

- In 2014, the bank made a \$156,381 refinance mortgage loan to a non-profit organization that provides community development services to the AA's low- and moderate-income individuals and families. The loan helped to lower expenses to fund ongoing property maintenance needs. The organization provides job training and leadership development programs for low- and moderate-income individuals between the ages of 16 and 24, as well as education and health enhancement programs for low- and moderate-income individuals and families.

Qualified Investments

Ulster's qualified investments total approximately \$1.8 million, which represents 0.2 percent of total assets (\$814.9 million) as of September 30, 2016. The qualified investments include 81 new investments and grants totaling approximately \$862,000. The new investment and the majority of the grants and donations primarily supported organizations that provide community development services to low- and moderate-income individuals within the assessment area. Prior period investments still outstanding total \$900,000, and supported revitalization and stabilization.

Table 9 summarizes the bank's qualified investments by year and purpose.

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	1	900	0	0	1	900
2013	0	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0	0
2016 YTD	0	0	1	468	0	0	0	0	0	0	1	468
Subtotal	0	0	1	468	0	0	1	900	0	0	2	1,368
Qualified Grants & Donations	22	82	54	289	1	5	3	18	0	0	80	394
Total	22	82	55	757	1	5	4	918	0	0	82	1,762

Source: Bank Records

Notable examples of the bank's community development investments and grants/donations follow:

Prior Period Investments

- **Solomon Hess Small Business Administration (SBA) Loan Fund:** The current outstanding balance of the bank's prior period capital investment in the Solomon Hess SBA Loan Fund, LLC, is \$900,000. Capital investments in the fund are used to invest in the federally guaranteed portion of SBA 7(a) loans made to businesses located in low- and moderate-income census tracts. Four loans to small businesses located within the institution's AA

collateralize the investment, including two loans in moderate-income census tracts in Orange County and two loans in moderate-income census tracts in Dutchess County. The fund's mission is to promote job creation and retention in low- or moderate-income areas, or for low- and moderate-income persons employed by small businesses.

New Investments

- CRA Qualified Investment Fund: In September 2016, the bank made a \$500,000 investment in the CRA Qualified Investment Fund (Fund), which subsequently used the funds to purchase a mortgage-backed security. The mortgage-backed security was collateralized by 23 mortgage loans to low- and moderate-income borrowers residing in various states. For the bank's investment, the Fund earmarked two loans made to moderate-income borrowers in Dutchess County totaling \$468,396. In addition, the annual \$6,250 dividend from the investment supported a crime prevention program at an elderly living center in Lake Katrine, New York. Approximately 80.0 percent of the center's residents are low- and moderate-income persons.

Grants

- RUPCO, Inc. (RUPCO) – RUPCO is a non-profit housing corporation dedicated to preserving and creating affordable housing for New York residents. The organization also offers homebuyer workshops and foreclosure prevention services. During the evaluation period, Ulster provided \$34,800 in funding to support the organization's affordable housing initiatives. This total includes a \$10,000 capital grant that supported the rehabilitation of an abandoned factory into 55 units of affordable rental housing, known as The Lace Mill, in Kingston, New York.
- Rebuilding Together Dutchess County – This non-profit housing organization focuses on providing home repair services to low-income homeowners. The organization sponsors two annual rebuilding days during which volunteers and organization employees come together to rehabilitate homes owned by low-income individuals. In addition to the rebuilding days, the organization sponsors a year-round program that provides minor home repairs and accessibility modifications to low-income homeowners. Ulster provided \$17,500 in total grants to support the organization's programs during the evaluation period.
- Newburgh Armory Unity Center – This non-profit organization promotes community development by providing community services to low- and moderate-income residents of the Mid-Hudson Valley. The organization offers various programs including, for example, literacy and job readiness training. Ulster donated \$28,700 to support the organization's literacy programs during the evaluation period.
- Family of Woodstock – This non-profit organization provides community development services such as emergency food and shelter, domestic violence services, court advocates, counseling, and case management services to low- and moderate-income residents of Ulster County. The bank provided a \$10,000 grant to support the organization's Student Success Center and a \$3,000 grant for capital improvements during the evaluation period.