income census tracts. The median age of the housing stock was 56 years, and the median home value in the assessment area was \$248,138.

There were 15,985 non-farm businesses in the assessment area. Of these, 89.7% were businesses with reported revenues of less than or equal to \$1 million, 2.8% reported revenues of more than \$1 million and 7.5% did not report their revenues. Of all the businesses in the assessment area, 97.8% were businesses with less than fifty employees while 93% operated from a single location.

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The largest industries in the area were services (36.7%), retail trade (12.4%) and construction (7%); 21.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor data, the average unemployment rates for New York State and Ulster County in 2020 were high, at 9.8% and 7.7%, respectively, due primarily to the onset of the COVID-19 pandemic. As the pandemic receded, the unemployment rates started to improve; by 2022, New York State’s unemployment rate declined to 4.3% and Ulster County’s unemployment rate to 3.2%. Overall, Ulster County’s average unemployment rate of 5.2% was lower than the state’s average rate of 7% for the three-year evaluation period.

Assessment Area Unemployment Rate		
	Statewide	Ulster
2020	9.8%	7.7%
2021	7.0%	4.7%
2022	4.3%	3.2%
Average of 3 Years	7.0%	5.2%

D. Community Information

As a part of the evaluation, DFS examiners conducted a community contact interview with a representative of a nonprofit organization that serves the Bank’s assessment area.

The nonprofit organization’s mission is to help disadvantaged families overcome barriers preventing them from becoming self-sufficient and to help them find steady and gainful employment to achieve family stability. Therefore, the organization provides funding for various organizations and programs to help eliminate these barriers, including parenting and mental health, affordable childcare, job skills and training programs, mentoring programs for vulnerable women, emergency assistance and homelessness prevention programs.

The representative noted challenges that disadvantaged communities encounter, such as severe shortage of affordable housing stock, high mortgage interest rates and rising housing prices due to low inventory and the influx of people from New York City with higher incomes, resulting in many local first-time homebuyers being priced out of the market. Local banks and financial institutions generally offer standard banking products and services; however, the representative recommended that these institutions also offer programs tailored to consumers who lack credit history.

SSB received favorable comments from the organization as being active in the community.

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IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

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

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

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

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

DFS derived statistics employed in this Evaluation from various sources. SSB submitted bank-specific information both as part of the evaluation process and in 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 2020 U.S. Census and the FFIEC. DFS based business demographic data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2020, 2021 and 2022.

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

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HMDA-reportable loan data evaluated in this Evaluation represented actual originations, while small business loans were based on a sample of 44 small business loans for 2020, 56 loans for 2021 and 42 loans for 2022.

SSB is not required to report small business/small farm loan data, so small business and small farm lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes. Because SSB made very few small farm loans, DFS based all analyses on small business lending only.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2019, DFS assigned SSB a rating of “2” reflecting a “Satisfactory” compliance with regulatory standards.

Current CRA Rating: Satisfactory

A. Lending Test: Satisfactory

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

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

SSB’s average LTD ratio was reasonable considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

SSB’s average LTD ratio for the evaluation period was 87.6%, which exceeded its peer group’s average LTD ratio of 76.4%. Furthermore, the Bank’s quarterly LTD ratios exceeded its peer group’s ratios for each quarter of the evaluation period.

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

Loan-to-Deposit Ratios													
	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	Avg.
Bank	87.9	89.3	90.6	90.7	86.5	85.6	84.3	85.7	85.7	84.8	89.7	91.0	87.6
Peer	85.8	82.0	81.7	78.2	73.6	73.8	72.7	71.5	71.3	73.2	75.4	78.1	76.4

2. Assessment Area Concentration Satisfactory

During the evaluation period, SSB originated 68% by number and 61.1% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

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i. HMDA-Reportable Loans:

SSB originated 65.1% by number and 60.6% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending.

ii. Small Business Loans:

SSB originated 76.1% by number and 63.3% by dollar value of its small business loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending.

The following table shows the percentages of the Bank’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										
2020	89	66.4%	45	33.6%	134	21,003	63.0%	12,332	37.0%	33,335
2021	88	63.8%	50	36.2%	138	24,851	61.7%	15,432	38.3%	40,283
2022	78	65.0%	42	35.0%	120	21,894	57.4%	16,223	42.6%	38,117
Subtotal	255	65.1%	137	34.9%	392	67,748	60.6%	43,987	39.4%	111,735
Small Business										
2020	33	75.0%	11	25.0%	44	4,096	50.1%	4,073	49.9%	8,169
2021	44	78.6%	12	21.4%	56	5,203	66.7%	2,593	33.3%	7,796
2022	31	73.8%	11	26.2%	42	4,525	77.2%	1,337	22.8%	5,862
Subtotal	108	76.1%	34	23.9%	142	13,824	63.3%	8,003	36.7%	21,827
Grand Total	363	68.0%	171	32.0%	534	81,572	61.1%	51,990	38.9%	133,562

* DFS analyzed small business lending on a sample of 44 loans in 2020, 56 loans in 2021 and 42 loans in 2022.

3. Distribution by Borrower Characteristics: Satisfactory

SSB’s one-to-four family HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

a. One-to-Four Family HMDA-Reportable Loans

SSB’s one-to-four family HMDA-reportable lending demonstrated an excellent distribution of loans among individuals of different income levels.

During the evaluation period, SSB originated 25.5% by number and 18.1% by dollar value of its HMDA-reportable loans to LMI borrowers, well above the aggregate’s lending rates of 20.6% and 13%, respectively. Furthermore, the Bank’s annual rates of lending by number and dollar value of loans exceeded the aggregate’s annual rates for each year of the evaluation period.

The average percentage of LMI families living in the assessment area was 38.8% for the evaluation period.

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

Distribution of One-to-Four Family Loans by Borrower Income									
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	2.4%	136	0.7%	126	3.1%	17,350	1.7%	22.1%
Moderate	15	17.6%	2,527	13.2%	573	14.0%	91,295	9.1%	16.6%
LMI	17	20.0%	2,663	13.9%	699	17.0%	108,645	10.8%	38.6%
Middle	23	27.1%	4,737	24.7%	1,004	24.5%	196,930	19.5%	20.3%
Upper	40	47.1%	10,607	55.3%	2,234	54.4%	660,000	65.5%	41.0%
Unknown	5	5.9%	1,190	6.2%	166	0	42,130	4.2%	
Total	85		19,197		4,103		1,007,705		
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	2.5%	290	1.6%	248	5.1%	33,800	2.6%	22.1%
Moderate	20	24.7%	3,379	19.2%	838	17.2%	153,290	11.9%	16.6%
LMI	22	27.2%	3,669	20.8%	1,086	22.3%	187,090	14.5%	38.6%
Middle	15	18.5%	2,538	14.4%	1,254	25.7%	274,860	21.4%	20.3%
Upper	38	46.9%	9,638	54.7%	2,354	48.3%	771,390	59.9%	41.0%
Unknown	6	7.4%	1,777	10.1%	183	3.8%	53,745	4.2%	
Total	81		17,622		4,877		1,287,085		
2022									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	5.8%	477	3.2%	189	5.3%	23,175	2.4%	22.0%
Moderate	17	24.6%	2,523	17.0%	606	17.1%	106,190	11.0%	17.1%
LMI	21	30.4%	3,000	20.3%	795	22.4%	129,365	13.4%	39.1%
Middle	21	30.4%	4,336	29.3%	893	25.2%	194,635	20.1%	20.5%
Upper	23	33.3%	6,345	42.9%	1,709	48.2%	601,075	62.1%	40.5%
Unknown	4	5.8%	1,120	7.6%	146	4.1%	42,830	4.4%	
Total	69		14,800		3,543		967,905		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	3.4%	903	1.7%		4.5%		2.3%	
Moderate	52	22.1%	8,428	16.3%		16.1%		10.8%	
LMI	60	25.5%	9,331	18.1%	2,580	20.6%	425,100	13.0%	38.8%
Middle	59	25.1%	11,612	22.5%		25.2%		20.4%	
Upper	101	43.0%	26,590	51.5%		50.3%		62.3%	
Unknown	15	6.4%	4,087	7.9%		4.0%		4.3%	
Total	235		51,619		12,523		3,262,695		

b. Small Business Loans

SSB’s small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes.

The Bank, in 2020 and 2021, originated a total of 93 PPP loans in the amount of \$4.8 million. As PPP loans did not require the collection of revenue for approval and to not negatively skew the

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analysis of this criterion, DFS excluded all PPP loans and based the analysis solely on the sample loans which did not include PPP loans. PPP loans averaged approximately \$51,500 per loan, a lower per dollar average than the loans included in the loan sample analyzed and a likely indicator that these PPP loans were primarily to micro- and small businesses.

SSB’s average rates of lending to businesses with gross annual revenues of \$1 million or less were 37% by number and 62% by dollar value of loans, trailing the aggregate’s rate of 45.7% by number of loans but well above the aggregate’s rate of 31.2% by dollar value of loans.

Both the Bank’s and the aggregate’s rates were well below the average percentage of 89.1% of small businesses with gross annual revenues of \$1 million or less.

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

Distribution of Small Business Lending by Revenue Size of Business									
2020									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	13	39.4%	2,787	68.0%	1,413	39.1%	35,548	24.3%	88.2%
Rev. > \$1MM	4	12.1%	925	22.6%					3.7%
Rev. Unknown	16	48.5%	384	9.4%					8.1%
Total	33		4,096		3,610		146,194		
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	16	36.4%	3,071	59.0%	2,108	45.6%	45,103	30.3%	89.3%
Rev. > \$1MM	6	13.6%	1,165	22.4%					3.1%
Rev. Unknown	22	50.0%	967	18.6%					7.6%
Total	44		5,203		4,620		149,059		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	11	35.5%	2,715	60.0%	2,361	51.0%	45,998	41.5%	89.7%
Rev. > \$1MM	2	6.5%	1,112	24.6%					2.8%
Rev. Unknown	18	58.1%	698	15.4%					7.5%
Total	31		4,525		4,628		110,933		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	40	37.0%	8,573	62.0%	5,882	45.7%	126,649	31.2%	89.1%
Rev. > \$1MM	12	11.1%	3,202	23.2%					
Rev. Unknown	56	51.9%	2,049	14.8%					
Total	108		13,824		12,858		406,186		

4. Geographic Distribution of Loans: Needs to Improve

SSB’s origination of loans in census tracts of varying income levels demonstrated a poor distribution of lending.

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SSB's assessment area had one low-income census tract (census tract 9517) in 2020 and 2021; however, this census tract was reclassified to a moderate-income census tract in 2022, resulting in the assessment area not having any low-income census tract in 2022. So, the Bank's 2022 lending performance was evaluated based solely on lending in moderate-income census tracts.

a. HMDA-Reportable Loans

The distribution of SSB's HMDA-reportable loans among census tracts of varying income levels was poor.

SSB's HMDA-reportable average rates of lending in LMI census tracts of 4.3% by number of loans and 3.9% by dollar value of loans were well below the aggregate rates of 8.3% and 7.1%, respectively. Furthermore, the Bank's annual rates of lending by number of loans in LMI census tracts trailed the aggregate's rates in all years of the evaluation period and by dollar value of loans in 2020 and 2022.

The Bank's lending rates in LMI census tracts trailed the average percentage of 7.8% of owner-occupied housing units in the assessment area, while the aggregate's lending rates by number of loans exceeded the owner-occupied demographics and was comparable by dollar value of loans to the owner-occupied demographics.

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

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Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2020									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	85	2.1%	16,895	1.6%	2.2%
Moderate	2	2.2%	343	1.6%	161	3.9%	26,615	2.5%	3.5%
LMI	2	2.2%	343	1.6%	246	6.0%	43,510	4.2%	5.6%
Middle	58	65.2%	13,406	63.8%	2,492	60.4%	596,460	57.1%	63.9%
Upper	29	32.6%	7,254	34.5%	1,389	33.7%	404,175	38.7%	30.5%
Unknown	0	0.0%		0.0%	0	0.0%	0	0.0%	0.0%
Total	89		21,003		4,127		1,044,145		
2021									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	2.3%	1,609	6.5%	114	2.3%	41,250	2.9%	2.2%
Moderate	1	1.1%	4	0.0%	226	4.6%	44,810	3.1%	3.5%
LMI	3	3.4%	1,613	6.5%	340	6.9%	86,060	6.0%	5.6%
Middle	59	67.0%	17,421	70.1%	3,070	62.3%	887,790	61.5%	63.9%
Upper	26	29.5%	5,817	23.4%	1,514	30.7%	468,880	32.5%	30.5%
Unknown	0	0.0%		0.0%	0	0.0%	0	0.0%	0.0%
Total	88		24,851		4,924		1,442,730		
2022									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	6	7.7%	687	3.1%	461	12.9%	124,945	11.4%	12.2%
LMI	6	7.7%	687	3.1%	461	12.9%	124,945	11.4%	12.2%
Middle	64	82.1%	18,688	85.4%	2,561	71.6%	808,115	73.6%	69.4%
Upper	8	10.3%	2,519	11.5%	475	13.3%	131,645	12.0%	15.6%
Unknown	0	0.0%	0	0.0%	82	2.3%	33,590	3.1%	2.9%
Total	78		21,894		3,579		1,098,295		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	0.8%	1,609	2.4%		1.6%		1.6%	
Moderate	9	3.5%	1,034	1.5%		6.7%		5.5%	
LMI	11	4.3%	2,643	3.9%	1,047	8.3%	254,515	7.1%	7.8%
Middle	181	71.0%	49,515	73.1%		64.3%		63.9%	
Upper	63	24.7%	15,590	23.0%		26.7%		28.0%	
Unknown	-	0.0%	-	0.0%		0.6%		0.9%	
Total	255		67,748		12,630		3,585,170		

b. Small Business Loans

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

SSB's small business lending rates of 1.9% by number and 6.6% by dollar value in LMI census tracts, were well below the aggregate's lending rates of 9.4% and 9.1%, respectively. Furthermore, the Bank did not originate any small business loans in LMI census tracts in 2020 and 2022.

Both the Bank's and the aggregate's average rates of lending in LMI census tracts trailed the average percentage of 11.1% of small businesses (business demographics) located in LMI census tracts within SSB's assessment area. The LMI business demographics experienced a significant change from 8.5% in 2021 to 16.3% in 2022 reflecting the latest demographic data based on the 2020 U.S. Census Bureau Report.

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

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Distribution of Small Business Lending by Geographic Income of the Census Tract									
2020									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	52	1.4%	977	0.7%	2.8%
Moderate		0.0%		0.0%	174	4.8%	10,217	7.0%	5.6%
LMI	0	0.0%	0	0.0%	226	6.3%	11,194	7.7%	8.4%
Middle	24	72.7%	2,743	67.0%	2,208	61.2%	94,588	64.7%	61.3%
Upper	9	27.3%	1,353	33.0%	1,176	32.6%	40,412	27.6%	30.3%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	33		4,096		3,610		146,194		
2021									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	2.3%	415	8.0%	98	2.1%	1,867	1.3%	2.7%
Moderate	1	2.3%	500	9.6%	245	5.3%	9,129	6.1%	5.8%
LMI	2	4.5%	915	17.6%	343	7.4%	10,996	7.4%	8.5%
Middle	22	50.0%	2,791	53.6%	2,834	61.3%	92,690	62.2%	61.1%
Upper	20	45.5%	1,497	28.8%	1,443	31.2%	45,373	30.4%	30.4%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	44		5,203		4,620		149,059		
2022									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	0	0.0%	0	0.0%	
Moderate		0.0%		0.0%	637	13.8%	14,682	13.2%	16.3%
LMI	0	0.0%	0	0.0%	637	13.8%	14,682	13.2%	16.3%
Middle	25	80.6%	3,278	72.4%	3,327	71.9%	82,095	73.9%	71.0%
Upper	6	19.4%	1,247	27.6%	560	12.1%	12,095	10.9%	10.5%
Unknown		0.0%		0.0%	104	2.2%	2,161	1.9%	2.2%
Total	31		4,525		4,628		111,033		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.9%	415	3.0%		1.2%		0.7%	
Moderate	1	0.9%	500	3.6%		8.2%		8.4%	
LMI	2	1.9%	915	6.6%	1,206	9.4%	36,872	9.1%	11.1%
Middle	71	65.7%	8,812	63.7%		65.1%		66.3%	
Upper	35	32.4%	4,097	29.6%		24.7%		24.1%	
Unknown	-	0.0%	-	0.0%		0.8%		0.5%	
Total	108		13,824		12,858		406,286		

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

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

B. 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 Community Reinvestment Act

SSB's board of directors approves the Bank's CRA policy annually and receives an annual CRA update, including lending data with regards to the Bank's CRA performance based on the annually prepared CRA self-assessment.

2. Discrimination and other illegal practices

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- 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 SSB intended to discourage applications for the types of credit offered by SSB.

- Evidence of prohibited discriminatory or other illegal credit practices.

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

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

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Ulster*				4		4	0%
Total	-	-	-	4	-	4	0%

*Partial County

SSB did not close any branches during the evaluation period. In 2021, the Bank opened a branch in New Paltz, Ulster County.

The Bank’s four branches are all in middle-income census tracts in Ulster County. The Bank also operates a loan production office in Saugerties, New York.

The New Paltz branch is open Monday to Friday from 10:00AM to 3:30PM. The other three branches are open from 9:00AM to 5:00PM Monday to Thursday, with extended service hours on Friday until 6:00PM. Two branches offer Saturday hours from 9:00AM to 2:00PM. All branches except the New Paltz branch offer drive-up service and all branches have a deposit taking ATM, except the New Paltz branch which has a non-deposit taking ATM.

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.*

SSB’s management and employees are members of various local, county, and regional nonprofit organizations, including business and professional associations. The Bank also offers first-time homebuyer seminars conducted at the branch offices and in partnership with a local nonprofit organization focused on helping potential LMI first-time homebuyers. These activities help management ascertain the credit needs of the community.

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

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SSB promotes its products and services through print media, radio, its internet website and through various social media outlets (Facebook, Instagram and Twitter). The Bank’s marketing efforts include promoting its “First-Time Homebuyer” loan program.

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

During the evaluation period, SSB made 98 loans totaling \$13.9 million through its “First-Time Homebuyers” loan program. The program offers 100% financing options, down payment assistance and low closing costs.

The Bank performed qualified community development community services by working closely with various local, nonprofit organizations conducting “First-Time Homebuyers” seminars to mostly LMI individuals and potential first-time homebuyers within its assessment area.

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 ([DFS multifamily industry letter](#));
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are in LMI areas or that primarily serve LMI individuals;

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- 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

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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 easy reference of 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 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

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 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. 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

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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 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 providing for forgiveness of up to the full principal of 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 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;

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- 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.