



**GREATER ROCHESTER  
COMMUNITY REINVESTMENT COALITION  
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ROCHESTER, NEW YORK 14614**

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May 27, 2022

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33 Liberty Street  
New York, NY 10045-0001

Via email: [peter.wilde@ny.frb.org](mailto:peter.wilde@ny.frb.org)

**RE: Five Star Bank CRA Exam**

Dear Mr. Wilde:

We are writing to you on behalf of the Greater Rochester Community Reinvestment Coalition (GRCRC) to submit comments regarding Five Star Bank's (FSB) CRA Exam conducted by the Federal Reserve Bank of New York and the NYS Department of Financial Services for 2018 through 2021.

The Greater Rochester Community Reinvestment Coalition (GRCRC) was launched in 1993 to generate and continue discussions about lending patterns in Rochester. GRCRC, convened by Empire Justice Center, has met with numerous banks and state and federal regulators during CRA exams and mergers, and submitted dozens of data-driven comments to the appropriate state and federal regulators who have oversight of the banks. GRCRC, Empire Justice Center, and its predecessor organization the Public Interest Law Office of Rochester, have released seventeen analyses of home mortgage lending, small business lending, and access to credit over the past 29 years. The organizations use data driven analyses to identify strengths and weaknesses in lending patterns and to generate discussions with the top financial depositories in the Rochester NY MSA.<sup>1</sup>

In preparing for these comments, we met virtually with Five Star to review its CRA-related lending, investing and services performance. Five Star shared its community development

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<sup>1</sup> Our most recent analyses are “#AllTogetherNow: Improving Small Business Lending in the Rochester NY Community” (found at: <https://empirejustice.org/wp-content/uploads/2018/01/alltogethernow-s.pdf>) and “Too Big to Fail...Too Poor to Bank: How Mainstream Financial Services Can Help Low-Income Working Families Succeed” (found at: <https://empirejustice.org/wp-content/uploads/2018/09/Access-to-Credit-Report-2018-FINAL.pdf>).

lending and investments and CRA-related grants with us, including several detailed summaries about some of the initiatives the bank supported (see Appendix 2 for these summaries). We also asked GRCRC members to share with us how Five Star has supported their work in the Rochester community, as well as opportunities for support. This letter incorporates this information, as well as the information we shared with the FRBNY and NYS DFS during our meeting with them.

Due to the tight turnaround of this letter, we are unable to share a draft with the bank for feedback. We will share the final letter with Five Star so that it may send any clarifications and updates to the examiners.

Five Star Bank is one of the largest local banks in the Rochester metropolitan area. It is the 7<sup>th</sup> largest depository institution serving the area. As of June 30, 2020, FSB had \$1.35 billion in deposits at its 22 offices in the Rochester area and 6 percent of the market.<sup>2</sup> (See Table 1 in Appendix 1.)

These comments focus on three areas:

- Five Star's HMDA/Mortgage Lending
- Five Star's CRA Small Business Lending
- Five Star's Reinvestment of Deposits into the Community, Response to Community Needs and Opportunities for Investment

## **FIVE STAR'S HMDA LENDING IN MSA and UNDERSERVED COMMUNITIES**

Our lending analysis focuses on originated loans. We examine lending from 2017-2020 to align with the lending exam period with a baseline of 2017 before the exam period.

This section on FSB's HMDA lending is divided into the following categories:

- Total number loans and total dollar volume mortgage lending
- Home purchase loans
- FSB's lending compared to its peers

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<sup>2</sup> From the FDIC Market Share 2020 Report, as found at: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>

## Five Star's Total Mortgage Lending

### Total Loans

In 2020, FSB originated 487 mortgage loans (1<sup>st</sup> lien loans on owner-occupied (principal and secondary), 1-4 family site-built units) in the Rochester MSA compared to 299 loans in 2017, an increase of 63 percent.<sup>3</sup> (See Table 2 in Appendix 1). Between 2019 and 2020, FSB's total loan originations increased by 29%, so most of the increase over the exam period was between 2019 and 2020.

When comparing total lending changes to home purchase lending changes (Table 4), it looks like all financial institutions in the Rochester MSA and FSB are following the national trend of 2020 as a big refinance year. "About 90 percent of the increase in closed-end site-built single-family originations in 2020 was driven by the increase in refinance loans. Refinance originations increased from 3.4 million in 2019 to 8.4 million in 2020, which is an approximately 5.0 million or 149 percent increase."<sup>4</sup> While FSB's total lending increased between 2019-2020, it's lending in lower income communities and those impacted by redlining declined by rates ranging from 9-40%.

As seen in Table 2, compared to FSB's **63 percent increase** in the total number of mortgage loan originations in the Rochester NY MSA between 2017 and 2020, its lending to various families and communities increased at similar or greater rates. Between 2017 and 2020, FSB's lending:

- Increased by 69% in the city.
- Increased by 62% among Black/Latino households.
- Increased by 83% among low-moderate income households.
- Increased by 67% in low-moderate income census tracts
- Increased by 97% in majority nonwhite census tracts (50% or more nonwhite residents).

FSB's distribution of its loans to areas and populations in the Rochester community that have been historically redlined or underserved increased through 2019, then declined in 2020 (see the bottom section of Table 2). Still, FSB compared favorably to all financial institutions (AFI) in the distribution of its loans across all the communities. Of the 487 loans FSB made in 2020,

- 18% were in the city, compared to 17% in 2017, and 8% for AFI

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<sup>3</sup> Empire Justice Center uses the Static HMDA LAR data from the CFPB website, at: <https://ffiec.cfpb.gov/data-publication/>.

<sup>4</sup> [https://www.consumerfinance.gov/documents/10009/cfpb\\_2020-mortgage-market-activity-trends\\_report\\_2021-08.pdf](https://www.consumerfinance.gov/documents/10009/cfpb_2020-mortgage-market-activity-trends_report_2021-08.pdf).

- 18% were to Black and Latinx households, compared to 18% in 2017, and 8% for AFI
- 50% were to low-moderate income households, compared to 44% in 2017, and 30% for AFI
- 23% were in low-moderate income census tracts, compared to 22% in 2017, and 10% for AFI
- 14% were in nonwhite census tracts, compared to 11% in 2017, and 4% for AFI

### Total Dollar Volume Lending

In 2020, FSB originated an aggregate of \$65.4 million in total mortgage lending (1<sup>st</sup> lien loans on owner-occupied (principal and secondary), 1-4 family site-built units). As seen by Table 3 in Appendix 1, this was \$33.9 million or 108% more than the bank's dollar volume of lending in 2017. As with total number of loans, most of this increase occurred between 2019 and 2020, when dollar volume of lending increased by 60%, again indicating that 2020 was a refinance year.

FSB's total dollar volume of lending increased in almost every other category at rates similar to or greater than that of the MSA. Only the rate of increased lending to Black and Latinx households was less than the increase in the Rochester MSA as a whole. Between 2017 and 2020, FSB's dollar volume of lending **increased by:**

- 118% in the city
- 91% among Black and Latinx households
- 140% among low-moderate income households
- 132% in low-moderate income census tracts
- 155% in nonwhite census tracts.

The proportions of FSB's dollar volume of lending going to other areas of the Rochester community in 2020 was similar to or greater than those of 2017 (see bottom section of Table 3), and they are greater than the average proportions of all financial institutions (AFI).

Of the \$65.4 million Five Star originated in the Rochester MSA in 2020,

- 14% went to the city, compared to 13% in 2017, and 6% for AFI
- 14% went to Black and Latinx households, compared to 15% in 2017, and 7% for AFI
- 37% went to low-moderate income households, compared to 32% in 2017, and 20% for AFI
- 17% went to low-moderate income census tracts, compared to 15% in 2017, and 6% for AFI
- 9% went to nonwhite census tracts, compared to 7% in 2017, and 2% for AFI

## Five Star Bank's Home Purchase Lending

### Home Purchase Loan Originations

We also analyzed FSB's home purchase originations (1<sup>st</sup> lien loans on owner-occupied, (principal and secondary) 1-4 family site-built units). As can be seen by Table 4 in Appendix 1, FSB originated 230 home purchase loans in the Rochester NY MSA in 2020, an increase of 76% compared to 2017.

FSB's home purchase lending increased between 2017-2019, then declined by 20% in the MSA in 2020. The bank's lending in every one of the historically marginalized communities declined at substantially greater rates between 2019-2020; declines ranged from 28% among low-moderate income households to 48% among Black and Latinx households.

Despite the declines between 2019-2020, FSB's home purchase lending increased in all areas of the Rochester community between 2017-2020, some at rates greater than the 76% increase in the MSA while increases in other areas were not as large. Between 2017 and 2020, the number of home purchase loans originated by FSB **increased** by:

- 72% in the city.
- 46% among Black and Latino households.
- 102% among low-moderate income households.
- 85% in low-moderate income census tracts.
- 100% in nonwhite census tracts.

The proportions of FSB's loans going to borrowers in traditionally redlined and underserved categories were somewhat lower in 2020 than 2019, but they still exceeded the averages of all financial institutions (AFI) (see bottom section of Table 4). Of the 230 home purchase loans made by FSB in 2020,

- 35% were in the city, compared to 36% in 2017, and 11% for AFI
- 33% were to Black and Latinx households, compared to 40% in 2017, and 11% for AFI
- 72% were to low-moderate income households, compared to 63% in 2017, and 39% for AFI
- 39% were in low-moderate income census tracts, compared to 37% in 2017, and 14% for AFI
- 28% were in nonwhite census tracts, compared to 24% in 2017, and 6% for AFI

## **FSB's Mortgage Lending Compared to Its Peers**

GRCRC believes in the importance of comparing the lending of a bank to its peers. As FSB is the 7<sup>th</sup> largest bank in the Rochester area, we compare its lending to the eight largest banks in the Rochester MSA. In 2020 FSB **ranked 7<sup>th</sup> in deposits** in the Rochester MSA, with **6 percent of the market**, so these might be considered benchmarks as well.

### Total Mortgage Lending Compared to Peers

Our first comparison is of the total number of mortgage originations by the top 8 banks (1st lien loans on owner-occupied (principal and secondary), 1-4 family site-built units). As seen on Table 5 in Appendix 1, FSB originated 487 mortgage loans in 2020, making FSB the 6<sup>th</sup> largest lender among the top 8 banks. FSB's 2% Rochester MSA mortgage loan market share is substantially lower than its 6 percent depository market share, but the bank's 6<sup>th</sup> place ranking among the top 8 banks is one step higher than its 7<sup>th</sup> place depository market share ranking.

One way a depository can demonstrate its CRA commitment to a community is by maintaining market shares in the various target communities that are similar to or greater than its overall MSA market share (middle part of table). FSB exceeded its 2% MSA total lending market share every category. In 2020, FSB had:

- 4% of the market in the city
- 4% of the market among Black and Latinx households
- 3% of the market among low-moderate income households
- 4% of the market in low-moderate income census tracts
- 6% of the market in nonwhite census tracts

FSB's distribution of its total lending to every target community substantially exceeded the averages for AFI and the top 8 banks (bottom part of table). The bank was the 2<sup>nd</sup> best performer among the top 8 banks in the percentage of its loans going to historically redlined and marginalized communities.

### Dollar Volume Lending Compared to Peers

In 2020, FSB made \$65.4 million in mortgage lending in the Rochester MSA, capturing 1.5% of the market and ranking 6<sup>th</sup> among the top 8 depositories in the Rochester MSA. (See Table 6 in Appendix 1.) While this is substantially less than its depository market share, it is above its 7<sup>th</sup> place depository market share ranking.

FSB's dollar volume market share in every underserved market exceeded its MSA lending market share. Among Rochester's various markets, FSB had a market share of:

- 3% of the market in the city
- 3% of the market among Black and Latinx households
- 3% of the market among low-moderate income households
- 4% of the market in low-moderate income census tracts
- 6% of the market in nonwhite census tracts

As with total mortgage loans, FSB ranked 2<sup>nd</sup> in the distribution of its dollar volume of lending among the various Rochester community categories, far exceeding the average distribution of the area's top 8 banks and of all financial institutions (bottom section of Table 6).

### Home Purchase Lending Compared to Peers

FSB made 230 home purchase loans (1st lien loans on owner-occupied (principal and secondary), 1-4 family site-built units) in the Rochester MSA in 2020. This corresponds to 2% of the market, making FSB the 4<sup>th</sup> largest home purchase mortgage lender among the top 8 banks in the Rochester area (see Table 7 in Appendix 1). FSB's 2% MSA market share is substantially less than its depository market share, but its 4<sup>th</sup> place ranking is above its 7<sup>th</sup> place depository market share ranking.

FSB's home purchase loan market shares in all community categories were substantially greater than its Rochester MSA market share of 2%. FSB captured:

- 6% of the market in the city
- 6% of the market among Black and Latinx households
- 4% of the market among low-moderate income households
- 6% of the market in low-moderate income census tracts
- 9% of the market in nonwhite census tracts

Five Star's distribution of its home purchase loans to all of the above categories were substantially higher than average distributions for the top 8 banks and all financial institutions. The bank ranked 2<sup>nd</sup> in the distribution of its home purchase loans to Rochester's marginalized communities.

### **Conclusion: FSB's Mortgage Lending**

GRCRC believes that traditionally underserved families and communities benefit more when they obtain mortgages from lenders with a local depository presence than from little-regulated

mortgage companies or lenders with no local CRA obligations. It benefits both the borrower and the bank when borrowers develop additional financial relationships with their mortgage lender.

As we all know, 2020 was the start of the COVID-19 pandemic. It is likely that this impacted the ability of Five Star's CRA lending staff to be out in Rochester's underserved communities connecting consumers to mortgage products, and thus FSB's total mortgage and home purchase lending declined between 2019 and 2020 in historically marginalized and underserved communities. We will continue to monitor the bank's lending in these communities as we emerge from the pandemic.

Despite the decline in Five Star's mortgage lending between 2019-2020 in the city of Rochester, among Black and Latino and low-moderate income households, and in low-moderate income areas and communities of color, its strong market shares and percentage of loans in these communities in 2020 indicates that FSB has connections in, or mortgage products for, these communities that work. **GRCRC urges Five Star to find ways to continue to increase its mortgage lending in the Rochester MSA, while maintaining high proportions of its lending going to our historically underserved and redlined communities.**

## **FIVE STAR BANK SMALL BUSINESS LENDING**

### **CRA Small Business Lending**

Table 8 in Appendix 1 shows FSB's CRA small business loans and dollar volume of lending from 2017 to 2020. It wasn't clear from our discussions with the bank whether its Paycheck Protection Program (PPP) loans are included in the numbers it reported in 2020.

#### Number of Small Business Loans

FSB made 751 small business loans in the Rochester MSA in 2020, 11% more than in 2017 (see Table 8). While FSB increased its number of small business loans to businesses in low-moderate income census tracts in 2020 compared to 2017, the bank decreased its number of loans to businesses with gross annual revenues under \$1 million and to these smaller businesses in low-moderate income tracts. Note that FSB made substantially more small business loans in every category in 2017 and 2020 than in 2018 and 2019.

In 2020, FSB made:

- 131 loans to businesses in low-moderate income census tracts, an increase of 35% from 2017.
- 575 loans of \$100,000 or less, an increase of 13% from 2017

- 97 loans of \$100,000 or less to businesses in low-moderate income census tracts, an increase of 29% from 2017
- 408 loans to businesses with gross annual revenues under \$1 million, a decrease of 15% from 2017
- 65 loans to businesses with gross annual revenues under \$1 million in low-moderate income census tracts, a decrease of 2% from 2017

FSB compared favorably to all financial institutions (AFI) in 2020 in its distribution of small business loans to businesses with gross annual revenues under \$1 million and to businesses with gross annual revenues under \$1 million in low-moderate income census tracts. However, the bank's distribution of loans to businesses in low-moderate income tracts was less than the average for AFI.

### Dollar Volume of Small Business Lending

In 2020, FSB did almost \$71.5 million in small business lending in the Rochester. As seen at the bottom half of Table 8, this was a 12% less than in 2017. FSB's dollar volume of small business lending also was less in 2020 than in 2017 for loans to businesses in low-moderate income neighborhoods, for loans of \$100,000 or less, and for loans to businesses with gross annual revenues under \$1 million.

In 2020, FSB made:

- \$13.5 million in loans to businesses in low-moderate income census tracts, a decrease of 5% from 2017
- \$18.5 million in loans of \$100,000 or less, a decrease of 2% from 2017
- \$3.2 million in loans of \$100,000 or less to businesses in low-moderate income census tracts, an increase of 7% from 2017
- \$24.3 million in loans to businesses with gross annual revenues under \$1 million, a decrease of 15% from 2017
- \$4.2 million in loans to businesses with gross annual revenues under \$1 million in low-moderate income census tracts, an increase of 16% from 2017

FSB fell short of all financial institutions in the distribution of its dollar volume of lending to businesses in low-moderate income neighborhoods but exceeded AFI in the distribution of its lending to businesses with gross annual revenues under \$1 million and to these smaller businesses in low-moderate income tracts.

## **FSB's Small Business Lending Compared to Peers**

As with the mortgage lending, we compare a bank's small business lending to its peers, the other depositories with the greatest market shares in the Rochester NY MSA. We compare their market shares for 2020, the most recent year of the exam and the public data. Table 9 in Appendix 1 compares the small business loans, dollar volume lending and market shares for the Rochester MSA's top 8 banks for 2020.

### Number of Loans Market Share

In 2020, with 751 loans, FSB captured 3.4% of the small business loan market in the Rochester MSA, making FSB the 7th largest small business lender among the top 8 banks in terms of number of loans (see top part of Table 9.) FSB met or exceeded its overall MSA market share of 4.2% in loans to businesses with gross annual revenues under \$1 million and in loans to these smaller businesses in low-moderate income tracts. In 2020, FSB had a market share of:

- 3.2% among businesses in low-moderate income census tracts
- 3.0% in loans of \$100,000 or less
- 2.8% in loans of \$100,000 or less to businesses in low-moderate income census tracts
- 5.5% among businesses with gross annual revenues under \$1 million
- 5.0% among businesses with gross annual revenues under \$1 million in low-moderate income census tracts

### Dollar Volume Lending Market Share

In 2020, with \$71.5 million in lending, FSB captured 5.6% of the dollar volume of small business lending in the Rochester MSA, putting it in 4<sup>th</sup> place with respect to the dollar volume of lending among the top 8 banks. (See the bottom half of Table 9.) FSB's dollar volume market share is close to its depository market share and its rank is higher than its depository market share rank.

FSB's market share in dollar volume of lending in low-moderate income tracts was slightly lower than its overall MSA market share, while its dollar volume of lending market share to businesses with gross annual revenues under \$1 million and among businesses with gross annual revenues under \$1 million in low-moderate income tracts substantially exceeded its overall MSA market share. In 2020, FSB captured:

- 4.8% of the dollar volume of lending to businesses located in low-moderate income census tracts
- 4.4% of the dollar volume of lending for loans of \$100,000 or less

- 4.0% of the dollar volume of lending for loans of \$100,000 or less to businesses in low-moderate income tracts
- 9.3% of the dollar volume of lending to businesses with gross annual revenues under \$1 million
- 8.5% of the dollar volume of lending to businesses with gross annual revenues under \$1 million located in low-moderate income census tracts

In 2020 FSB’s average small business loan size was \$95 thousand, the second largest average loan size among the top 8 banks. Less than 77% of the bank’s loans are of \$100,000 or less. These numbers suggest that Five Star is doing some larger loans and, given the market shares among businesses with gross annual revenues under \$1 million, at least some of these larger loans are going to these smaller businesses.

With respect to the distribution of its dollar volume of lending, Five Star fell short compared to the average for top 8 banks in lending to businesses in low-moderate income communities, while exceeding the top 8 averages in lending to businesses with gross annual revenues under \$1 million, and to such businesses located in low-moderate income tracts (bottom of Table 9).

### **Small Business Lending Summary**

In order to stabilize the economy, create jobs and build wealth in the Rochester community, area businesses need access to affordable, responsible credit. This has been especially true during the pandemic. GRCRC is pleased that FSB performed well in 2020 in CRA small business lending to the smaller businesses (with GAR<\$1M) in the Rochester area and to these businesses in low-moderate income areas. Our one concern is that before 2020 (where PPP loans may be included in the data) Five Star’s CRA small business lending was declining, both in loans and dollar volume of lending. GRCRC would be happy to have a discussion with Five Star’s small business lending team to share ideas on how to best support the credit needs of Rochester area small businesses, including sole proprietorships, other micro-businesses, and Black and Brown-owned businesses, in this uncertain economy.

### **FIVE STAR’S REINVESTMENT OF DEPOSITS INTO THE COMMUNITY, RESPONSE TO COMMUNITY NEEDS AND OPPORTUNITIES FOR INVESTMENT**

Five Star Bank shared information with us about its local community development investments, grants and loans for October 2018 through 2021. The numbers the bank shared are reflected in Table 10a. The bank also shared details of its CD activities; these are in Appendix 2. We appreciate Five Star’s willingness to share this information with us. We hope the bank finds our analysis of the information useful.

In addition, several GRCRC members shared information with us on local community development needs, how FSB has worked with their organizations to address them, and suggestions on how FSB might help address emerging and ongoing needs.

### **Reinvesting Deposits into the Community**

FSB reinvested almost \$273 million in CRA-eligible loans, grants and investments in the Rochester community between 2018 and 2021, the current CRA exam period. As seen in Table 10 (Table 10a) in Appendix 1, this included:

- \$108.8 million in community development loans and investments and CRA-eligible grants serving primarily low- and moderate-income families, individuals and communities
- \$92.9 million in mortgage loans to low-moderate income households and/or in low-moderate income census tracts
- \$71.4 million in CRA small business loans to businesses in low-moderate income tracts and/or to businesses with gross annual revenues under \$1 million

According to the information provided by the bank, FSB reinvested:

- \$50.5 million in community development lending in the Rochester NY MSA
- \$57.8 million in community development investments in the Rochester MSA
- \$0.61 million in CRA-eligible grants/donations

Again, FSB invested a total of \$273 million in the Rochester MSA during the current exam period.

We are basing our calculations of how much of its deposits FSB is reinvesting in the community on its 2020 deposits, as that is the latest year of the exam in which mortgage and small business lending are included. FSB had \$1.35 billion in deposits in 2020 (see Table 1).

FSB slightly decreased the proportion of its deposits the bank reinvested in the Rochester community between the last exam and this exam. Taking the \$1.35 billion on deposit in 2020, we estimate that FSB reinvested 20.2% of these deposits into the Rochester community during the entire 2022 exam period, for an annualized average of 6.7%. This annualized average is slightly lower than the annual 7% of deposits reinvested in the Rochester MSA during the 2019 exam period. (See Table 10, Table 10b.)

Table 10c shows that, between the 2019 and 2022 exam periods, Five Star's annualized dollar volume of reinvestments in the Rochester community grew at a lower rate than its growth in

deposits. Between the two exam periods, FSB increased its annualized reinvestments by 18% while its deposits grew by 23% through 2020. This explains the 4% rate of decline in the percentage of deposits Five Star was reinvesting in the Rochester community annually between the two exams. GRCRC is concerned with this decline.

During a 2021 meeting with the OCC, it was noted that many banks were holding an excess of deposits in 2020 due to COVID stimulus money paid to municipalities and individuals. Even though FSB's Rochester MSA deposits continued to grow in 2021 to \$1.48 billion, we took the bank's 2019 deposits of \$1.19 billion to conservatively calculate the annual percentage of deposits reinvested in the Rochester MSA. As seen in *Table 10c alternate*, using the 2019 Rochester MSA deposit number, Five Star reinvested 7.64% of its 2019 deposits annually over the 2022 exam period, a rate of increase of 9% from the 2019 exam period.

We ask the FRBNY and DFS to check if Five Star was holding an excess of deposits in 2020. If not, then please use the 2020 deposits (Table 10c) to estimate the annualized percentage of deposits reinvested in the Rochester MSA.

As Five Star continues to open new branches and expand its footprint, GRCRC asks that the bank engage with coalition members and other entities in the community in order to find additional ways to continue growing its lending, investments and grants.

### **Specific Community Development Activities**

FSB staff and GRCRC members shared with us the following community development activities that FSB is currently supporting.

Five Star Bank has been a strong community partner supporting the **Greater Rochester Housing Partnership's (GRHP)** construction lending and single-family homeownership programs. Five Star and GRHP have participated on a handful of large construction loans to help advance local affordable rental development projects. Five Star Bank is a participating lender in the acquisition and construction financing pool that supports the HOME Rochester Program. Through HOME Rochester, approximately 15 vacant, single-family homes are rehabbed for purchase as affordable homeownership housing by low and moderate-income first-time homebuyers. Five Star Bank is an active mortgage lender to the buyers who purchase the single-family homes developed by the organization. Between October 1, 2018 - December 31, 2021, Five Star Bank provided 32 mortgages (\$2.85 million investment) to low-moderate income buyers purchasing our homes. The majority of these buyers were non-white with incomes ranging between 39%-85% area median income. We urge Five Star to continue partnering with GRHP in the ways outlined above. In addition, access to flexible grant sources to support its homeownership work in the future would also be helpful.

**PathStone Corporation**, including its affiliate, **The Housing Council at PathStone** has successfully operated first-time homebuyer programs since the early 1990s in Monroe and surrounding counties. The Housing Council currently has 3 office locations that offer housing counseling services for pre-purchase counseling, homebuyer education, post-purchase education, and foreclosure prevention.

Financial assistance programs in the forms of grants available to potential first-time homebuyers are down payment and closing assistance grants through Monroe County, New York State Affordable Housing Corporation, and New York State Home Funds when funds are available. In addition, the organization also works with several banks and credit unions that are members of the Federal Home Loan Bank of NY offering the Homebuyer Dream Program. Loans that must be repaid are also available through the PathStone Enterprise Center at a low-interest rate for closing cost assistance.

In FY2021, 449 households graduated from homebuyer education, 111 households purchased their first home, and 14 households completed post-purchase education.

Five-Star Bank has supported PathStone's housing programs for many years through the financial support of post-purchase education and counseling, sponsorship of events, and staff volunteering their time to serve on one of its boards and to speak at homeownership education classes. From 2018 to 2021, Five Star Bank has provided approximately \$40,000 in financial support to its housing programs. GRCRC thanks FSB for this support and asks the bank to consider providing ongoing financial support.

**The Enterprise Center at PathStone (The Center)** is an affiliate of PathStone Corporation, a multi-state community development corporation. Established in 1997, the Enterprise Center is a designated Community Development Financial Institution (CDFI). Our mission is to enhance the economic self-sufficiency and quality of life of individuals and communities through entrepreneurial training, technical assistance, access to financing for new and expanding businesses, and mortgage products for underserved borrowers.

The Enterprise Center at PathStone and Five Star Bank have had a formal relationship for many years. The Center entered into an 8-year \$500,000 line of credit at 3% interest with Five Star in April 2015 to be used for making business loans in its respective markets which includes Rochester, Buffalo and the rural counties of western New York. The Center has also been awarded, almost on a yearly basis, grant dollars to continue empowering its work and more specifically, to strengthen its technical assistance and training series for small businesses in upstate NY. According to FSB, this included \$12,000 in 2021 for the Center to provide financing to small businesses that are currently unbankable because they are start-ups or because of under-

collateralization or credit issues. The program aimed to offer at least five hours of specialized technical assistance to 20 Rochester area small businesses.

The Center's clients are still experiencing capital needs to be able to bounce back from the pandemic's negative impact, especially after a tumultuous 2020 and 2021. There are few or almost no grant or forgivable loan programs set up in 2022 by the federal government or at the state and local level. The Enterprise Center at PathStone is setting up a grant fund for small businesses that are still struggling to keep their businesses open. GRCRC asks Five Star to make sure that funds continue to be allocated to CDCs and CDFIs that are working towards providing capital to our community's small businesses, and mostly minority owned clients, in the form of low-interest loans and/or grants.

The **Rochester Financial Empowerment Center (FEC)**<sup>5</sup> provides free, professional one-on-one financial counseling as a public service without restrictions. As of May 2022, the FEC has served over 1900 clients, of which 70% are renters, 11% are homeowners and the rest have various living accommodations.

For those interested in home ownership, the FEC encourages clients to save in preparation of homeownership, educates them about expenses related to having a house and helps them to budget for future property taxes and home repair. Twenty-six clients have completed the first time home buyers' program, of which 14 have saved toward home ownership, and 9 have closed on their homes.

Through its partnership with Rochester Housing Authority, FEC has served 187 clients, coaching participants in Family Self Sufficiency (FSS) to manage their finances according to their long-term goals and priorities.

Currently, with a grant from JP Morgan and collaborating with Rochester Housing authority, FEC is aiming to provide support for Section 8 clients on a path to home ownership. This wrap around financial education support includes assistance with creating a budget, increasing savings, improving credit scores, and ultimately obtaining a mini grant of \$1000 after closing on a house.

In 2021, Five Star supported FEC with a \$10,000 grant. With ongoing and/or additional funding, FEC could hire more counselors to increase its capacity to serve more renters and future homeowners. We urge Five Star to consider continuing and/or increasing its financial support to this impactful initiative.

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<sup>5</sup> <https://www.rochesterfec.org/>

In addition to the above, FSB shared in writing with us its grant support of the following, many of which are GRCRC members (bolded) (details in Appendix 2):

- \$25,000 to Champion Academy
- \$10,000 to **Empire Justice Center**
- \$7,500 to Boys & Girls Club of Rochester
- \$10,000 to **NeighborWorks Rochester**
- \$10,000 to the **YWCA of Rochester and Monroe County**
- \$5,500 to **Ibero-American Development Corporation**
- \$7,500 to the **Urban League of Rochester**

GRCRC thanks FSB for its contributions and work on these initiatives.

### **Community Development Opportunities**

GRCRC members share with us the needs in the Rochester community and initiatives, programs and needs of the member organizations. We then include these as opportunities in our comment letters as possible investment opportunities for the banks. We understand that each bank will not be able to invest in all these opportunities. At the least, we ask that banks consider these on-the-ground perspectives when making decisions about products, investments and contributions so they can more effectively address the needs of the Rochester community and support low-moderate income and BIPOC communities.

### Structural Racial and Income Inequality in Upstate New York

We first want to frame the need for consumer protections in the big picture context of rising income inequality. Incomes of working families have not kept up with rising housing, education, childcare and health costs. This has resulted in millions of Americans struggling to pay for basic necessities. Research released by the Federal Reserve Bank of New York in the fall of 2019 revealed that 60 million Americans don't have access to prime credit. They are not in the credit economy or have maxed out their credit. They cannot borrow from most mainstream financial institutions that only lend to borrowers with good credit.

Upstate New York had still not fully recovered from the financial crisis of 2008 when COVID-19 struck. Income inequality is exemplified in the post-industrial cities of upstate New York. The city of Rochester has the highest concentration of children living in poverty compared to cities of similar size in the United States. In 2019, Rochester came in dead last in a list of the country's 50 hottest job markets published by the Wall Street Journal.<sup>6</sup>

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<sup>6</sup> <https://www.democratandchronicle.com/story/news/2019/03/10/rochester-worst-job-market-country-wall-street-journal/3089794002/> (updated 2020 information available at <https://www.wsj.com/articles/austin>)

New Yorkers are feeling the financial strain of record high debt burdens, especially in upstate areas where poverty rates are some of the worst in the nation. The poverty rates in upstate cities such as Rochester (57%), Syracuse (56%), and Buffalo (53%), despite best efforts, show no signs of decreasing in any meaningful amount. Rural areas across upstate are also deeply affected by poverty. According to a recent study by Common Ground Health, the rural and urban areas of New York State with the highest rates of poverty were also the areas with the lowest life-expectancies. Not only does financial insecurity cost New York billions of dollars per year, it contributes to a public health crisis that cannot be ignored.

In 2017, the New York Federal Reserve issued a report on the credit profile of city of Rochester residents. The 2017 report looked at data at the ZIP Code level in the city of Rochester. This report found that more than 50% of city of Rochester residents had subprime credit. In some ZIP Codes 50 -75% of city residents had subprime credit. These ZIP Codes are majority nonwhite.<sup>7</sup>

Most bank branches have left these neighborhoods. Working families making \$15-25 an hour can't pay all their essential bills on time. These families may also have monthly incomes that are volatile. They may not have paid sick leave or a guaranteed minimum number of hours. They may not be sure how much money they will have at the end of the month. Given the high cost of housing, childcare, education and health care, the minimum wage and/or volatile incomes leave families in a situation where one or more bills are left unpaid. An unexpected car repair or medical bill throws their monthly expenses into crisis. Earlier research done by the Federal Reserve documents that 40% of Americans don't have \$400 in emergency savings.

There is structural mismatch between incomes and expenses. According to research from the Federal Reserve Board, the median Black family in the under 35 age group had only \$600 in wealth, compared with \$25,400 among young white families.<sup>8</sup> This has a disparate impact on Black and Brown families, who have no intergenerational wealth, in how they access or rather fail to access credit.

Professor Lisa Servon documented the lives of working families who use check cashers and pay day lenders. Her book "The Unbanking of America" shows that working families make very complicated choices about using a check casher instead of their own bank.<sup>9</sup>

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<sup>7</sup> <https://www.newyorkfed.org/data-and-statistics/data-visualization/community-credit-profiles/index.html#overview>

<sup>8</sup> <https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm>

<sup>9</sup> <https://www.lisaservon.com/>

Empire Justice Center used her research to look at the underbanked in Rochester, New York. Our 2018 report “Too Big to Fail” found similar patterns in Rochester. Those who choose a check casher over their bank do so because their bank does not offer a product that fits into their lives.<sup>10</sup>

Banks don’t serve the needs of such families. Bank products are designed for customers who have disposable income at the end of the month. When families don’t have enough money to pay for essentials, an unexpected decline in income or an emergency expense results in a subprime score. Families turn to predatory products to pay rent so they are not homeless, to pay the car loan so they can keep their job, or to buy groceries so they don’t go hungry.

Banks have a choice on how they process payments--to maximize short term profit or to create long term sustainability for both the bank and the customer. Even when a customer’s bank book shows a balance, more and more banks have chosen the former, to clear deposits and charges so that the customer is hit by an overdraft fee.<sup>11</sup>

There is no shortage of predatory lenders, who know how to make enormous profits by selling high-cost products to low-income borrowers. These products are set up for the consumer to fail and for the investors behind the products to make money. The interest rates/fees are abusive and designed to be vastly profitable with no relation to the risk taken by the lenders. Some loans are bundled into investment vehicles. The largest banks fund the companies that create and market these products.

Some federal and state regulators are finally starting to look at the systemic risk posed by these practices. We need to change the laws to stop these practices that result in enormous profits for corporations, and financial hardship or worse in the life of working families.

Consumer advocates have been raising these issues for decades. Now academics and regulators are beginning to appreciate the societal costs of poverty. Being repeatedly evicted and changing schools has enormous consequences on a family’s emotional and physical health. We are finally starting to move from a mindset that blames poor people for their poverty.

The CRA was passed in 1977 to address the decades of redlining that had been happening in our communities. While the law says banks should serve the entire community in which they do business, including low- and moderate- income (LMI) communities, redlining mainly happened in, and continues to happen in and impact, Black and Brown communities. This is why banks must make decisions about their CRA-related lending, investments and grants through the lens of racial equity, as well as economic equity.

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<sup>10</sup> [https://empirejustice.org/resources\\_post/report-big-fail-poor-bank-mainstream-financial-services-can-help-low-income-working-families-succeed/](https://empirejustice.org/resources_post/report-big-fail-poor-bank-mainstream-financial-services-can-help-low-income-working-families-succeed/)

<sup>11</sup> <https://www.politico.com/news/2020/09/28/racial-wealth-gap-federal-reserve-422658>

As in the rest of the nation, there is much work to be done in New York to come to terms with our history and to address the structural racial and income inequality. We need to look at the laws and economic policies that perpetuate structural racism and keep communities segregated. We also need structural change to ensure that jobs pay a living wage. New York State must develop and foster an environment where affordable housing, health care, and quality childcare are a reality for all people.

At the institutional level, banks must shift policies, practices, and culture to align with racial equity, anti-oppression, and cultural humility. While we appreciate that FSB has done some DEI trainings and is working to recruit people of color, the bank will not be able to retain BIPOC staff unless it does the deeper cultural change work. This includes work to:

- Become welcoming for all people particularly those who have been historically, and continue to be, marginalized
- Assure employees, from the CEO down to staff underwriting loans, and those working with the public, are doing internal and interpersonal work (including implicit bias training) to address internalized racism and other forms of oppression
- Find ways to go into the community to create ease/support for BIPOC and Black and Brown-owned businesses.

A Brookings' paper shares how private sector leaders can significantly move the needle towards racial equity and an equitable economy via a 3-part framework:<sup>12</sup>

- Adopt internal changes within individual companies to promote diversity, equity, and inclusion.
- Act collectively with other CEOs to make regionwide progress on racial equity and equitable growth, including improving key regional performance indicators.
- Encourage business-led civic organizations to adopt their own changes toward equity and inclusive economic growth.

The paper also includes links to data metrics to measure progress at the MSA level. We urge FSB's leaders to work with other local private sector leaders and groups from the **RASE Commission** to implement this or a similar framework in the Rochester community.

In addition to the above suggestions, FSB can take other constructive actions to support BIPOC people, businesses, and communities. FSB can:

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<sup>12</sup> <https://www.brookings.edu/essay/from-commitments-to-action-how-ceos-can-advance-racial-equity-in-their-regional-economies/>.

- Start tracking how much of its CRA related activities and support (lending, philanthropy, and community development loans and investments) goes to BIPOC people, businesses and organizations led by people of color, and BIPOC communities, and create specific goals to increase these levels of support over time.
- Partner with and/or support BIPOC-led organizations, particularly smaller/micro organizations, that FSB has not worked with in the past, including through investments, grants, and hiring local BIPOC-led vendors for supplies and services.
- Learn about the history of redlining in the Rochester area<sup>13</sup> and work with the Black and Brown residents of the impacted neighborhoods to address the vestiges of redlining and to build wealth and equity in ways that do not push-out lower income residents.

New research from the University of Houston highlights the intersections of race and advertising. The results underscore the power of advertising and access on behavior.<sup>14</sup> We hope FSB will find this research helpful as the bank continues its work in Black and Brown communities.

### Abusive Auto Lending

In Rochester, working families need cars to get to work. Work schedules are not fixed and change at the last minute. Entry level jobs are in locations that don't have reliable public transportation or affordable housing.

For individuals in rural areas, public transit is not even an option. This makes Upstate New York a haven for subprime auto lenders and unscrupulous "Buy Here Pay Here" dealers who know that most of these individuals would not be able to get an affordable loan from a bank. Car loans have abusive and discriminatory interest rates; borrowers are charged 6-8% more than they qualify for, and the loans have high loan-to-value ratios ranging from 125-175%. Long loan terms mean that the car stops running before the loan is paid. The dealer then refinances the amount of the unpaid loan into a new loan, resulting in even higher loan-to-value ratios. These loans are designed to fail. The result is a cycle of subprime credit that prevents low-moderate income and Black and Brown borrowers from being able to take the first step to wealth acquisition by becoming homeowners.

At \$1.44 trillion auto debt is at an historic high.<sup>15</sup>

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<sup>13</sup> For an excellent overview of the local history see: Shane Wiegand, "Racist Policy and Resistance in Rochester," at: <https://www.youtube.com/watch?v=1jvgX0AXrPs>.

<sup>14</sup> Hawkins, Jim and Penner, Tiffany, "Advertising Injustices: Marketing Race and Credit in America," (September 15, 2021). *Emory Law Journal*, Vol. 70, No. 1619, 2021, Available at SSRN: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3924970](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3924970).

<sup>15</sup> <https://uspimg.org/news/usp/new-fed-data-reveal-auto-debt-historic-highs>

Until recently, there was limited data/information on abusive auto lending. Research by Consumer Reports published in December 2021 sheds some light on the abuses.<sup>16</sup> Consumer Reports purchased almost a million loan files and documented the mismatch between credit scores and interest rates. In addition, many of the abusive auto lending practices are described by a recent panel, including elected officials from Connecticut, as well as Ruhi Maker Esq. and Chuck Bell (Consumer Reports) from New York.<sup>17</sup>

**Empire Justice Center** is working on an event (forthcoming Fall 2022) with New York State regulators to describe the predatory auto lending issues faced by New Yorkers. We will be presenting information on predatory practices and why banks need to make safe and affordable loans to subprime borrowers at interest rates that are fair and affordable.

**Legal Assistance of Western New York (LawNY)** is the primary free legal services provider in 13 of the 14 counties in the Rochester MSA and the rural counties in the Finger Lakes. LawNY turns away hundreds of callers each year seeking help with consumer legal problems. Staff members see hidden fees for the dealership, and costly, yet worthless, extended warranties added to the contracts without the consumer's knowledge. It is not uncommon for a consumer to buy a used car with over 100,000 miles on it that was advertised at a number around \$5,000. That consumer will end up with a loan that will cost them more than three times that amount by the time they are done making payments.

The pattern LawNY has observed is that most consumers are not even made aware of the terms of the loan at the time they purchase the car. The majority of documents are signed on a computer, by clicking a button that is often controlled by the salesperson. Frequently consumers leave the lot with their car but not their contract. When they finally do receive the contract, they are shocked to learn that the car they purchased will cost them more than twice what they were told by the dealer. Because there is no cooling-off period for car sales, consumers are left with no recourse to return the car after learning it is unaffordable, and dealers will often direct consumers to the company that indirectly financed their loan, even though the consumers have only ever interacted with the dealer.

All of this results in extremely high default rates--25% for subprime auto loans made at "Buy Here Pay Here" dealerships, compared to only 1% default rates for low-interest auto loans made by traditional banks. When individuals default on their auto loans, the lender will repossess the vehicle and auction it off for a fraction of the fair market value. In most instances, this leaves a large deficiency balance on the loan that the lenders will pursue in the courts by filing lawsuits

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<sup>16</sup> <https://www.consumerreports.org/car-financing/how-loophole-ridden-auto-lending-laws-harm-consumers-a3113489289/>

<sup>17</sup> [https://drive.google.com/file/d/15kRAB6qV94VD3\\_RPYB\\_mzbvwnMWceowx/view](https://drive.google.com/file/d/15kRAB6qV94VD3_RPYB_mzbvwnMWceowx/view)

against the consumers, again increasing what the loan costs by adding attorney's fees, court costs, and post-judgement interest. Without access to legal representation, many of these lawsuits result in default judgments against the consumers, even when there are legal defenses. Consumers will then end up paying for these cars for years after they surrendered them and for thousands of dollars more than they were ever worth. This results in a cycle of subprime credit that is almost impossible to break.

In addition to its work representing consumers with predatory auto loans, **LawNY** also provides legal assistance to low-income communities of color struggling with other consumer problems. The most recent LSC Justice Gap Report indicated that 45% of low-income individuals and families experienced some type of consumer problem over the last year for which they received no legal assistance. Consumer problems were the top unmet need for low-income families.

Five Star Bank can help bridge this economic justice and racial wealth gap by providing LawNY funding for its consumer legal services work. By funding this assistance, LawNY will be able to represent vulnerable consumers dealing with unscrupulous creditors and fraudsters and will help these individuals achieve financial stability and get connected with more reputable creditors and lenders. We urge Five Star to support this critical work.

#### Assuring Consumers Have Access to Affordable Accounts

Rochester now has a **Bank On Coalition** that meets regularly. Five Star participates in the Coalition and the bank is working with the coalition and the CFE Fund to develop a Bank On product.<sup>18</sup> We urge Five Star to ensure that all new customers are guided to a Bank On account if their income and/or expenses warrant such an account. There are many existing customers (who overdraw) who would benefit from a Bank On account. Rather than closing the accounts of these customers and putting them in the Chex System, we urge FSB to guide them to switch to its Bank On account (which does not allow overdrafts).

Banks with Bank On accounts also need to better market these accounts. Bank members of the Bank On coalition can use Public Service Announcements (PSAs) in the media markets that serve low-moderate income and Black and Brown customers. These PSAs should be in Spanish and in the languages spoken by New Americans as described below. Social media is also a good tool to reach underserved customers. The Bank can also conduct its own webinars at not-for-profits that serve lower income consumers. It can also work with not-for-profits to ensure that its Bank On account becomes well known. We look forward to working with City of Rochester staff who are working on financial empowerment initiatives and with the Bank On Coalition to fine tune the details.

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<sup>18</sup> <https://2wvkof1mfraz2etgealp8kiy-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/Bank-On-National-Account-Standards-2021-2022.pdf>

## Homeownership in Rural Communities

We ask that Five Star Bank increase its support for programs supporting low-income households who are seeking to buy a home and have a low credit rating. Mark Wattenberg is a housing lawyer employed at the Bath office of **LawNY**<sup>®</sup> whose office covers Steuben and Allegany Counties, counties in which Five Star Bank has branches. This is what Mr. Wattenberg shared:

Mortgages to buy homes in our rural area are relatively affordable compared to rents. However, most of our legal services clients have low credit ratings, even though many have steady income from employment or social security benefits and favorable recent payment records. In 2021, the median residential sales price in Allegany County, as listed by the NYS Department of Taxation and Finance, was \$85,000 – one of the lowest levels in any of the counties in New York State. Steuben County was only somewhat higher at \$130,000.<sup>19</sup> Despite the relatively low monthly payments required to amortize a mortgage, our clients and other consumers like them are trapped in rental housing.

Many households, unable to get financing from banks, enter into one-sided, high interest and risky land contract or “rent-to-own” contracts. Some of the finance companies attract purchasers based on inflated internet advertising. Other finance companies market severely substandard homes typically bought at tax or mortgage foreclosure auctions. Many of the housing cases handled by our office involve defending clients in these oppressive arrangements or assisting them with the very difficult task of obtaining a deed for ownership, even when the buyers have made all their payments. Other cases involve title issues, such as the failure of the finance company or seller to pay property taxes, or the seller has failed to maintain their own mortgage payments. In a land contract or “rent-to-own” transaction, title problems of the seller can result in the loss of the buyer’s investment in the home through a foreclosure action brought by a third party.

Five Star Bank has been supportive of efforts to expand home ownership. Home ownership for low-income households based on solid, low-interest mortgages, promotes stability, helps generate an asset which can be passed on to family members, and also is very practical for many of our clients who are adept at repairs and would constantly improve their homes. This is to request that Five Star Bank expand its commitment to make mortgages more accessible to low-income families and provide special attention to outreach efforts, including online information about its programs so that its excellent programs can compete with the solicitations of land contract and “rent-to-own” finance companies.

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<sup>19</sup> <https://www.tax.ny.gov/research/property/assess/sales/resmedian.htm>

GRCRC urges Five Star to work with LawNY to see how the bank can increase access to homeownership in the rural areas of NYS.

### Language Access

Over 5.7 million people living in New York speak a language other than English. Of these, 2.5 million speak English less than well (i.e., they have Limited English Proficiency (“LEP”)). Monroe County has a population of 741,770, of which 103,800 or 14% speak a language other than English at home (US Census Population Estimate, 2015-2019). This includes many Spanish-speaking American citizens who relocated from Puerto Rico to Monroe County after Hurricane Maria in 2017. Rochester also has a significant population of refugees who speak Arabic, Nepali, Somali, and Swahili. And Rochester has the largest concentration of Deaf and hard of hearing residents in the country.

The need for language access for bank customers in our community is great, including the need for in-language access to products such as mortgages and consumer loans, as well as language access for consumers with mortgage delinquencies and facing foreclosure who need forbearances or loan modifications. Perhaps no population faces greater challenges in obtaining information about available mortgage relief than LEP borrowers. Without access to better banking options, individuals in the LEP and the Deaf or hard of hearing communities also are at greater risk of predatory lending.

Since the last recession **Empire Justice Center** has represented homeowners with foreclosure prevention and supported not-for-profit organizations throughout New York State. Based on its statewide and national work, Empire Justice identified patterns where foreclosure support organizations took advantage of unsophisticated homeowners in default. Many LEP borrowers who spoke no English and were new Americans were vulnerable to organizations that targeted them. Banks must serve LEP borrowers in-language to help them protect their scarce assets and wealth.

At a GRCRC meeting with another bank, the bank shared that it now uses TransPerfect translation services for those needing language translation or ASL interpretation at its branches or call-in center. TransPerfect offers live, in-person translation of 171 languages, as well as video capability for ASL interpretation.

Marlene Cortés of Empire Justice and the **Monroe County Language Access Coalition** noted that drive-throughs are not accessible for people who are Deaf and hard of hearing.

We urge FSB to improve language access by:

- Investing in a language translation service like TransPerfect and training staff how to use it.
- Including Spanish and other languages on its website, with in-language pointers on its home page to those translated pages and to its translation service.
- Finding a way to increase language and ASL accessibility of its branch drive-throughs.
- Providing cultural sensitivity training with respect to people who are Deaf and hard of hearing, speakers of other languages, and immigrants/refugees.
- Providing in-language product information for mortgages, auto loans, other consumer loans, and checking accounts.
- Supporting the **Monroe County Language Access Coalition**, a group of not-for-profits that serve LEP and Deaf and hard of hearing residents.

### Climate Change and a Just Transition

In 2019, NYS adopted the country's most ambitious climate targets--to have 100 percent carbon free electricity by 2040 and have economy-wide, net-zero carbon emissions by 2050. We need massive investments to make this happen, and we need to make sure it is a just transition, where, at a minimum, poor communities and communities of color are not disproportionately burdened or harmed.

**The Climate Solutions Accelerator of the Genesee-Finger Lakes Region** has ideas for how banks can evaluate their businesses through the lens of climate change, elect to move their businesses towards climate-friendly solutions, provide support for organizations that are doing this work in their footprint, and support lower income and BIPOC communities in the transition to zero greenhouse gas emissions. Specifically, FSB can:

- Provide low-cost home improvement or refinance loans and other innovative financing products to people of color and low-moderate income households and tenant occupied buildings to make home energy efficiency projects more affordable and feasible. This will allow owners to weatherize, get heat pumps and electric furnaces and hot water heaters, to put in electric car chargers, and to install solar panels, which will reduce energy costs, decrease families' carbon footprints and improve indoor air quality.
- Provide affordable financing for small businesses, particularly micro-businesses and Black and Brown-owned businesses, that want to improve their energy efficiency and reduce their reliance on fossil fuels.
- Develop community development financing goals and products to support projects that provide substantive opportunities for low-moderate income communities to benefit from the transition to renewable energy and reduce their use of fossil fuels, e.g. community solar, district geothermal.

- Invest in renewable energy, including geothermal, solar, wind, battery storage and other building energy efficiency investments, along with clean energy workforce development to support the growing demand of this transition.
- Require or strongly encourage borrowers to include energy upgrades in their renovation projects, especially for multifamily buildings that require major renovations.
- Include information about energy upgrades (and corresponding energy bill savings) and/or referrals to relevant energy programs as part of homebuyer/financial education programs.
- Provide philanthropic support to nonprofit organizations that are working to address environmental justice/climate justice and climate change.
- Reduce the bank's own carbon footprint.

GRCRC urges FSB to work with Climate Solutions Accelerator on implementing these much-needed initiatives.

### Other Opportunities

**CCCS of Rochester** aims to help individuals and families build financial wellness and peace of mind through financial education and counseling. Each year, CCCS serves more than 12,000 residents in need of help with managing debt, improving their credit, increasing savings, and managing money. Nearly 80% of its clients are considered low-to-moderate income (LMI) according to HUD standards. While personal finances present ongoing challenges to virtually every consumer, the onset of the pandemic has exacerbated the difficulty that LMI individuals face in pursuing their long-term financial goals that lead to wealth generation. As a result, the organization is seeing an increase in the number of individuals seeking assistance as a result of high-interest car loans, personal loans, and credit card debt that is burdening their monthly budgets. Additionally, a growing number of clients are presenting with credit report challenges arising from inaccuracies. Support for professional, personal financial counseling is a crucial strategy for ensuring that consumers receive the direction, support, and education needed to address, overcome, and avoid these debilitating financial challenges. We ask that FSB consider financially supporting this important program.

### **CONCLUSION**

The recent massacre of 10 Black people at a Tops Supermarket on Buffalo's eastside, a largely Black neighborhood in a segregated city, shows that white supremacy is alive and well in this country. Like Buffalo and other communities across New York, economic disparities and racial segregation in the Rochester community persist. Rochester is the 14<sup>th</sup> most segregated metro area in the US.<sup>20</sup> We have much work and introspection ahead of us to fully understand how structural

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<sup>20</sup> White-Black segregation. Appendix C. <https://www.brookings.edu/wp-content/uploads/2022/05/A-2020-Census->

racism and economic inequality continue to divide our communities and disproportionately harm Black and Brown communities, while ultimately harming us all.<sup>21</sup> Like all financial institutions in this country, Five Star Bank is part of and has benefitted from these systems.<sup>22</sup>

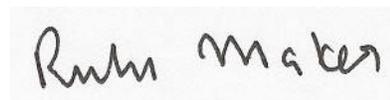
In addition to understanding structural racism and economic inequality and working to create more equitable systems, it is critical that FSB, and all financial institutions, focus reinvestments on the reduction of greenhouse gas emissions and addressing the disparate impacts of climate change on BIPOC and lower-income communities. The Intergovernmental Panel on Climate Change concluded from its most recent report that “unless there are immediate, rapid and large-scale reductions in greenhouse gas emissions, limiting warming to close to 1.5°C or even 2°C will be beyond reach.”<sup>23</sup>

GRCRC urges FSB to focus more of its reinvestments on addressing these critical issues of our time; in particular, we ask that FSB increase the level of its grants to support organizations already in the community working on racial and economic justice and climate change.

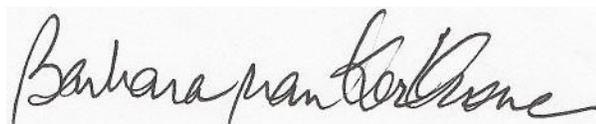
GRCRC is committed to fostering productive relationships with all financial institutions in the belief that the goal of meeting the credit needs of communities harmed by structural racism and economic inequality is compatible with safe, sound, and profitable lending practices. That is why we have provided a variety of opportunities and strategies in this letter for FSB to consider.

GRCRC members look forward to continuing to work with Five Star to find ways to invest in the Rochester community that will have the most benefit on community members and businesses that have historically been redlined and continue to be harmed.

Sincerely,



Ruhi Maker, Esq.



Barbara van Kerkhove, Ph.D.  
Researcher/Policy Analyst

CC:

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Portrait-of-America\_s-Largest-Metro-Areas\_-Populati.pdf

<sup>21</sup> See Heather McGhee. 2021. **The Sum of Us: What Racism Costs Everyone and How We Can Prosper Together.**

<sup>22</sup> For more on how the financial system has benefitted from structural racism and other forms of oppression, see: Take on Wall Street, “To What Extent Was Our Economy Designed to Be Fair?” at: <https://isoureconomyfair.org/>.

<sup>23</sup> <https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/>.

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Karla Gadley, FSB  
Cathryn Gonzalez, FSB

Appendix 1: Tables 1-10

Table 1: Offices and Deposits of all FDIC-Insured Institutions											
Deposit Market Share Report											
Deposits as of: June 30, 2020											
Selected Market											
ROCHESTER, NY MSA											
Rank	Institution Name	CERT	State	Bank	State/ Federal	Outside of Market		Inside of Market			
						No. of Offices	Deposits \$000	No. of Offices	Deposits \$000	Market Share	% US Deposits
1	Manufacturers and Traders Trust Company	588	NY	SM	State	738	110,950,729	29	4,552,148	20.30%	3.94%
2	KeyBank National Association	17534	OH	N	Federal	1,068	136,995,804	31	3,222,378	14.37%	2.30%
3	JPMorgan Chase Bank, National Association	628	OH	N	Federal	4,955	1,701,527,726	24	3,126,274	13.94%	0.18%
4	The Canandaigua National Bank and Trust Company	6985	NY	N	Federal	0	0	25	2,879,993	12.84%	100.00%
5	Citizens Bank, National Association	57957	RI	N	Federal	1,016	143,988,736	25	1,801,669	8.03%	1.24%
6	Bank Of America, National Association	3510	NC	N	Federal	4,241	1,727,608,125	12	1,492,644	6.66%	0.09%
7	Five Star Bank	659	NY	SM	State	31	2,651,527	22	1,352,143	6.03%	33.77%
8	The Lyons National Bank	7151	NY	N	Federal	4	210,401	11	1,033,175	4.61%	83.08%
9	Community Bank, National Association	6989	NY	N	Federal	226	10,323,224	20	788,726	3.52%	7.10%
10	The Bank Of Castile	13292	NY	NM	State	10	833,129	8	719,429	3.21%	46.34%
11	Genesee Regional Bank	26333	NY	NM	State	0	0	3	637,451	2.84%	100.00%
12	Evans Bank, National Association	6947	NY	N	Federal	16	1,574,461	5	237,504	1.06%	13.11%
13	Usny Bank	58541	NY	NM	State	2	194,431	2	218,400	0.97%	52.90%
14	The Upstate National Bank	13748	NY	N	Federal	2	18,548	1	123,046	0.55%	86.90%
15	Generations Bank	16040	NY	SB	Federal	5	197,578	4	109,876	0.49%	35.74%
16	Northwest Bank	28178	PA	SB	State	211	11,609,164	4	92,780	0.41%	0.79%
17	Savannah Bank National Association	14619	NY	N	Federal	4	108,530	1	31,437	0.14%	22.46%
18	Woodforest National Bank	23220	TX	N	Federal	780	7,358,195	3	6,961	0.03%	0.09%
Number of Institutions in the Market: 18					TOTALS	13,309	3,856,150,308	230	22,426,034	100	0.58%

**Table 2: Five Star Bank Total Mortgage Lending 2017-2020**

**Rochester, NY MSA**

(1st lien loans on owner-occupied (principal & secondary), 1-4 family, site built units)

					2019-2020		2017-2020	
	2017	2018	2019	2020	# change	% change	# change	% change
<b>MSA</b>	299	326	378	487	109	29%	188	63%
<b>City</b>	51	87	130	86	-44	-34%	35	69%
<b>Black/Latino HH</b>	55	104	148	89	-59	-40%	34	62%
<b>Low-Mod Income HH</b>	133	220	267	243	-24	-9%	110	83%
<b>Low-Mod Income CT</b>	66	99	140	110	-30	-21%	44	67%
<b>Majority Non-White CT</b>	34	63	102	67	-35	-34%	33	97%
					<b>AFI</b>			
<b>% of loans in:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>			
<b>City</b>	17%	27%	34%	18%	8%			
<b>Black/Latino HH</b>	18%	32%	39%	18%	8%			
<b>Low-Mod Income HH</b>	44%	67%	71%	50%	30%			
<b>Low-Mod Income CT</b>	22%	30%	37%	23%	10%			
<b>Majority Non-White CT</b>	11%	19%	27%	14%	4%			

Source: Annual HMDA LAR data from FFEIC and CFPB.



**Table 4: Five Star Bank Home Purchase Loans 2017-2020**

**Rochester, NY MSA**

(1st lien loans on owner-occupied (principal & secondary), 1-4 family, site built units)

					<b>2019-2020</b>		<b>2017-2020</b>	
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b># change</b>	<b>% change</b>	<b># change</b>	<b>% change</b>
<b>MSA</b>	131	222	286	230	-56	-20%	99	76%
<b>City</b>	47	85	128	81	-47	-37%	34	72%
<b>Black/Latino HH</b>	52	103	145	76	-69	-48%	24	46%
<b>Low-Mod Income HH</b>	82	169	232	166	-66	-28%	84	102%
<b>Low-Mod Income CT</b>	48	93	129	89	-40	-31%	41	85%
<b>Majority Non-White CT</b>	32	62	102	64	-38	-37%	32	100%
					<b>AFI</b>			
<b>% of loans in:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>			
<b>City</b>	36%	38%	45%	35%	11%			
<b>Black/Latino HH</b>	40%	46%	51%	33%	11%			
<b>Low-Mod Income HH</b>	63%	76%	81%	72%	39%			
<b>Low-Mod Income CT</b>	37%	42%	45%	39%	14%			
<b>Majority Non-White CT</b>	24%	28%	36%	28%	6%			

Source: Annual HMDA LAR data from FFEIC and CFPB.

**Table 5: Top 8 Banks Total Mortgage Originations 2020**

**Rochester, NY MSA**

(1st lien loans on owner-occupied (principal and secondary), 1-4 family, site built units)

Annual HMDA data	AFI	BOA	CNB	Citizens	Five Star	JPMC	KeyBank	Lyons NB	M&T	Top 8	OFI
<b>MSA</b>	26,200	285	2,643	581	487	243	619	996	722	6,576	19,624
<b>City</b>	2,093	75	205	66	86	15	32	9	104	592	1,501
<b>Black/Latino HH</b>	1,993	83	102	51	89	19	24	30	118	516	1,477
<b>Low-Mod Income HH</b>	7,834	119	633	246	243	66	153	238	289	1,987	5,847
<b>Low-Mod Income CT</b>	2,557	76	192	78	110	14	49	111	115	745	1,812
<b>Majority Non-White CT</b>	1,039	59	75	45	67	5	12	3	57	323	716
<b>MARKETSHARE</b>											
		<b>BOA</b>	<b>CNB</b>	<b>Citizens</b>	<b>Five Star</b>	<b>JPMC</b>	<b>KeyBank</b>	<b>Lyons NB</b>	<b>M&amp;T</b>	<b>Top 8</b>	<b>OFI</b>
<b>MSA</b>		1%	10%	2%	2%	1%	2%	4%	3%	25%	75%
<b>City</b>		4%	10%	3%	4%	1%	2%	0%	5%	28%	72%
<b>Black/Latino HH</b>		4%	5%	3%	4%	1%	1%	2%	6%	26%	74%
<b>Low-Mod Income HH</b>		2%	8%	3%	3%	1%	2%	3%	4%	25%	75%
<b>Low-Mod Income CT</b>		3%	8%	3%	4%	1%	2%	4%	4%	29%	71%
<b>Majority Non-White CT</b>		6%	7%	4%	6%	0%	1%	0%	5%	31%	69%
<b>Loans as %</b>											
<b>of MSA TOTAL IN:</b>	<b>AFI</b>	<b>BOA</b>	<b>CNB</b>	<b>Citizens</b>	<b>Five Star</b>	<b>JPMC</b>	<b>KeyBank</b>	<b>Lyons NB</b>	<b>M&amp;T</b>	<b>Top 8</b>	<b>OFI</b>
<b>City</b>	8%	26%	8%	11%	18%	6%	5%	1%	14%	9%	8%
<b>Black/Latino HH</b>	8%	29%	4%	9%	18%	8%	4%	3%	16%	8%	8%
<b>Low-Mod Income HH</b>	30%	42%	24%	42%	50%	27%	25%	24%	40%	30%	30%
<b>Low-Mod Income CT</b>	10%	27%	7%	13%	23%	6%	8%	11%	16%	11%	9%
<b>Majority Non-White CT</b>	4%	21%	3%	8%	14%	2%	2%	0%	8%	5%	4%

Source: FFIEC Home Mortgage Disclosure Act (HMDA) 2020 Snapshot Dataset, as of 5/3/2021, downloaded from the HMDA Data Browser at:

<https://ffiec.cfbp.gov/data-browser/data/2020?category=states&items=NY>

Prepared by: Empire Justice Center, 585-454-4060

**Table 6: Top 8 Banks Dollar Volume HMDA Lending 2020**

**Rochester, NY MSA**

Total Dollar Volume of Lending (000's) (1st lien loans on owner-occupied (principal and secondary), 1-4 family, site built units)

<b>DOLLAR VOL LENDING</b>	<b>AFI</b>	<b>BOA</b>	<b>CNB</b>	<b>Citizens</b>	<b>Five Star</b>	<b>JPMC</b>	<b>KeyBank</b>	<b>Lyons NB</b>	<b>M&amp;T</b>	<b>Top 8</b>	<b>OFI</b>
<b>MSA</b>	\$4,509,530	47,385	551,385	80,385	65,445	45,005	102,645	195,630	103,860	\$1,191,740	\$3,317,790
<b>City</b>	\$261,185	8,365	32,265	6,090	8,920	1,775	4,270	1,045	10,700	\$73,430	\$187,755
<b>Black/Latino HH</b>	\$295,185	9,905	18,460	5,765	8,855	3,045	3,710	6,240	14,400	\$70,380	\$224,805
<b>Low-Mod Income HH</b>	\$896,220	12,835	77,485	26,030	24,075	8,300	14,355	26,340	29,215	\$218,635	\$677,585
<b>Low-Mod Income CT</b>	\$272,325	8,310	26,950	6,720	11,250	1,650	4,685	12,155	11,125	\$82,845	\$189,480
<b>Majority Non-White CT</b>	\$99,035	6,125	9,405	3,335	5,965	385	1,090	225	4,665	\$31,195	\$67,840
<b>MARKETSHARE</b>											
		<b>BOA</b>	<b>CNB</b>	<b>Citizens</b>	<b>Five Star</b>	<b>JPMC</b>	<b>KeyBank</b>	<b>Lyons NB</b>	<b>M&amp;T</b>	<b>Top 8</b>	<b>OFI</b>
<b>MSA</b>		1%	12%	2%	1%	1%	2%	4%	2%	26%	74%
<b>City</b>		3%	12%	2%	3%	1%	2%	0%	4%	28%	72%
<b>Black/Latino HH</b>		3%	6%	2%	3%	1%	1%	2%	5%	24%	76%
<b>Low-Mod Income HH</b>		1%	9%	3%	3%	1%	2%	3%	3%	24%	76%
<b>Low-Mod Income CT</b>		3%	10%	2%	4%	1%	2%	4%	4%	30%	70%
<b>Majority Non-White CT</b>		6%	9%	3%	6%	0%	1%	0%	5%	31%	69%
<b>Loans as % of MSA TOTAL IN:</b>											
	<b>AFI</b>	<b>BOA</b>	<b>CNB</b>	<b>Citizens</b>	<b>Five Star</b>	<b>JPMC</b>	<b>KeyBank</b>	<b>Lyons NB</b>	<b>M&amp;T</b>	<b>Top 8</b>	<b>OFI</b>
<b>City</b>	6%	18%	6%	8%	14%	4%	4%	1%	10%	6%	6%
<b>Black/Latino HH</b>	7%	21%	3%	7%	14%	7%	4%	3%	14%	6%	7%
<b>Low-Mod Income HH</b>	20%	27%	14%	32%	37%	18%	14%	13%	28%	18%	20%
<b>Low-Mod Income CT</b>	6%	18%	5%	8%	17%	4%	5%	6%	11%	7%	6%
<b>Majority Non-White CT</b>	2%	13%	2%	4%	9%	1%	1%	0%	4%	3%	2%

Source: FFIEC Home Mortgage Disclosure Act (HMDA) 2020 Snapshot Dataset, as of 5/3/2021, downloaded from the HMDA Data Browser at: <https://ffiec.cfbp.gov/data-browser/data/2020?category=states&items=NY>

Prepared by: Empire Justice Center, 585-454-4060

**Table 7: Top 8 Banks Home Purchase Originations 2020**

**Rochester, NY MSA**

(1st lien home purchase loans on owner-occupied (principal and secondary), 1-4 family, site built units)

<b>Annual HMDA data</b>	<b>AFI</b>	<b>BOA</b>	<b>CNB</b>	<b>Citizens</b>	<b>Five Star</b>	<b>JPMC</b>	<b>KeyBank</b>	<b>Lyons NB</b>	<b>M&amp;T</b>	<b>Top 8</b>	<b>OFI</b>
<b>MSA</b>	11,315	164	1,060	108	230	80	147	350	295	2,434	8,881
<b>City</b>	1,253	68	112	23	81	5	8	3	71	371	882
<b>Black/Latino HH</b>	1,288	78	58	25	76	9	8	15	89	358	930
<b>Low-Mod Income HH</b>	4,388	95	380	48	166	33	31	114	161	1,028	3,360
<b>Low-Mod Income CT</b>	1,577	70	119	30	89	8	14	50	84	464	1,113
<b>Majority Non-White CT</b>	698	56	48	18	64	3	2	2	42	235	463
<b>MARKETSHARE</b>											
		<b>BOA</b>	<b>CNB</b>	<b>Citizens</b>	<b>Five Star</b>	<b>JPMC</b>	<b>KeyBank</b>	<b>Lyons NB</b>	<b>M&amp;T</b>	<b>Top 8</b>	<b>OFI</b>
<b>MSA</b>		1%	9%	1%	2%	1%	1%	3%	3%	22%	78%
<b>City</b>		5%	9%	2%	6%	0%	1%	0%	6%	30%	70%
<b>Black/Latino HH</b>		6%	5%	2%	6%	1%	1%	1%	7%	28%	72%
<b>Low-Mod Income HH</b>		2%	9%	1%	4%	1%	1%	3%	4%	23%	77%
<b>Low-Mod Income CT</b>		4%	8%	2%	6%	1%	1%	3%	5%	29%	71%
<b>Majority Non-White CT</b>		8%	7%	3%	9%	0%	0%	0%	6%	34%	66%
<b>Loans as %</b>											
<b>of MSA TOTAL IN:</b>	<b>AFI</b>	<b>BOA</b>	<b>CNB</b>	<b>Citizens</b>	<b>Five Star</b>	<b>JPMC</b>	<b>KeyBank</b>	<b>Lyons NB</b>	<b>M&amp;T</b>	<b>Top 8</b>	<b>OFI</b>
<b>City</b>	11%	41%	11%	21%	35%	6%	5%	1%	24%	15%	10%
<b>Black/Latino HH</b>	11%	48%	5%	23%	33%	11%	5%	4%	30%	15%	10%
<b>Low-Mod Income HH</b>	39%	58%	36%	44%	72%	41%	21%	33%	55%	42%	38%
<b>Low-Mod Income CT</b>	14%	43%	11%	28%	39%	10%	10%	14%	28%	19%	13%
<b>Majority Non-White CT</b>	6%	34%	5%	17%	28%	4%	1%	1%	14%	10%	5%
Source: FFIEC Home Mortgage Disclosure Act (HMDA) 2020 Snapshot Dataset, as of 5/3/2021, downloaded from the HMDA Data Browser at: <a href="https://ffiec.cfpb.gov/data-browser/data/2020?category=states&amp;items=NY">https://ffiec.cfpb.gov/data-browser/data/2020?category=states&amp;items=NY</a>											
<b>Prepared by: Empire Justice Center, 585-454-4060</b>											

**Table 8: Five Star Bank Small Business Lending 2017-2020**

**Rochester NY MSA (Inside and Outside Assessment Area)**

Number of Loans	2017	2018	2019	2020	2019-2020	2019-2020	2017-2020	2017-2020
					# change	% change	# change	% change
Rochester MSA Total	678	252	186	751	565	304%	73	11%
Rochester MSA in LMI CT	97	36	33	131	98	297%	34	35%
Loan Amt <= \$100,000	508	138	129	575	446	323%	67	13%
Loan Amt <= \$100,000 in LMI CT	75	21	19	97	78	371%	22	29%
Bus. w. GAR < \$1 M	478	143	127	408	281	221%	-70	-15%
Bus. w. GAR < \$1 M in LMI CT	66	15	16	65	49	306%	-1	-2%
					<b>AFI</b>			
% of Rochester MSA Loans In:	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>			
Rochester MSA in LMI CT	14%	14%	18%	17%	19%			
Loan Amt <= \$100,000	75%	55%	69%	77%	87%			
Loan Amt <= \$100,000 in LMI CT	11%	8%	10%	13%	16%			
Bus. w. GAR < \$1 M	71%	57%	68%	54%	33%			
Bus. w. GAR < \$1 M in LMI CT	10%	6%	9%	9%	6%			
Aggregate Amount of Loans (Millions of Dollars)	2017	2018	2019	2020	2019-2020	2019-2020	2017-2020	2017-2020
					# change	% change	# change	% change
Rochester MSA Total	\$81.03	\$54.08	\$30.42	\$71.48	\$41.06	135%	-\$9.56	-12%
<i>Avg Loan Size (in thousands)</i>	<i>\$119.52</i>	<i>\$214.62</i>	<i>\$163.54</i>	<i>\$95.17</i>	<i>-\$68.37</i>	<i>-42%</i>	<i>-\$24.34</i>	<i>-20%</i>
Rochester MSA in LMI CT	\$14.09	\$8.05	\$7.09	\$13.45	\$6.37	90%	-\$0.64	-5%
Loan Amt <= \$100,000	\$18.92	\$4.82	\$3.82	\$18.48	-\$1.00	-21%	-\$0.45	-2%
Loan Amt <= \$100,000 in LMI CT	\$2.97	\$.88	\$.74	\$3.17	-\$0.14	-16%	\$0.21	7%
Bus. w. GAR < \$1 M	\$28.45	\$13.91	\$11.85	\$24.31	\$12.46	105%	-\$4.14	-15%
Bus. w. GAR < \$1 M in LMI CT	\$3.65	\$1.83	\$1.24	\$4.22	\$2.99	242%	\$0.57	16%
					<b>AFI</b>			
% of Rochester MSA Loans In:	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>			
Rochester MSA in LMI CT	17%	15%	23%	19%	22%			
Loan Amt <= \$100,000	23%	9%	13%	26%	33%			
Loan Amt <= \$100,000 in LMI CT	4%	2%	2%	4%	6%			
Bus. w. GAR < \$1 M	35%	26%	39%	34%	20%			
Bus. w. GAR < \$1 M in LMI CT	5%	3%	4%	6%	4%			

Source: FFIEC CRA Small Business data.

**Table 9: Top 8 Banks Small Business Lending, 2019**  
**Top 8 Depositories, Rochester, NY MSA**

Number of Loans												
	AFI	BOA	CNB	Citizens	Cmty Bk	Five Star	JPMC	KeyBank	M&T	Top 7	Top 8	OFI
<b>Number of Loans Ranking</b>												
Rochester MSA Total	18,315	1,068	1,217	267	114	186	3,727	537	1,011	8,013	8,127	10,188
Rochester MSA in LMI CT	3,229	206	255	61	22	33	544	124	199	1,422	1,444	1,785
Loan Amt <= \$100,000	17,109	1,029	1,024	255	85	129	3,701	445	736	7,319	7,404	9,705
Loan Amt <= \$100,000 in LMI CT	2,956	198	210	54	18	19	538	98	135	1,252	1,270	1,686
Bus. w. GAR < \$1 M	8,735	640	635	225	80	127	1,940	317	623	4,507	4,587	4,148
Bus. w. GAR < \$1 M in LMI CT	1,416	126	117	49	13	16	264	57	101	730	743	673
<b>Marketshare</b>												
		BOA	CNB	Citizens	Cmty Bk	Five Star	JPMC	KeyBank	M&T	Top 7	Top 8	OFI
Rochester MSA Total		5.8%	6.6%	1.5%	0.6%	1.0%	20.3%	2.9%	5.5%	43.8%	44.4%	55.6%
Rochester MSA in LMI CT		6.4%	7.9%	1.9%	0.7%	1.0%	16.8%	3.8%	6.2%	44.0%	44.7%	55.3%
Loan Amt <= \$100,000		6.0%	6.0%	1.5%	0.5%	0.8%	21.6%	2.6%	4.3%	42.8%	43.3%	56.7%
Loan Amt <= \$100,000 in LMI CT		6.7%	7.1%	1.8%	0.6%	0.6%	18.2%	3.3%	4.6%	42.4%	43.0%	57.0%
Bus. w. GAR < \$1 M		7.3%	7.3%	2.6%	0.9%	1.5%	22.2%	3.6%	7.1%	51.6%	52.5%	47.5%
Bus. w. GAR < \$1 M in LMI CT		8.9%	8.3%	3.5%	0.9%	1.1%	18.6%	4.0%	7.1%	51.6%	52.5%	47.5%
<b>Percentage of Rochester MSA Loans In:</b>												
	AFI	BOA	CNB	Citizens	Cmty Bk	Five Star	JPMC	KeyBank	M&T	Top 7	Top 8	OFI
Rochester MSA in LMI CT	17.6%	19.3%	21.0%	22.8%	19.3%	17.7%	14.6%	23.1%	19.7%	17.7%	17.8%	17.5%
Loan Amt <= \$100,000	93.4%	96.3%	84.1%	95.5%	74.6%	69.4%	99.3%	82.9%	72.8%	91.3%	91.1%	95.3%
Loan Amt <= \$100,000 in LMI CT	16.1%	18.5%	17.3%	20.2%	15.8%	10.2%	14.4%	18.2%	13.4%	15.6%	15.6%	16.5%
Bus. w. GAR < \$1 M	47.7%	59.9%	52.2%	84.3%	70.2%	68.3%	52.1%	59.0%	61.6%	56.2%	56.4%	40.7%
Bus. w. GAR < \$1 M in LMI CT	7.7%	11.8%	9.6%	18.4%	11.4%	8.6%	7.1%	10.6%	10.0%	9.1%	9.1%	6.6%
<b>Total Amount of Loans (Millions of Dollars)</b>												
	AFI	BOA	CNB	Citizens	Cmty Bk	Five Star	JPMC	KeyBank	M&T	Top 7	Top 8	OFI
<b>Dollar Volume of Lending Ranking</b>												
Rochester MSA Total	\$684.69	\$30.66	\$102.25	\$11.93	\$12.22	\$30.42	\$50.04	\$51.48	\$133.52	\$410.30	\$422.52	\$262.18
Avg Loan Size (in thousands)	\$37.38	\$28.71	\$84.01	\$44.69	\$107.15	\$163.54	\$13.43	\$95.87	\$132.07	\$51.20	\$51.99	\$25.73
Rochester MSA in LMI CT	\$147.50	\$5.71	\$22.58	\$4.56	\$2.29	\$7.09	\$8.96	\$16.37	\$33.03	\$98.28	\$100.57	\$46.93
Loan Amt <= \$100,000	\$249.30	\$15.52	\$32.21	\$6.54	\$3.47	\$3.82	\$41.41	\$11.88	\$20.58	\$131.95	\$135.43	\$113.88
Loan Amt <= \$100,000 in LMI CT	\$44.74	\$2.48	\$6.82	\$1.53	\$0.59	\$0.74	\$6.73	\$3.07	\$4.16	\$25.52	\$26.11	\$18.63
Bus. w. GAR < \$1 M	\$222.71	\$12.10	\$34.47	\$5.62	\$5.74	\$11.85	\$22.71	\$8.90	\$41.77	\$137.42	\$143.16	\$79.55
Bus. w. GAR < \$1 M in LMI CT	\$37.43	\$2.13	\$5.37	\$1.31	\$0.35	\$1.24	\$3.24	\$1.66	\$8.14	\$23.08	\$23.43	\$14.00
<b>Marketshare</b>												
		BOA	CNB	Citizens	Cmty Bk	Five Star	JPMC	KeyBank	M&T	Top 7	Top 8	OFI
Rochester MSA Total		4.5%	14.9%	1.7%	1.8%	4.4%	7.3%	7.5%	19.5%	59.9%	61.7%	38.3%
Rochester MSA in LMI CT		3.9%	15.3%	3.1%	1.6%	4.8%	6.1%	11.1%	22.4%	66.6%	68.2%	31.8%
Loan Amt <= \$100,000		6.2%	12.9%	2.6%	1.4%	1.5%	16.6%	4.8%	8.3%	52.9%	54.3%	45.7%
Loan Amt <= \$100,000 in LMI CT		5.5%	15.2%	3.4%	1.3%	1.6%	15.0%	6.9%	9.3%	57.0%	58.4%	41.6%
Bus. w. GAR < \$1 M		5.4%	15.5%	2.5%	2.6%	5.3%	10.2%	4.0%	18.8%	61.7%	64.3%	35.7%
Bus. w. GAR < \$1 M in LMI CT		5.7%	14.3%	3.5%	0.9%	3.3%	8.7%	4.4%	21.8%	61.7%	62.6%	37.4%
<b>Percentage of Rochester MSA Loans In:</b>												
	AFI	BOA	CNB	Citizens	Cmty Bk	Five Star	JPMC	KeyBank	M&T	Top 7	Top 8	OFI
Rochester MSA in LMI CT	21.5%	18.6%	22.1%	38.2%	18.7%	23.3%	17.9%	31.8%	24.7%	24.0%	23.8%	17.9%
Loan Amt <= \$100,000	36.4%	50.6%	31.5%	54.8%	28.4%	12.6%	82.7%	23.1%	15.4%	32.2%	32.1%	43.4%
Loan Amt <= \$100,000 in LMI CT	6.5%	8.1%	6.7%	12.8%	4.8%	2.4%	13.4%	6.0%	3.1%	6.2%	6.2%	7.1%
Bus. w. GAR < \$1 M	32.5%	39.5%	33.7%	47.1%	47.0%	39.0%	45.4%	17.3%	31.3%	33.5%	33.9%	30.3%
Bus. w. GAR < \$1 M in LMI CT	5.5%	7.0%	5.2%	11.0%	2.8%	4.1%	6.5%	3.2%	6.1%	5.6%	5.5%	5.3%
Notes: Lyons NB reported no loans, so included the next largest bank--Community Bank (Cmty Bk).												
AFI: All Financial Institutions												
OFI: Other Financial Institutions												
Prepared by: Empire Justice Center, 585-454-4060												

Table 10

<b>Table 10a: Five Star Bank Community Development Lending, Investments and Grants and CRA Eligible Mortgage and Small Business Lending</b>						
<b>Eligible Mortgage and Small Business Lending</b>						
<b>Rochester MSA</b>						
<b>(in thousands)</b>						
<b>2022 Exam Period (10/1/2018-12/31/2021)</b>						
	<b>Economic Development</b>	<b>Affordable Housing</b>	<b>Neighborhood Stabilization</b>	<b>Community Services</b>	<b>Other Uncategorized</b>	<b>Total</b>
<b>Community Development Loans</b>	\$11,386	\$8,200			\$30,892	\$50,478
<b>Community Development Investments</b>		\$55,382			\$2,296	\$57,678
<b>CRA-Eligible Grants/Donations</b>	\$73	\$92	\$8	\$438		\$612
<b>Subtotal</b>	<b>\$11,459</b>	<b>\$63,675</b>	<b>\$8</b>	<b>\$438</b>	<b>\$33,188</b>	<b>\$108,768</b>
<b>Mortgage Lending*</b>		\$92,855				\$92,855
<b>Small Business Lending**</b>	\$71,355					\$71,355
<b>Total</b>	<b>\$82,814</b>	<b>\$156,530</b>	<b>\$8</b>	<b>\$438</b>	<b>\$33,188</b>	<b>\$272,978</b>
<p>Note: * Includes all HMDA mortgage originations to low-moderate income households and/or in low-moderate census tracts for 2018-2020 (unduplicated)</p> <p>** Includes CRA Small business loans in low-moderate income census tracts and to businesses with gross annual revenues under \$1 million for 2018-2020 (unduplicated).</p> <p>Numbers provided by Five Star Bank, except for mortgage and small business lending, which were calculated by Empire Justice Center. Division of CD loans into categories done by Empire Justice based on descriptions provided by bank.</p>						

<b>Table 10b: Percentage of Five Star Bank's Rochester MSA Deposits Reinvested in Community</b>			
	Deposits (millions)	% Deposits Reinvested	
		Entire Exam Period	Annualized
2022 Exam Period (2018-2021)	\$1,352	20.19%	6.73%
2019 Exam Period (2013-2017/18)	\$1,101	35.17%	7.03%

<b>Table 10c: Five Star Bank Deposits Versus CRA-Related Reinvestments &amp; % Deposits Reinvested in the Rochester NY Community</b>				
	Deposits (millions)	Total Reinvestments (millions)	Annualized Reinvestments (millions)	Annualized % Deposits Reinvested
2022 Exam Period (Oct 2018-2021)	\$1,352	\$273	\$91	6.73%
2019 Exam Period (2013-2017/18)	\$1,101	\$387	\$77	7.03%
2019-2022 Change (#)	\$251	-\$114	\$14	-0.30%
2019-2022 Change (%)	23%	-29%	18%	-4%

<b>Table 10c alternate: Five Star Bank Deposits Versus CRA-Related Reinvestments &amp; % Deposits Reinvested in the Rochester NY Community (using 2019 deposits for 2022 exam)</b>				
	Deposits (millions)	Total Reinvestments (millions)	Annualized Reinvestments (millions)	Annualized % Deposits Reinvested
2022 Exam Period (Oct 2018-2021)	\$1,191	\$273	\$91	7.64%
2019 Exam Period (2013-2017/18)	\$1,101	\$387	\$77	7.03%
2019-2022 Change (#)	\$90	-\$114	\$14	0.61%
2019-2022 Change (%)	8%	-29%	18%	9%

## Appendix 2

### Five Star Bank: CD Activity Details (October 2018 to December, 31 2021)

Prepared by Five Star Bank

**LIHTC Investments.** Projects in the Rochester MSA included:

- 2018-The VOC Liberty Landing project (total loan amount \$8,117,690) encompassed construction of 33 affordable apartment units with Supportive Housing in the City of Rochester. 21 of the apartments will serve tenants earning up to 50% of the AMI and 12 apartments will serve families up to 60% of the AMI. The project also had preference for veterans who are homeless/at risk of homelessness or have developmental or physical disabilities
- 2019-The Union Square project involved the construction of a mixed income affordable housing project with Supportive Housing. The project, located on Parcel 3 of the Inner Loop redevelopment has the following rent targets: 15 units with rents affordable to residents who earn at or below 30% of AMI, 14 units with rents affordable to residents who earn at for below 50% of AMI, 22 units with rents affordable to residents who earn at or below 60% of AMI, and 21 units with rents affordable to residents who earn at or below 80% of AMI. It includes supportive housing with 21 of the 72 units receiving rental assistance for a special needs population including individuals who are 55+ years of age who require assistance
- 2021 – Pueblo Nuevo II project involved the development of a 29 unit mixed-use, scattered site affordable housing project located in the City of Rochester’s Northeast El Camino neighborhood. The project will help transform 19 blighted vacant/underutilized lots into an affordable workforce community in one of the City’s most historically disadvantaged areas. The new construction of the 29 two-bedroom apartments will be targeted to individuals at or below 30% or 50% of AMI. Three apartments will be adapted for those with mobility impairments and two adapted for those with hearing and vision impairments.

### Grant Donations

- 2019-\$25,000 to Champion academy to assist with offering financial literacy to youth in poverty in the City of Rochester to help them overcome barriers and reach their full potential. This program serves 350+ full time low and moderate income students ages 13-18 who reside in the City of Rochester
- 2019-\$10,000 to Empire Justice Center to assist with offering free tax return preparation services to low income workers. The program aimed to serve approximately 9,000 individuals many of whom are low and moderate income.
- 2019 - \$7,500 to Boys & Girls Club of Rochester for the Accelerated Reading Program aimed at helping Rochester youth improve literacy skills. The program served approximately 240 students with approximately 91% of the youth served qualify for free or reduced-price lunch.
- 2019 - \$10,000 to Housing at Pathstone-to assist homeowners, tenants, landlords and municipalities through education and counseling and possible financial assistance towards purchasing a new home and continued support to remain successful. The program aimed to serve approximately 100 individuals with the majority of clients being low to moderate income.

- 2020 - \$10,000 to NeighborWorks Rochester to assist with providing no interest, deferred loans of up to \$3,500 to Greater Rochester homeowners financially impacted by COVID-19. The program served approximately 875 individuals, with 90% of the clients being low to moderate income.
- 2020 - \$10,000 to the YWCA of Rochester and Monroe County for the Warm Beds Initiative designed to support operations of emergency housing programs for women, children and families experiencing homelessness. The program serves about 600 individuals annually with 95% of the population being low to moderate income.
- 2020 - \$5,500 to Ibero-American Development Corporation to assist with providing dwelling accommodations and financial education to LMI individuals and families. This program served approximately 75 families (260 individual) with the majority low to moderate income.
- 2021 - \$7,500 to the Urban League of Rochester to provide financial literacy workshops and one-on one counseling services to low and moderate-income individuals and families. The program served approximately 75 individuals with the target population being women, minorities, and other disadvantaged or underrepresented groups with low-to-moderate incomes in the City of Rochester.
- 2021 - \$12,000 to Pathstone of Rochester to provide financing to small businesses that are currently unbankable because they are start-ups or because of under-collateralization or credit issues. The program aimed to offer at least five hours of specialized technical assistance to 20 Rochester area small businesses.
- 2021 - \$10,000 to the Rochester Financial Empowerment Center (FEC). This is a partnership between the City of Rochester-Mayor's Office of Community Wealth Building and Consumer Credit Counseling Services of Rochester. The FEC provides free professional one-on-one financial counseling as a public service. The purpose is to address economic barriers that exist for underserves, low-to-moderate income residents and increase wealth equity for underserves racial and ethnic populations. The program anticipated serving 1,400 clients in the program year with approximately 95% LMI.

### **2020 PPP Loans in Rochester**

- 1 PPP loan at \$1,956,000 for a manufacturing company in the city of Rochester in an LMI geography.
- 1 PPP loan for \$1,849,800 for a manufacturing company in a moderate income tract in the city of Rochester
- 1 PPP loan for \$1,507,000 for a company, headquartered in Rochester NY and offers business support services to other businesses throughout the country
- 1 PPP loan for \$1,133,600 for a medical company located in the City of Rochester

### **CD Loans**

- 2019 - \$8.2 million loan to fund the renovation for Phase I of the Skyview on the Ridge, formerly the Irondequoit Mall
- 2020 – \$6.1 million loan for the acquisition of the former Xerox building in Rochester, NY. This is a nearly vacant building spanning an entire block. The vision is to create a collaborative campus for student housing, market rate commercial office space and an exterior transformation.
- 2020 – \$1 M loan for an opportunity to invest in a community driven program in the City of Rochester to renovate homes for sale to subsidized first time home buyers
- 2021 - \$9.4 million loan for the rehabilitation of a historic Old City Hall building into a mixed-use residential and commercial building in the City of Rochester.