

PUBLIC DISCLOSURE

November 7, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Solvay Bank
RSSD No. 722816**

**1537 Milton Avenue
Solvay, NY 13209**

FEDERAL RESERVE BANK OF NEW YORK

**33 LIBERTY STREET
NEW YORK, N.Y. 10045**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: Solvay Bank is rated “**SATISFACTORY.**”

The following table indicates the performance level of the institution with respect to the lending and community development tests.

| PERFORMANCE LEVELS | SOLVAY BANK PERFORMANCE TESTS | |
|---------------------------|-------------------------------|----------------------------|
| | Lending Test | Community Development Test |
| Outstanding | | X |
| Satisfactory | X | |
| Needs to Improve | | |
| Substantial Noncompliance | | |

The satisfactory performance of Solvay Bank (“Solvay”) with regard to the Community Reinvestment Act (“CRA”) is based on the following performance criteria:

- The level of community development loans, qualified investments and community development services was excellent.
- A substantial majority of loans were made in the assessment area.
- The bank’s loan-to-deposit ratio was reasonable.
- The distribution of loans to borrowers of different incomes and businesses of different sizes reflects reasonable penetration.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

Established in 1917, Solvay is a New York State-chartered banking corporation headquartered in Solvay, New York. It is a wholly owned subsidiary of Solvay Bank Corporation. As of December 31, 2004, the bank reported total assets of \$438 million, with total net loans and leases of \$312 million and total deposits of \$396 million.

As of December 31, 2004, Solvay operated six full-service branch offices throughout Onondaga County in central New York State. Based on data reported to the Federal Deposit Insurance Corporation ("FDIC"), the bank's deposits represented 6% of all bank branch deposits in Onondaga County as of June 30, 2005. The bank offers various deposit and loan products and services to consumers and small to medium-sized businesses.

The bank's market is highly competitive with branches of numerous local, regional and multinational banks, mortgage companies, and other financial institutions operating in the bank's assessment area. Solvay's primary bank competitors include Manufacturers and Traders Trust Company, Key Bank, HSBC Bank, JP Morgan Chase Bank, Bank of America, Alliance Bank and Citizens Bank.

Solvay's previous CRA examination was dated November 3, 2003, and the bank received an overall rating of "satisfactory" under the large retail bank evaluation method. There are no financial or legal factors preventing Solvay from serving credit needs in its assessment area.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

Solvay's assessment area consists of Onondaga County, New York which includes the city of Syracuse, New York. The assessment area is located in Metropolitan Statistical Area ("MSA") 45060 (Syracuse, NY). The assessment area is unchanged since the previous examination and does not arbitrarily exclude low- or moderate-income ("LMI") geographies. A map illustrating Solvay's assessment area is on page BB18.

SCOPE OF EXAMINATION

Procedures

Solvay's performance was reviewed using the Federal Financial Institutions Examination Council's *Intermediate Small Bank Examination Procedures*.

Products

Retail loan products evaluated include home purchase, refinance, home improvement and small business loans. The mortgage loans included in the evaluation were reported under HMDA, and small business loans evaluated were reported under CRA. Examiners verified the integrity of the bank's HMDA-related and small business loan data reported in 2003 and 2004 and both were found to have acceptable data integrity. Multifamily loans qualifying as community development loans were considered in the evaluation of community development.

Examination Period

The evaluation period for HMDA-related loans and small business loans includes all loans originated between January 1, 2003, and December 31, 2004. Examiners also reviewed activities pertaining to the community development test covering the same period.

Lending Distribution Analysis

Because of changes in CRA and HMDA reporting requirements, a separate analysis of 2003 and 2004 data was conducted for the evaluation of geographic and borrower distribution. In accordance with the reporting requirements, 2003 loans were reported and evaluated using the metropolitan area definitions issued by the Office of Management and Budget ("OMB") in effect through December 31, 2003. Loans originated during 2004 were reported and analyzed using the new OMB metropolitan area definitions which became effective January 1, 2004.

The analysis focused on 2004 lending performance since it reflects the most current reporting requirements and was the most recent year that aggregate HMDA and small business data were available. Only loans in Solvay's assessment area were included in the analysis of geographic and borrower distribution.

For HMDA-related loans, the proportion of HMDA-related loan originations in LMI geographies was compared with the proportion of owner occupied units located in LMI and non-LMI geographies. For small business loans, the analysis compared the proportion of loan originations in LMI geographies with the proportion of businesses located in LMI and non-LMI geographies as reported by Dun and Bradstreet Data.

In order to analyze the borrower characteristics of HMDA-related loans, the proportion of originations to LMI borrowers was compared with the proportion of LMI families in the assessment area. Income estimates from the U.S. Department of Housing and Urban Development ("HUD") were used to categorize borrower income. HUD-adjusted median family income figures for 2003 were used to categorize borrower income level for 2003 loans and 2004 HUD-adjusted median family income data were used to categorize 2004 loans.

For small business loans, the proportion of loans to borrowers with gross annual revenues ("GAR") of \$1 million or less was compared with the proportion of such businesses as reported by Dun and Bradstreet. An analysis of the dollar amount of small business loans was also

conducted, focusing on credit extensions under \$100,000, which are seen as especially responsive to the needs of smaller businesses.

Solvay's HMDA-related and small business loan performance was also compared with the aggregate of all lenders in Solvay's assessment area subject to HMDA and/or CRA small business loan reporting. For both HMDA-related and small business lending, 2004 lending patterns were compared with the 2004 aggregate and 2003 lending patterns were compared with the 2003 aggregate.

Before reaching a conclusion about the bank's overall performance regarding geographic distribution and borrower characteristics in the assessment area, greater weight was given to certain loan products. The comparison of a product's volume with total retail lending volume in the assessment area determined the weight of a product's performance in an overall conclusion.

Examiners also contacted two community development organizations in order to gain an understanding of local credit needs. One community contact focused on affordable housing for low and moderate-income individuals while the other promoted economic development through lending programs to small businesses.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the New York State Department of Labor, the U.S. Department of Housing and Urban Development ("HUD") and the New York Association of Realtors.

Demographic Characteristics

According to the 2000 Census, Onondaga County's population totals 458,336. The county's main city of Syracuse has a population of 147,306, which represents 32% of the county's population and a 10% decline since the 1990 Census.

Income Characteristics

The HUD-adjusted median family income for the MSA was \$52,700 in 2003 and \$54,100 in 2004. Based on the 2000 Census, of the 144 census tracts included in the analysis, 44 or 31% are LMI. All but two of the LMI census tracts are located in the city of Syracuse.

Housing Characteristics

Given the relatively low level of owner-occupancy in LMI census tracts, opportunities for homeownership are limited. According to community contacts, high housing vacancy rates in Syracuse have led to blighted neighborhoods in need of stabilization. As a result, there is a critical community need for affordable multifamily rehabilitation loans for owners and investors.

| Median Home Sales Prices | | |
|--------------------------|-----------|-----------|
| Area | 2004 | 2003 |
| Syracuse-Onondaga Cty. | \$110,000 | \$107,000 |

Source: New York Association of Realtors

As shown in the table at left, the median sales price of existing single-family homes in Greater Syracuse/Onondaga County totaled \$107,000 as of December 2003 and increased to \$110,000 as of December 2004. Community contacts noted that low-cost housing opportunities

exist in Syracuse, but a lack of local jobs, inadequate income and costs associated with housing maintenance and improvements combine to prevent many lower income families from owning homes.

Labor, Employment and Economic Characteristics

Economic trends in MSA 45060 (Syracuse, NY) indicate that the central New York economy has stabilized. Declines in manufacturing jobs have been somewhat offset by gains in the service sector primarily health care and educational services. The area also now enjoys a diverse industrial base including auto-parts, defense, and medical-devices much of which would now be considered high-tech. Additional growth is also expected with the \$2.2 billion expansion of the Carousel Mall into a shopping and entertainment resort named Destiny USA.

MSA unemployment rates remained relatively constant during the examination period, although they are higher for the city of Syracuse than for the MSA. In the city of Syracuse, the average annual unemployment rate decreased in 2004. The trend in the unemployment rate reflects an improved economic climate but the high levels still reflect a need for further economic development, particularly in the city.

| Average Annual Unemployment Rates | | |
|-----------------------------------|------|------|
| Area | 2004 | 2003 |
| MSA 45060 (Syracuse, NY) | 5.5% | 5.6% |
| City of Syracuse | 6.2% | 8.3% |

Exhibit 1 on next page provides additional assessment area demographics.

EXHIBIT # 1
Assessment Area Demographics
Onondaga County 2004

| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
|------------------------------|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| | # | % | # | % | # | % | # | % |
| Low-income | 21 | 14.6 | 9,346 | 8.0 | 3,630 | 38.8 | 22,805 | 19.6 |
| Moderate-income | 23 | 16.0 | 13,415 | 11.6 | 2,668 | 19.9 | 19,870 | 17.1 |
| Middle-income | 56 | 38.9 | 50,194 | 43.2 | 2,617 | 5.2 | 24,450 | 21.1 |
| Upper-income | 44 | 30.6 | 43,181 | 37.2 | 1,033 | 2.4 | 49,011 | 42.2 |
| Total Assessment Area | 144 | 100.0 | 116,136 | 100.0 | 9,948 | 8.6 | 116,136 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 24,371 | 3,935 | 3.4 | 16.1 | 15,983 | 65.6 | 4,453 | 18.3 |
| Moderate-income | 29,334 | 9,789 | 8.4 | 33.4 | 16,018 | 54.6 | 3,527 | 12.0 |
| Middle-income | 80,498 | 55,217 | 47.3 | 68.6 | 20,827 | 25.9 | 4,454 | 5.5 |
| Upper-income | 62,430 | 47,874 | 41.0 | 76.7 | 11,510 | 18.4 | 3,046 | 4.9 |
| Total Assessment Area | 196,633 | 116,815 | 100.0 | 59.4 | 64,338 | 32.7 | 15,480 | 7.9 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | # | % | # | % | # | % | # | % |
| Low-income | 3,316 | 18.3 | 2,687 | 17.3 | 508 | 25.8 | 121 | 19.3 |
| Moderate-income | 1,641 | 9.1 | 1,400 | 9.0 | 181 | 9.2 | 60 | 9.6 |
| Middle-income | 7,565 | 41.7 | 6,393 | 41.2 | 919 | 46.7 | 253 | 40.4 |
| Upper-income | 5,605 | 30.9 | 5,051 | 32.5 | 361 | 18.3 | 193 | 30.8 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 18,127 | 100.0 | 15,531 | 100.0 | 1,969 | 100.0 | 627 | 100.0 |
| | Percentage of Total Businesses: | | | 85.7 | | 10.9 | | 3.5 |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Solvay's record of meeting the credit needs of its assessment areas through its lending performance is rated satisfactory. Solvay originated a substantial majority of its loans within its assessment area and its loan-to-deposit ratio was reasonable. The overall distribution of its loans to borrowers of different incomes and businesses of different sizes was reasonable. The geographic distribution of loans reflects reasonable penetration throughout the bank's assessment area.

Loan-to-Deposit Ratio

Solvay's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and the credit needs of its assessment area. The bank's average loan-to-deposit ratio for the eight most recent quarters ending December 31, 2004, was 74%, based on information contained in its *Consolidated Report of Condition and Income*. This ratio was below the national peer average of 82% for similarly sized banks and an average of 83% for 5 similarly sized banks located in the assessment area during the same time period.

Lending in Assessment Area

Solvay originated a substantial majority of its loans in its assessment area. Of the 670 small business loans and 398 HMDA loans originated in 2004, 641 or 96% of the small business loans and 359 or 90% of the HMDA loans were extended to businesses and individuals located in the bank's assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The overall distribution of borrowers reflects a reasonable penetration among individuals of different income levels and businesses of different sizes within the assessment area. Specifically, lending to moderate-income borrowers was good while lending to low-income borrowers was considered adequate. Lending to businesses of different sizes was excellent. These conclusions take into account the number and percentage of LMI families, the size of businesses, aggregate lending performance in the assessment area and housing costs in relation to income levels.

The following table summarizes the bank's performance with respect to lending to low- and moderate-income borrowers within individual loan products.

| Lending to Low and Moderate-Income Borrowers Onondaga County -2004 | | | | |
|---|---------------------------------|--|--------------------------------------|--|
| Product | LOW-INCOME BORROWERS | | MODERATE-INCOME BORROWERS | |
| | Bank Performance | Aggregate Comparison 2004 | Bank Performance | Aggregate Comparison 2004 |
| Home Purchase | Adequate | Below | Poor | Significantly Below |
| Refinance | Adequate | Slightly Below | Excellent | Above |
| Home Improvement | Good | Above | Excellent | Similar |

Home Purchase Loans

Solvay's distribution of home purchase loans to moderate-income borrowers was poor. Solvay extended 7.0% of loans to moderate-income borrowers compared with 17.1% of moderate-income borrowers residing in the assessment area and 20.7% of aggregate originations made to moderate-income borrowers.

Solvay's distribution of home purchase loans to low-income borrowers was adequate. Solvay extended 4.7% of loans to low-income borrowers compared with 19.6% of low-income borrowers residing in the assessment area and 7.8% of aggregate originations made to low-income borrowers. The aggregate's performance supported the challenges in lending to low-income individuals as noted in the performance context section of this evaluation.

Refinance Loans

The distribution of refinancings to moderate-income borrowers was excellent. Solvay originated 25.3% of its refinance loans to moderate-income borrowers, compared with 17.1% of moderate-income borrowers residing in the assessment area and 18.8% of aggregate originations made to moderate-income borrowers.

The distribution of refinancings to low-income borrowers was adequate. Solvay originated 5.1% of its refinance loans to low-income borrowers, compared with 19.6% of low-income borrowers residing in the assessment area and 6.4% of aggregate originations made to low-income borrowers. The aggregate's performance supported the challenges in lending to low-income individuals as noted in the performance context section of this evaluation.

Home Improvement Loans

The distribution of home improvement loans to moderate-income borrowers was excellent. Solvay originated 22.4% of its home improvement loans to moderate-income borrowers,

compared with 17.1% of moderate-income borrowers residing in the assessment area and 20.9% of aggregate originations made to moderate-income borrowers.

The distribution of home improvement loans to low-income borrowers was good. Solvay originated 14.5% of its home improvement loans to low-income borrowers, compared to 19.6% of low-income borrowers residing in the assessment area and 10.2% of aggregate originations made to low-income borrowers.

Small Business Loans

Lending to businesses of different sizes was excellent. Solvay originated 68.6% of its business loans to businesses with gross annual revenues of \$1 million dollars or less. Solvay significantly outperformed the aggregate of small business lenders which originated only 32.5% of its lending to such businesses. Of all small business loans reported, 77% were for \$100,000 or less, and loan size averaged \$41,000, an amount that would typically meet the credit needs of small businesses. In comparison, Solvay slightly underperformed the aggregate which originated 91% of its loans in amounts of \$100,000 or less.

Geographic Distribution of Loans

The overall geographic distribution of HMDA-related and small business loans reflected reasonable loan penetration throughout Solvay’s assessment area. Small business loan penetration was considered excellent and HMDA-related penetration was adequate.

The following table summarizes the bank’s performance with respect to lending in low- and moderate-income geographies within individual loan products.

| Lending in Low and Moderate-Income Geographies Onondaga County -2004 | | | | |
|---|-----------------------------------|--|--|--|
| Product | LOW-INCOME GEOGRAPHIES | | MODERATE-INCOME GEOGRAPHIES | |
| | Bank Performance | Aggregate Comparison 2004 | Bank Performance | Aggregate Comparison 2004 |
| Home Purchase | Poor | Significantly Below | Poor | Significantly Below |
| Refinance | Poor | Significantly Below | Good | Similar |
| Home Improvement | Adequate | Below | Excellent | Slightly Above |
| Small Business | Excellent | Slightly Above | Excellent | Above |

Home Purchase Loans

Solvay's distribution of home purchase loans in moderate-income areas was poor compared with both the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. 3.9% percent of the bank's home purchase loans were in moderate-income geographies compared to 8.4% of the owner occupied-housing units and 9.4% of the aggregate's lending located in moderate-income geographies.

Performance in low-income census tracts was also poor compared with both the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. The bank had no home purchase loans in low-income geographies compared to 3.4% of the owner occupied-housing units and 2.8% of the aggregate's lending located in low-income geographies.

Refinance Loans

The distribution of refinancings in moderate-income geographies was good when compared with both the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. 7.6% of Solvay's loans were in moderate-income geographies compared to 8.4% of owner-occupied housing units and 7.3% of the aggregate's lending located in moderate-income geographies.

Refinance distribution performance in low-income census tracts was poor compared with both the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. 1.3% of the bank's refinance loans were in low-income geographies compared to 3.4% of the owner occupied-housing units and 2.8% of the aggregate's lending located in low-income geographies.

Home Improvement Loans

The distribution of home improvement loans in moderate-income geographies was excellent when compared with the level of owner-occupied housing units and the aggregate of all HMDA-reporting lenders. 8.6 percent of Solvay's home improvement loans were in moderate-income geographies compared to 8.4% of owner-occupied housing units and 7.7% of the aggregate's lending located in moderate-income geographies.

Home improvement distribution performance in low-income census tracts was weak but considered adequate as lending opportunities are limited. Only 47 loans were originated by the aggregate all HMDA-reporting lenders.

Small Business Loans

Solvay's distribution of small business loans in moderate-income areas was excellent compared with both the level of businesses as well as the aggregate of all CRA-reporting lenders. 12.0% percent of the bank's small business loans were in moderate-income geographies compared to 9.1% of the businesses and 8.4% of the aggregate's lending located in moderate-income geographies.

Small business performance in low-income census tracts was also excellent compared with both the level of businesses as well as the aggregate of all CRA-reporting lenders. 19.8% of the bank's small business loans were in low-income geographies compared to 18.3% of the businesses and 16.2% of the aggregate's lending located in low-income geographies.

Response to Complaints

Solvay received no complaints relating to the bank's CRA performance, and no complaints have been filed with the Federal Reserve Bank of New York since the previous examination.

COMMUNITY DEVELOPMENT TEST

Solvay's community development performance demonstrates outstanding responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering Solvay's capacity and the need and availability of such opportunities for community development in the Solvay's assessment area.

Community Development Lending

Solvay made 12 community development loans totaling \$3.5 million. Forty-nine percent or \$1.7 million of the community development loans represent new commitments issued since the prior CRA evaluation. The level of Solvay's community development lending activities compared favorably with other similarly situated banks operating in the assessment area. The majority of the community development loans dollars were targeted for economic development purposes which is an important credit need in the assessment area.

Examples of community development loans originated during the evaluation period include a \$1.2 million loan to construct an auto-body shop for a car dealership. The dealership is located in a low-income census tract within an economic development zone in Syracuse. Business financing had been noted by community contacts as an important community development need in the assessment area. Another example of responsiveness was a \$146 thousand loan to a nonprofit organization that provides services to the developmentally disabled. Proceeds were used for working capital until funding was received from Medicaid.

Qualified Investments

Solvay made 157 qualified investments totaling \$870 thousand, which includes \$36 thousand in qualified grants and donations. Of the \$870 thousand in total investments, \$836 thousand or 96% were new investments issued since the prior CRA evaluation. The level of Solvay's qualified investment activities compared favorably with other similarly situated banks operating in the assessment area.

The investments were primarily municipal bonds for infrastructure improvements that helped to revitalize the moderate-income areas of the Village of Solvay. Revitalizing and stabilizing low- and moderate-income areas is an important credit need in the assessment area. Qualified investments also included collateral trust notes utilized to construct affordable housing in upstate New York. The qualified grants and donations were made to organizations which provide community services targeted to low- and moderate-income individuals and sponsor affordable housing and economic development activities throughout the assessment area.

Community Development Services

Solvay provided a good level of community development services through hosting seminars and offering technical assistance to various organizations that provide community development services targeted to LMI individuals.

Six bank officers serve on the boards and committees of various community development organizations. These organizations include:

- One officer serves on Home Headquarters' loan committee, a not-for profit that provides home purchase, rehabilitation and home improvement loans to LMI residents and first time home buyers.
- Two officers serve as members of the board of directors for Rebuilding Together, an organization dedicated to providing repairs to the homes of low-income, disabled, or elderly homeowners.
- One officer serves as executive vice president for the Center for Financial Training, a non-profit organization that trains managers from local non-profit agencies that serve predominately low-income and minority populations.
- One officer serves as a member of the board of directors for the Greater Syracuse Business Development Council, an organization that makes loans to small businesses and works to promote economic development activities in Syracuse.
- One officer is a member of the board of directors for Appleseed Trust, a non profit organization that assists low- and moderate-income residents start, expand, or enhance their small businesses through skill training.

In addition Solvay's officers and employees were proactive in providing technical assistance for the support of community development activities. Assistance was provided with the establishment of a program for first time home buyers for a housing development organization in Onondaga County. Solvay also provided assistance with a student banking program for a local elementary school which primarily serves an LMI population.

The overall branch distribution provides excellent accessibility to the LMI population and geographies within the assessment area. Two of six branches (33%) were in LMI census tracts providing needed financial services to these areas. One of the branches was Solvay's main office and headquarters which brings additional jobs and related financial services to a moderate-income area. In comparison, 25% of the assessment area population resides in LMI census tracts and 31% of the census tracts in the assessment area are LMI.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices, including the Equal Credit Opportunity Act and the Fair Housing Act, was identified as being inconsistent with helping to meet community credit needs.

CRA APPENDIX A

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small, relatively permanent statistical subdivision of a county or statistically equivalent entity delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that 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.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: A family is a group of two or more people related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

Household: A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

Low-income: Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

Metropolitan Statistical Area (“MSA”): A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

Metropolitan Division: A county or group of counties within a **Metropolitan Statistical Area** that contains a population of at least 2.5 million and represents an employment center(s) associated through commuting ties.

Middle-income: 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.

Moderate-income: 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.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

Small loan(s) to business(es): A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”) and the Thrift Financial Reporting (“TFR”) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Upper-income: Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of a geography.

Solvay Bank

Assessment Area

January 1, 2004 - December 31, 2004

Legend

- Low Income Tracts
- Moderate income Tracts
- 2000 Census Tracts
- Assessment Area
- Counties
- Branch

Onondaga

