PUBLIC DISCLOSURE

March 26, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Astoria Federal Savings & Loan Association
Docket #: 04115

One Astoria Federal Plaza
Lake Success, New York 11042

Office of Thrift Supervision
Northeast Region
10 Exchange Place, 18th Floor, Jersey City, NJ 07302

NOTE: **This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

Office of Thrift Supervision
Department of the Treasury *Northeast Region*

Jersey City Regional Office • Telephone: (201) 413-1000 • Fax: (201) 413-7541
10 Exchange Place, 18th Floor, Jersey City, NJ 07302

May 24, 2001

The Board of Directors
Astoria Federal Savings & Loan Association
One Astoria Federal Plaza
Lake Success, New York 11042

Members of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation prepared by the Office of Thrift Supervision as of March 26, 2001. Pursuant to the provisions of the CRA and OTS regulations (12 C.F.R. 563e), this evaluation, and your institution's CRA rating as contained therein, must be made available to the public by your institution.

This evaluation is being transmitted separately from the Compliance Report of Examination to alleviate the potential for any misunderstanding regarding which document your institution must make public. It is the enclosed evaluation that must be publicly available; the Compliance Report of Examination may not be released to the public.

In accordance with 12 C.F.R. 563e, this written CRA Performance Evaluation must be made available to the public within 30 business days of its receipt by your institution. The evaluation must be placed in your CRA public file located at your home office and each branch within this 30 business day time frame. The evaluation may not be altered or abridged in any manner. At your discretion, previous written CRA Performance Evaluations(s) may be retained with the most recent evaluation in your CRA public file.

Your institution is invited to prepare a response to the evaluation. The response may be placed in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to the public with regard to making this evaluation available. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution. Please acknowledge receipt of this evaluation on the form provided and retain a copy of the acknowledgment.

Sincerely,

Raymond L. Coons
Acting Assistant Director

Enclosure

Table of Contents

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Astoria Federal Savings & Loan Association prepared by the Office of Thrift Supervision (OTS), the institution's supervisory agency, as of March 26, 2001. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The institution's lending level disclosed very strong responsiveness to the credit needs of the assessment area. Lending to low- and moderate-income borrowers and geographies significantly surpassed the level achieved in the prior evaluation. The low- and moderate-income geography penetration by dollar amount exceeded that of all Home Mortgage Disclosure Act (HMDA) reporters. Multifamily lending was excellent and the institution was one of the lead lenders in that category. The institution was a leader in community development lending and in offering innovative and flexible lending programs.

The investment test showed excellent responsiveness to community credit needs, with the institution participating in qualified investments that support low- and moderate-income residents.

The service test revealed that delivery systems were readily accessible to all portions of the assessment area, with office hours tailored to the convenience and needs of the communities. The degree of participation in community development services was outstanding and evidenced a high degree of commitment to serving the community.

Comment [OTS1]: Page: 2
Summarize the major factor supporting the institution's rating. When illegal discrimination or discouragement has been identified and has affected the rating, the summary should include a statement that the rating was influenced by violations of the substantive provisions of the antidiscrimination laws. laws. The summary should not mention any technical technical violations of the antidiscrimination laws.

Institution

Lending, Investment, Service Test Table

The following table indicates the performance level of Astoria Federal Savings & Loan Association with respect to the lending, investment, and service tests.

Comment [OTS2]: Page: 3
Indicate the performance level under each criteria by marking an "X" in the appropriate row.

PERFORMANCE LEVELS	Astoria Federal Savings & Loan Association 03/26/2001		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

Institution (continued)

Description Of Institution

Comment [OTS3]: Page: 4
Write a brief description of the institution. Include relevant information regarding the institution's holding company and affiliates, if any, the states and assessment areas served, the institution's ability to meet various credit needs based on its financial condition and size, product offerings, prior performance, legal impediments, and other factors. Other information that may be important includes total assets, asset/loan portfolio mix, primary business business focus, branching network, and any merger or or acquisition activity.

Astoria Federal Savings and Loan Association (the "institution") with assets of $22.3 billion, is the second largest publicly traded thrift institution in New York and the sixth largest in the United States. The institution's administrative office is located in Lake Success, Nassau County, New York.

The institution operates 86 branch offices throughout Kings, Queens, Nassau, Suffolk, and Westchester counties. During the review period, the five branch offices located in upstate New York in Otsego and Chenango counties were sold. Those locations were sold as they are outside the institution's New York City and Long Island primary market area and represented only a minor segment of its retail banking franchise.

The institution acquired several loan production offices as part of the acquisition of The Long Island Savings Bank during the prior review period. Due to business considerations, those loan production offices were closed in 1999. Loan activity was redirected to two loan production offices, one in Lake Success, Nassau County, and the second at the branch office in Medford, Suffolk County, New York. The institution originates mortgage loans through its banking and loan production offices in the New York metropolitan area and through an extensive broker network in 14 states: New York, New Jersey, Connecticut, Pennsylvania, Massachusetts, Delaware, Maryland, Illinois, Ohio, Virginia, North Carolina, South Carolina, Georgia and Florida.

The institution's primary business is attracting retail deposits from the general public and investing those deposits, together with funds generated from operations, principal repayments and borrowings, in one-to-four family residential mortgages and multifamily mortgages. Funds are also invested in commercial real estate loans, consumer loans and mortgage backed securities. Small business lending was initiated during the last quarter of 1999, including Small Business Administration lending. A Community Development Manager was added to focus on low- and moderate-income areas and communities.

The institution continues to be community-oriented, offering a variety of financial services to meet the needs of the communities it serves. The institution received a $1.5 million grant in 1999 from the U.S. Department of the Treasury Community Development Financial Institutions (CDFI) program, in recognition of its community development activities in distressed areas and its partnership with community development organizations.

Institution (continued)

Both deposit gathering and direct loan origination are primarily concentrated in the communities surrounding the branch offices in Queens, Kings, Nassau, Suffolk, and Westchester counties in the New York metropolitan area.

As of December 31, 2000, the institution's assets totaled $22.3 billion, including a loan portfolio of $11.4 billion, or 51.1 percent of assets. The following schedule summarizes the loan portfolio:

Institution's Investment in Loans (12/31/2000 Thrift Financial Report)			
Loan Category	Amount ($000's)	Percent of Total Loans	Percent of Total Assets
1-4 Family Residential Mtg.	$9,941,517	87.2%	44.6%
Multifamily Mortgage	800,433	7.0%	3.6%
Nonresidential Mortgage	476,718	4.2%	2.1%
Commercial Non-mortgage	8,823	0.1%	0.0%
Consumer	176,395	1.5%	0.8%
Total	$11,403,886	100.0%	51.1%

The institution's assets totaled $20.5 billion at December 31, 1998, when its loan portfolio totaled $9 billion. The institution's assets and loan portfolio increased 8.8 percent and 26.7 percent, respectively from December 31, 1998 to December 31, 2000.

The New York City metropolitan area has a high density of financial institutions, and competition for loans and deposits is intense. The New York City metropolitan area economy showed increased growth, as evidenced by local employment growth statistics.

The institution has been profitable throughout the review period and there are no legal or financial impediments that would prevent the institution from helping to meet the credit needs of the community.

The previous CRA evaluation dated January 19, 1999 assigned a rating of "Outstanding."

Description Of Assessment Area

The Community Reinvestment Act requires financial institutions to identify assessment areas in which they intend to focus their lending efforts. The institution's assessment area consists of six of the eight most populous counties of MSA 5600 New York-New York, encompassing the five boroughs of New York City and Westchester County, plus all of MSA 5380 Nassau-Suffolk.

Comment [OTS4]: Page: 4
Write a brief description of the institution. Include relevant information regarding the institution's holding company and affiliates, if any, the states and assessment areas served, the institution's ability to meet various credit needs based on its financial condition and size, product offerings, prior performance, legal impediments, and other factors. Other information that may be important includes total assets, asset/loan portfolio mix, primary business business focus, branching network, and any merger or or acquisition activity.

Institution (continued)

MSA 5600 assessment area counties are Kings (Brooklyn), Queens, New York (Manhattan), Bronx, Richmond (Staten Island) and Westchester. MSA 5380 assessment area counties are Nassau and Suffolk. All are part of the New York Consolidated Metropolitan Statistical Area (CMSA), and all are contiguous. The assessment area is based on the location of the institution's branch offices, and the market penetration of loans and deposits.

By income level, the following chart illustrates the number of geographies and the distribution of families, total housing units, one-to-four family and multifamily residential dwellings in the assessment area:

Distribution of Geographies, Families and Housing in the Assessment Area (1990 U.S. Census Data)						
Income Level	**Number of Geographies**	**Percent of Total Geographies**	**Percent of Total Area Families**	**Percent of Total Area Housing Units**	**Percent of One-to-Four Family Units**	**Percent of Multi-Family-Units**
Low	319	10.6%	23.3%	9.7%	2.7%	17.1%
Moderate	516	17.1%	16.5%	18.7%	14.1%	23.3%
Middle	1,199	39.7%	20.4%	38.6%	49.1%	27.7%
Upper	906	30.0%	39.8%	32.9%	34.1%	31.9%
NA	78	2.6%	0.0%	0.0%	0.0%	0.0%
Total	3,018	100.0%	100.0%	100.0%	100.0%	100.0%

The assessment area has 3,018 geographies, of which 319 (10.6 percent) are low-income, 516 (17.1 percent) are moderate-income, 1,199 (39.7 percent) are middle-income and 906 (30.0 percent) are upper income. Overall, 27.7 percent of the geographies and 39.8 percent of the families in the assessment area are low-and moderate-income.

The assessment area has a population of 10.8 million, comprised of 4.0 million households and 2.7 million families. Of the units of housing, 50 percent are single-family and 40 percent are owner-occupied. Multifamily units represent 48.4 percent of the assessment area housing units, of which 90 percent are located in New York City. In addition, 84.6 percent of the low-income and 60.3 percent of the moderate-income geography housing units are renter-occupied, indicating limited 1-4 family lending opportunities in low- and moderate-income geographies in the assessment area. The median housing value is $196.9 thousand. Fourteen percent of the 2.7 million families in the assessment area are below the poverty level.

In 2000, the HUD-estimated weighted average median family income (MFI) for the assessment area is $60,114. Low-income is defined as income below 50 percent of the MFI, moderate-income as 50 percent to less than 80 percent of the MFI, middle-income as 80 percent to less than 120 percent of the MFI, and upper-income as 120 percent or more of the MFI.

Institution (continued)

Competition for loans is strong. The larger institutions aggressively marketed products oriented to low- and moderate-income geographies and borrowers. During 1999, some 686 lenders in the assessment area originated or purchased 316 thousand residential mortgage loans totaling $53.7 billion. The institution ranked 19th, with a 1.4 percent market share with regard to the total number of loans captured. The top 10 lenders granted 31.2 percent of the HMDA-reported loans. However, in terms of dollar amounts lent, the institution ranked eighth, with a 2.2 percent market share. The seven lenders with more market share than the institution captured 23 percent of the total dollars lent. The top 10 lenders granted 26.9 percent of the HMDA-reported loans by dollar amount.

Community credit needs include, but are not limited to, funding of 1-4 family and multifamily residential mortgage loans for low- and moderate-income families, commercial loans and consumer loans.

Major employers include government, public utilities, financial services, shipping and transportation, light manufacturing, wholesale and retail businesses, major corporations and private service-producing businesses.

One community contact was consulted and two previous community contacts were reviewed for use in this evaluation. These sources provided information on housing and credit needs, employment and business opportunities.

Conclusions With Respect To Performance Tests

As part of the CRA review, an analysis of the institution's performance under the lending test, investment test and service test was conducted. In consideration of each test, various reviews were performed to assess the institution's level of performance.

Comment [OTS5]: Page: 4
Discuss the institution's overall CRA performance. The facts, data, and analyses that were used to form a a conclusion about the rating should be reflected in the narrative, including institution strengths and areas areas for improvement. The narrative should clearly demonstrate how the results of each of the performance test analyses and relevant information from the performance context factored into the overall institution rating. Charts and table should be used whenever possible to summarize and effectively effectively present the most critical or informative data used by the examiner in analyzing the institution's performance and reaching conclusions.

Lending Test:

Under the lending test, the areas reviewed consisted of the institution's lending activity within its assessment area, the geographic distribution of loans, the borrower's profile and evidence that loans were made to all income groups. Additional areas reviewed included the institution's responsiveness to the credit needs of highly economically disadvantaged geographies and individuals, community development lending activities and the use of innovative and flexible loan products to serve the assessment area credit needs.

Institution (continued)

Lending Activity within the Assessment Area

The following chart categorizes the total number and amount of loans that were originated or purchased in and outside the assessment area during the review period:

Concentration of Lending in the Assessment Area (01/01/1999 through 12/31/00)						
	Total Lending		Lending in the Assessment Area			
Loan Type	Number of Loans	($000's) Amount	Number of Loans	Percent	($000's) Amount	Percent
HMDA Reportable Mortgage						
Home Purchase	10,234	$2,565,338	4,605	45.0%	$1,175,937	45.8%
Refinance	6,172	1,670,223	1,971	31.9%	450,864	27.0%
Multifamily	825	468,728	756	91.6%	447,301	95.4%
Home Improvement	53	545	53	100.0%	545	100.0%
Subtotal	17,284	$4,704,834	7,385	42.7%	$2,074,647	44.1%
Home Equity	2,229	123,328	2,158	96.8%	119,782	97.1%
Small Business	131	9,591	131	100.0%	9,591	100.0%
Commercial	168	189,984	153	91.1%	167,193	88.0%
Construction	30	69,911	28	93.3%	67,361	96.4%
Subtotal All Lending	19,842	$5,097,648	9,855	49.7%	$2,438,574	47.8%
Modifications	1,079	270,343	1,037	96.1%	263,496	97.5%
TOTAL	20,921	$5,367,991	10,892	52.1%	$2,702,070	50.3%

During the 24-month review period from January 1, 1999 to December 31, 2000, the institution originated, purchased or modified 20,921 loans totaling $5.4 billion. Of those loans, 10,892 (52.1 percent) totaling $2.7 billion (50.3 percent) were originated, purchased or modified in the assessment area. When consideration is given only to loans that were originated and not purchased, 90 percent by number and dollar were located in the assessment area.

Small business lending was initiated in the last quarter of 1999 and implemented in the first quarter of 2000, including Small Business Administration lending. The institution also extended credit in the form of Modification, Extension and Consolidation Agreements (MECAs).

Lending increased 22.8 percent and 34.8 percent by number and dollar, respectively, since the prior evaluation of January 19, 1999 for HMDA-reportable mortgage loans, even though lending volume decreased in 2000. Management indicated that the decline in 2000 was attributable to rising interest rates, a reduced refinance market, the high cost of housing and intense competition from financial institutions.

Institution (continued)

Within the assessment area, HMDA-reportable mortgage loans increased 2.6 percent and 23.1 percent by number and dollar, respectively. HMDA-reportable mortgage loans increased from 267 per month to 308 per month. Multifamily lending increased substantially since the prior review period, from 13 per month to 32 per month (146 percent).

The institution's lending is strong. For the eight quarters ended December 31, 2000, the loan-to-deposit ratio average was 106.6 percent. This ratio steadily increased, from 97.7 percent for the quarter ended March 31, 1999 to 112.2 percent for the quarter ended December 31, 2000. For the same time period, the eight-quarter average for OTS-regulated institutions in MSA 5600 was 82 percent.

The institution's lending activity is a reflection of a strong response to assessment area credit needs, particularly for multifamily dwellings. A majority of the loans were originated, purchased or modified in the assessment area.

Geographic Distribution

During the 24-month review period ended December 31, 2000, the institution originated or purchased 7,385 HMDA-reportable loans totaling $2.1 billion in the assessment area. The following chart illustrates loan originations and purchases, categorized by geographic income level, that were reported by the institution and the aggregate lenders:

Institution (continued)

Distribution of HMDA-Reportable Loans by Geographic Income Level in the Overall Assessment Area						
Geographic Income Level	INSTITUTION 01/01/1999 – 12/31/2000		INSTITUTION 1999 HMDA		ALL AGGREGATE 1999 HMDA	OTS AGGREGATE 1999 HMDA
	Number	Percent	Number	Percent	Percent	Percent
Low	206	2.8%	92	2.1%	2.8%	1.7%
Moderate	707	9.6%	372	8.5%	13.0%	9.7%
Middle	2,727	36.9%	1,568	35.8%	44.5%	42.0%
Upper	3,737	50.6%	2,342	53.5%	39.6%	46.4%
NA	8	0.1%	2	0.1%	0.1%	0.1%
Total	7,385	100.0%	4,376	100.0%	100.0%	100.0%
	($000's) Amount	Percent	($000's) Amount	Percent	($000's) Amount	
Low	$113,771	5.5%	$43,779	3.7%	2.4%	2.3%
Moderate	250,582	12.1%	135,184	11.6%	10.8%	10.6%
Middle	545,680	26.3%	292,990	25.1%	37.3%	34.4%
Upper	1,161,262	56.0%	696,711	59.6%	49.4%	52.6%
NA	3,352	0.2%	293	0.0%	0.1%	0.1%
Total	$2,074,647	100.0%	$1,168,957	100.0%	100.0%	100.0%

A review of residential mortgage lending during the review period and 1999 showed that the percentages of loans originated or purchased in low-income geographies are reasonably comparable to the 1999 HMDA aggregate lenders and more than the OTS aggregate lenders. The percentages of loans originated or purchased in moderate-income geographies are less than all aggregate lenders and comparable to OTS aggregate lenders. For amounts, the percentage originated in moderate-income geographies is slightly more than all aggregate lenders. However, the percentage of amounts in low-income geographies significantly exceeds all aggregate lenders.

Even though the institution's percentage of lending by number of loans in moderate-income geographies is less than the aggregate, the dollar amount originated or purchased for both low- and moderate-income geographies substantially exceeds all aggregates.

The institution's lending in low and moderate-income geographies improved over the prior review period. In this review period, the institution originated 913 HMDA-reportable loans totaling $364.4 million, compared to 482 loans totaling $148.7 million for low-and moderate-income geographies in the prior review period. This represents an increase of 89.4 percent and 145.1 percent by number and dollar, respectively, in low- and moderate-income geographies. This was impressive, as the institution's total HMDA-reportable loans for all income categories in the review period increased by 2.6 percent and 23.1 percent by number and dollar, respectively.

Institution (continued)

In addition, the percentage of lending in low- and moderate-income geographies for 2000, 14.9 percent and 20.4 percent by number and dollar, respectively, increased from the 1999 percentage of lending, 10.6 and 15.3 percent by number and dollar, respectively. This shows a commitment by management to promote lending in low- and moderate-income geographies.

The 1999 HMDA market share report for low- and moderate-income geographies shows the institution ranked second out of 90 OTS HMDA reporters, with a market share penetration of 9.17. When ranked by dollar amount, the institution was second with 15.2 percent market share. For all HMDA reporters in low- and moderate-income geographies, the institution ranked 24th out of 472, with an 0.9 percent market share for number of loans, and ranked sixth with a 2.5 percent market share for dollar amounts. In the ranking of number of reporters, the institution was in the top two percent and top five percent for OTS HMDA reporters and all HMDA reporters, respectively, in low- and moderate-income geographies.

The institution's geographic distribution of HMDA-related residential mortgage loans by dollar amount reflects an excellent penetration throughout the assessment area, particularly in low- and moderate-income geographies.

Multifamily Lending

Multifamily loans were originated or purchased during the review period. Of that loan type, 756 loans totaling $447.3 million were in the assessment area, of which 464 loans (61.4 percent) totaling $281.9 million (63 percent) were in low-and moderate-income geographies. The buildings securing these properties had a total of 11,850 units. Of those multifamily loans in low- and moderate-income geographies, 403 loans (86.9 percent) totaling $253.2 million (89.9 percent) were originated in low- and moderate-income geographies in the counties of Kings, Bronx and New York. These three counties have the highest percentage of low- and moderate-income geographies and multifamily dwellings in the assessment area.

The 1999 HMDA multifamily market share report in low- and moderate-income geographies shows the institution was the lead lender out of 22 OTS HMDA reporters, with a market share penetration of 32.6. When ranked by dollar amount, the institution was second with a 24.5 percent market share. For all HMDA reporters in low- and moderate-income geographies, the institution ranked third out of 83 with an 11.7 percent market share for number of loans, and second with a 12 percent market share for dollar amounts.

Institution (continued)

The activity of providing multifamily financing provides a benefit to the lower-income geographies of the assessment area. The strong presence of the institution in the multifamily market is representative of the institution's willingness to provide mortgage financing to all income areas.

Modification, Extension and Consolidation Agreements (MECAs)

In addition to its HMDA-reportable residential mortgage lending, the institution also extends credit in the form of MECAs. In the assessment area during the 24-month review period from January 1, 1999 to December 31, 2000, the institution provided 1,037 MECAs totaling $263.5 million in residential loan refinances. As these transactions do not involve new money added to the balance outstanding, they fall outside HMDA reporting requirements.

Geographic information was not available for credit extended in 1999 but was available for credit extended in 2000. However, due to rising interest rates, fewer modifications were transacted in 2000. Since only 116 modifications totaling $40.6 million were transacted in 2000, a geographic distribution analysis would not be meaningful. This area of lending is mentioned and considered as it augments the institution's volume of lending.

Non-HMDA Home Equity Loans

During the 24-month review period from January 1, 1999 to December 31, 2000, the institution originated 2,158 home equity loans totaling $119.8 million in the assessment area. The following chart illustrates loan originations categorized by geographic income level that were reported by the institution:

Distribution of Non-HMDA Home Equity Loans by Geographic Income Level in the Assessment Area (01/01/1999 – 12/31/2000)

Geographic Income Level	Percentage of Geographies	Number of Loans	Percent of Loans	Dollar Volume ($000's)	Percent of Volume
Low	10.6%	1	0.1%	$90	0.1%
Moderate	17.1%	151	7.0%	6,571	5.5%
Middle	39.7%	1,339	62.0%	62,666	52.3%
Upper	30.0%	667	30.9%	50,455	42.1%
NA	2.6%	0	0.0%	0	0.0%
Total	100.0%	2,158	100.0%	$119,782	100.0%

A review of the geographical distribution of the non-HMDA-reportable home-equity loans was also conducted. Of the 2,158 loans totaling $119.8 million originated in the assessment area, 152 loans (7.1 percent) totaling $6.7 million (5.6 percent) were originated in LMI geographies.

Institution (continued)

The low- and moderate-income geographic penetration for home-equity loans is less than that of residential mortgage loans and the demographics of the assessment area. Based on the 1990 U.S. Census demographics, single-family dwellings in low- and moderate-income geographies respectively represent only 13.7 and 37.7 percent of housing units. The low percentage of single-family dwelling availability equates to a low number of home equity loans in low- and moderate-income geographies. Based on the demographics, the penetration is adequate.

Small Business Loans

The institution initiated small business lending in the last quarter of 1999 and fully implemented the program in the first quarter of 2000. During this review period, the institution originated 131 small business loans totaling $9.6 million in the assessment area. The following chart illustrates loan originations categorized by geographic income level that were reported by the institution:

Small Business Loans Originated in the Assessment Area (January 1, 2000 – December 31, 2000)				
Geographic Income Level	**Percentage of Geographies**	**INSTITUTION 01/01/2000 – 12/31/2000**		**1999 AGGREGATE Small Business**
		Number	**Percent**	**Percent of No.**
Low	10.6%	2	1.5%	3.6%
Moderate	17.1%	20	15.3%	13.8%
Middle	39.7%	81	61.8%	37.9%
Upper	30.0%	27	20.6%	42.9%
NA	2.6%	1	0.8%	1.8%
Total	100.0%	131	100.0%	100.0%
		($000's) Amount	**Percent**	**Percent of Amt.**
Low	10.6%	$71	0.7%	3.7%
Moderate	17.1%	845	8.8%	15.0%
Middle	39.7%	4,869	50.8%	34.5%
Upper	30.0%	3,556	37.1%	43.6%
NA	2.6%	250	2.6%	3.2%
Total	100.0%	$9,591	100.0%	100.0%

The small business lending analysis for the institution was conducted on 2000 data. As 2000 small business lending data is not available at this time for the aggregate, a comparison was done with the 1999 aggregate small business lending data as well as the 1990 U.S. Census demographics.

The institution's penetration of small business loans in moderate-income geographies by number of loans is greater than the 1999 aggregate and reasonably comparable to the 1990 U.S. Census data.

Institution (continued)

The low-income penetration by the institution is less than the aggregate and the demographics of the assessment area. As the institution is primarily a residential mortgage lender new to the small business market and competing with large commercial banks for this type of loan, the percentage is considered reasonable.

Borrower Characteristics

During the 24-month review period ended December 31, 2000, the institution originated or purchased 7,385 HMDA-reportable loans totaling $2.1 billion in the assessment area. The following chart illustrates loan originations and purchases, categorized by borrower income level, that were reported by the institution and the aggregate lenders:

Distribution of HMDA-Reportable Loans by Borrower Income Level in the Overall Assessment Area						
Borrower Income Level	INSTITUTION 01/01/1999 – 12/31/2000		INSTITUTION 1999 HMDA		ALL AGGREGATE 1999 HMDA	OTS AGGREGATE 1999 HMDA
	Number	Percent	Number	Percent	Percent	Percent
Low	155	2.1%	79	1.8%	3.4%	3.1%
Moderate	786	10.6%	442	10.1%	11.0%	11.0%
Middle	1,301	17.6%	796	18.2%	19.3%	20.7%
Upper	4,025	54.5%	2,524	57.7%	34.4%	44.1%
NA	1,118	15.2%	535	12.2%	31.9%	21.0%
Total	7,385	100.0%	4,376	100.0%	100.0%	100.0%
	($000's) Amount	Percent	($000's) Amount	Percent	Amount/ Percent	
Low	$14,416	0.7%	$7,590	0.6%	1.4%	1.5%
Moderate	91,505	4.4%	49,468	4.2%	6.3%	5.9%
Middle	183,402	8.8%	110,374	9.4%	14.2%	13.2%
Upper	1,224,541	59.0%	743,546	63.6%	44.0%	50.0%
NA	560,783	27.1%	257,979	22.2%	34.0%	29.4%
Total	$2,074,647	100.0%	$1,168,957	100.0%	100.0%	100.0%

A review of residential mortgage loans during the review period showed that the percentage of loans originated or purchased to low-income borrowers is less than all aggregates in number and dollar. The percentage of loans originated or purchased to moderate-income borrowers is reasonably comparable to all aggregates for number, and less than all aggregates for dollar amounts.

The institution's lending to low- and moderate-income borrowers during this review period improved over the prior review period. In this review period, the institution originated 941 HMDA reportable loans totaling $105.9 million, compared to 534 loans totaling $50.4 million to low-and moderate-income borrowers in the prior review period. This represents an increase of 76.2 percent and 110

Institution (continued)

percent by number and dollar, respectively, to low- and moderate-income borrowers. This was impressive, as the institution's total HMDA-reportable loans for all income categories in the review period increased by 2.6 percent and 23.1 percent by number and dollar, respectively.

In addition, the percentage of lending to low- and moderate-income borrowers for 2000, 13.9 percent and 12.1 percent by number and dollar, respectively, increased from the 1999 percentage of lending, 11.9 and 4.8 percent by number and dollar, respectively. This shows a commitment by management to promote lending to low- and moderate-income borrowers.

The institution originated 4,330 one-to-four family residential mortgage loans totaling $1.1 billion in the assessment area. These loans account for 40 percent by number and dollar of all assessment area lending. Of those loans, 665 (15.5 percent) totaling $77.9 million (7.2 percent) were originated to low- and moderate-income borrowers. This compares reasonably well to all aggregate reporters, 16.5 percent and 9.2 percent by number and dollar, respectively. This also compares reasonably well to OTS aggregate reporters, 15.9 percent and 7.4 percent by number and dollar, respectively.

The 1999 HMDA market share report for low- and moderate-income borrowers shows the institution ranked fourth out of 75 OTS HMDA reporters with a market share penetration of 8.3. Ranked by dollar amount, the institution was fifth with an 8.4 percent market share. For all HMDA reporters for low- and moderate-income borrowers, the institution ranked 23rd out of 415 with a 1.2 percent market share for number of loans and 17th with a 1.4 percent market share for dollar amounts. The market share report included several institutions with assets substantially greater than the institution. In its ranking of number of reporters, the institution was in the top six percent and top four percent for OTS HMDA reporters and all HMDA reporters, respectively, for low- and moderate-income borrowers.

The institution's borrower income distribution of all HMDA-related residential mortgage loans reflects an adequate penetration to low- and moderate-income borrowers. However, the percentage increase to low- and moderate-income borrowers in comparison to the prior evaluation is excellent and reflects management's commitment to serve its community.

Institution (continued)

Multifamily Lending

Multifamily loans were originated or purchased during the review period. Of that loan type, 756 loans totaling $447.3 million were in the assessment area, of which 464 loans (61.4 percent) totaling $281.9 million (63 percent) were in low-and moderate-income geographies.

A majority of the housing units in the low- and moderate-income geographies are multifamily, 84.6 percent and 60.3 percent in low- and moderate-income geographies, respectively. Since the classification for low- and moderate-income geographies is based on the income of the families, many low- and moderate-income residents benefited from these loans.

By financing multifamily dwellings, the institution provides housing for more low- and moderate-income families than would be possible through loans on one-to-four family dwellings. This activity illustrates a positive response to assessment area credit needs.

Modification, Extension and Consolidation Agreements (MECAs)

In addition to its HMDA-reportable residential mortgage lending, the institution also extends credit in the form of MECAs. In the assessment area during the 24-month review period from January 1, 1999 to December 31, 2000, the institution provided 1,037 MECAs totaling $263.5 million in residential loan refinances. As these transactions do not involve new money added to the balance outstanding, they fall outside HMDA reporting requirements.

Geographic information was not available for credit extended in 1999 but was available for credit extended in 2000. However, due to rising interest rates, fewer modifications were transacted in 2000. Since only 116 modifications totaling $40.6 million were transacted in 2000, a borrower-income distribution analysis would not be meaningful. This area of lending is mentioned and considered as it augments the institution’s volume of lending.

Non-HMDA Home Equity Loans

During the 24-month review period from January 1, 1999 to December 31, 2000, the institution originated 2,158 home equity loans totaling $119.8 million in the assessment area. The following chart illustrates loan originations categorized by borrower income level that were reported by the institution:

Institution (continued)

Distribution of Non-HMDA Home Equity Loans by Borrower Income Level in the Assessment Area (01/01/1999 – 12/31/2000)					
Borrower Income Level	Percentage of Families	Number of Loans	Percent of Loans	Dollar Volume ($000's)	Percent of Volume
Low	23.3%	160	7.4%	$5,209	4.3%
Moderate	16.5%	346	16.0%	12,653	10.6%
Middle	20.4%	598	27.7%	25,005	20.9%
Upper	39.8%	1,047	48.5%	76,437	63.8%
NA	0.0%	7	0.4%	478	0.4%
Total	100.0%	2,158	100.0%	$119,782	100.0%

A review of the institution's borrower income distribution for non-HMDA-reportable home-equity loans was also conducted. Of the 2,158 loans totaling $119.8 million originated in the assessment area, 506 loans (23.4 percent) totaling $17.9 million (14.9 percent) were originated to low- and moderate-income borrowers. The low- and moderate-income borrower penetration for home-equity loans is greater than that of residential mortgage loans and comparable to the demographics for low and moderate-income families in the assessment area.

Based on the 1990 U.S. Census demographics, single-family dwellings in low- and moderate-income geographies respectively represent only 13.7 and 37.7 percent of housing units. With 23.4 percent penetration of home equity loans to low-and moderate-income borrowers, the institution is helping to address community credit needs.

<u>Small Business Loans</u>

The institution initiated small business lending in the last quarter of 1999 and fully implemented the program in the first quarter of 2000. During this review period, the institution originated 131 small business loans totaling $9.6 million in the assessment area. The following chart illustrates loan originations categorized by geographic income level that were reported by the institution:

Institution (continued)

Small Business Loans Originated in the Assessment Area			
Loan Amount At Origination	**INSTITUTION 01/01/2000 – 12/31/2000**		**1999 AGGREGATE Small Business**
By Number	**Number**	**Percent**	**Percent**
$100,000 or Less	108	82.4%	91.8%
$100,001 - $250,000	15	11.5%	4.2%
$250,001 - $1 million	8	6.1%	4.0%
Total	131	100.0%	100.0%
By Dollar Amount:	**($000's) Amount**	**Percent**	**Percent**
$100,000 or Less	$3,293	34.3%	35.7%
$100,001 - $250,000	2,823	29.4%	16.8%
$250,001 - $1 million	3,475	36.3%	47.5%
Total	$9,591	100.0%	100.0%

The small business lending analysis for the institution was conducted on 2000 data. As 2000 small business lending data is not available at this time for the aggregate, a comparison was done with the 1999 aggregate small business lending data. The percentage of lending for loans of $100 thousand or less is reasonably comparable to the 1999 aggregate by number and dollar, and exceeds the aggregate percentage of lending for loans between $100 thousand and $250 thousand.

The institution also originated 83 small business loans (63.4 percent) totaling $3 million (31.3 percent) to companies with gross annual revenues less than $1 million. This exceeds the 1999 aggregate of 57.7 percent by number and is reasonably comparable to the aggregate's 36.6 percent by dollar.

As the institution is primarily a residential mortgage lender new to the small business market and competing with large commercial banks for this type of loan, the percentages are considered reasonable. This represents a commitment by management to lend to small businesses in the assessment area.

Community Development Loans

The institution was very active in the area of community development lending the review period. The main products serving this area were the institution's multifamily lending operation and the active participation with area community development organizations. During the review period, the institution granted or committed the following community development loans totaling $271.5 million. During the prior review period, $89.6 million was granted or committed. This represents an increase of 203 percent.

Institution (continued)

Multifamily Mortgage Loans - $225.4 million

During the review period and within the assessment area, the institution originated 756 multifamily mortgage loans totaling $447.3 million. There were 464 loans (61.4 percent) totaling $281.9 million (63 percent) secured by properties located in low- and moderate-income geographies. In order to qualify as a community development loan, the multifamily property must be located in either a low- or moderate-income area and have rents affordable to low- and moderate-income people. A statistical sample revealed that 443 loans totaling $225.4 million qualified as community development loans.

To determine if the rents are affordable to low- and moderate-income families, a comparison of the rents to the income level of low- and moderate-income families is required. Ninety-eight percent of the multifamily loans originated by the institution were located in MSA 5600. The HUD-estimated median family income for this MSA is $56,200. The moderate-income threshold for this area is 80 percent of the median family income, or $45 thousand annually ($3,747 monthly). Major secondary market mortgage purchasers have established a monthly debt-to-income ratio of 28 percent as one of the recommended underwriting guidelines. Applying the 28 percent guideline to the MSA moderate-income monthly threshold produces a rental value of $1,049.

Based on discussions with management and a sampling of the rent rolls, the majority of the multifamily buildings that served as collateral had rents affordable to low- or moderate-income families. The buildings securing the multifamily properties in low- and moderate-income geographies provided 11,850 units of housing. The sample revealed that 95.5 percent of rent rolls provided affordable rents for 11,317 units of housing. As the classification for low- and moderate-income geographies is based on the income of the families, many low- and moderate-income residents benefited from these loans.

Community Preservation Corporation - $28.0 million

Community Preservation Corporation (CPC) is a CDFI that provides construction and permanent loans for community development purposes. The institution committed to a $6.25 million line-of-credit to the CPC revolving fund. The outstanding balance is $1.8 million. In addition, the institution also provided additional project loans to CPC and acts as the lead lender. These projects benefit low- and moderate-income geographies, low- and moderate-income families and help revitalize or stabilize neighborhoods. They are located in Brooklyn (Kings County), the Bronx, and Manhattan (New York County).

- Parkchester: A $5.0 million participation in a $130 million construction loan, with $1.5 million funded. Upon completion, the construction loan will be converted to a permanent

Institution (continued)

loan. The institution committed to an additional $5.0 million participation in the permanent loan.

- Cityhomes: A $5.0 million permanent loan, with $4.0 million funded.
- Fort Washington Avenue: A $1.75 million participation in a $6.5 million loan, with $929.6 thousand funded.
- Kent Avenue: A $5.0 million participation in a $31 million loan, with $2.8 million funded.

<u>Saratoga Square - $4 million</u>

This project is a $4 million construction loan, with $628.9 thousand funded. Saratoga Square is a 58-unit two family development in Bedford-Stuyvesant, a low and moderate-income section of Brooklyn (Kings County). The institution is the lead construction lender, with subsidies provided by New York State and New York City. The land is provided by New York City and the project is coordinated by the New York Housing Partnership. The rental component will be affordable to local residents.

<u>Rivoli Home - $525 thousand</u>

This project is a $525 thousand permanent loan, fully funded. Rivoli is a low-income project located in an urban renewal area of Hempstead, Nassau County. The project is subsidized through the sale of Federal Tax Credits. The financing was supplied through the Long Island Regional Lending consortium, of which the institution is a founding member. The Long Island Housing Partnership is the leading affordable housing organization on Long Island and will administer the consortium. The institution participated in the financing of the construction and the permanent phase.

<u>Local Initiatives Support Corporation (LISC) - $500 thousand</u>

LISC is a New York non-profit community development organization active in low- and moderate-income geographies. The institution funded a $500 thousand loan to LISC for community development projects in the assessment area.

<u>Enterprise Foundation - $650 thousand</u>

The Enterprise Foundation is a national community development organization that provides financial support through loans and grants for community based not-for-profit organizations. These organizations are involved in housing and economic development projects benefiting low- and moderate-income families and communities. The institution funded a $650 thousand loan for the rehabilitation of buildings in low- and moderate-income areas in the assessment area.

Institution (continued)

Low Income Housing Fund (Fund) - $250 thousand

The Fund is a not-for-profit community development financial institution created to increase access to capital for low-income communities. The financing obtained by the Fund is used for the construction and rehabilitation of housing units in low- income communities. The institution funded a $250 thousand loan for community development projects in the assessment area.

Neighborhood Housing Services of New York City (NHS) – $1.0 million

NHS is a not-for-profit citywide organization that provides loans and services for community development activities. In addition, NHS provides funding for housing rehabilitation in low- and moderate-income communities. The institution committed to a revolving line of credit for $1.0 million.

Hastings Affordable Housing Development Corporation – $450 thousand

The Warburton Avenue Houses project consists of a $450 thousand participation commitment in a $610 thousand construction loan, with $10 thousand funded. The Warburton Avenue project is a low- and moderate-income first time homebuyer project with a low- and moderate-income rental component. The project consists of four units in two newly constructed buildings. Two units will be owner-occupied, and two rental. This project is complex and includes a grant of land by a local government, along with grants from the county, state, and Federal Home Loan Bank of New York.

New York Business Development (NYBD) - $100 thousand

The mission of NYBD is to assist small businesses and to promote economic development by providing financing to companies that are ineligible for traditional bank loans. The institution committed $100 thousand to a revolving line of credit. The outstanding balance is $10 thousand.

University Neighborhood Housing Program (UNHP) - $100 thousand

UNHP provides small, no or low interest loans to community development housing projects for energy and water conservation and security improvements, to help keep rent levels affordable for low-income families. The institution funded a $100 thousand loan at zero interest for housing preservation activities in distressed communities in the assessment area.

Institution (continued)

Wisdom Gardens - $4.0 million

A $4.0 million construction loan, with $82.8 thousand funded. Wisdom Gardens is targeted as a 40-unit subsidized affordable senior citizen and developmentally disabled individuals housing project. The new construction project is located in Port Jefferson, Suffolk County. The institution is the lead lender. The project involves equity generated from the sale of Federal Tax Credits, a major New York State grant and a grant from the Federal Home Loan Bank of New York Affordable Housing Program. The developer and owner is an affiliate of the Rockville Centre Diocese.

Somers/Croton Falls - $181 thousand

This is a $181 thousand construction loan commitment. The project consists of a $181 thousand construction loan for the rehabilitation of an existing building. This project will provide two 3-bedroom units and two studio units for homeless families. The project is located in Croton Falls, Westchester County. The project is administered by AHOME, a not-for profit organization.

Astoria Studies - $2.3 million

A $2.3 million commitment for the construction of a sound stage and support area for Astoria Studios in the Astoria section of Queens County, a moderate-income area. The construction of this structure will contribute to the economic revitalization and stabilization of the area.

Briarcliff - FHLB of NY Community Investment Program - $4.0 million

This is a $4.0 million refinance commitment for the renovation of a senior citizen complex located in Briarcliff Manor, Westchester County. The building has 97 units for 100 percent Section 8 subsidized senior citizens. This project is part of the Federal Home Loan Bank of New York's Community Investment Program.

The level of community development activity is indicative of the institution's very strong commitment to community development in the assessment area. Through its involvement in community housing programs and organizations, the institution shows excellent responsiveness to the needs of the community.

Institution (continued)

Use of Innovative or Flexible Lending Practices

The institution responded to the credit needs of low- and moderate-income homebuyers by offering a number of affordable mortgage loan products. During the review period, 949 such loans totaling $134.7 million were originated in the assessment area. During the prior review period, 295 such loans totaling $37.5 million were originated. This represents an increase of 221.7 percent and 259.5 percent by number and dollar, respectively, from the prior review period. The loan products are detailed below:

AFS First-Time Homebuyer Affordable Housing Loan Program

This loan product offered by the institution features a low down payment requirement (three percent), below market pricing and flexible underwriting. It is restricted to borrowers within the assessment area whose income is less than 100 percent of the county median. During the review period, the institution originated 674 Affordable Housing Program loans totaling $103 million in the assessment area. During the prior review period, 235 loans totaling $29.2 million were originated. Lending under this program increased 186.8 percent and 252.7 percent by number and dollar, respectively, from the prior review period. Overall, the program exceeded the original $80 million budgeted for the 24-month review period.

State of New York Mortgage Agency (SONYMA)

A concerted effort was made by the institution to originate this loan product. As a result, such lending increased substantially from the prior review period. This loan product is low cost, features maximum loan amounts, income limitations and geographic preferences. The institution makes this feature more attractive by reducing the allowable authorized SONYMA points charged. During the review period, 146 loans totaling $17.8 million were originated. During the prior review period, 19 loans totaling $1.7 million were originated. Lending under this program increased 668.4 percent and 947.1 percent by number and dollar, respectively, from the prior review period.

The institution also originated 15 Fannie Mae Community Homebuyer loans totaling $3.3 million, 27 Federal Housing Administration loans totaling $4.3 million, and 87 Fannie Mae COOP Pilot loans totaling $6.4 million.

The institution participates in the New York City Home Improvement Loan Program, a subsidized program that uses the institution as a lead lender, with deep subsidies provided by NYC to income-eligible families. The institution is one of three lenders participating in this program. As this

Institution (continued)

program is new, activity was minimal during the review period. Management expects activity to increase.

The overall activity represents a very strong commitment by management to help address the housing and credit needs of all members of the community.

Conclusion of the Lending Test

Performance under the Lending Test is rated "Outstanding." The institution originated a sizeable number of HMDA-reportable loans. While the penetration to low- and moderate-income borrowers was reasonably comparable to all aggregates, the percentage to low- and moderate-income borrowers and geographies increased substantially since the prior evaluation. The percentage increase for both categories was significantly greater than the percentage increase in total lending. Multifamily lending was excellent, and the institution was one of the lead lenders in that market. Community development lending was significant, as was the institution's participation in innovative and flexible lending programs. The percentage increase in both these areas was substantial.

Investment Test:

Under the investment test, the areas reviewed consisted of the institution's investment and grant activity, the innovativeness or complexity of such activity, and its responsiveness to credit and community development needs.

In the institution's assessment area, the following qualified investments and charitable grants were made. Special consideration was given to tax credit investments because of the technical expertise needed to bring these projects to fruition.

The Community Preservation Corporation (CPC) is a non-profit community development corporation. It is a primary lender for housing rehabilitation and construction in the New York City market. Much of this group's activities occur in the institution's assessment area. The institution committed to purchase $10 million of collateral trust notes (CTNs) from CPC. These notes are mortgage-backed securities that are sold to investors to provide more liquidity to CPC for future projects. Multifamily dwellings that have received government subsidies for affordable housing purposes serve as collateral. As of the report date, the institution has purchased $5.4 million of these securities.

Institution (continued)

The New York Equity Fund is a low-income tax credit syndicator for the Local Initiatives Support Corporation and the Enterprise Foundation. These groups combined to organize partnerships to invest in affordable rental housing. The institution invested $6.5 million in low-income housing tax credits through this group. These partnerships produced over 6,700 apartments for low-income people in projects that are located in the assessment area.

Another source of CRA-qualified investments is certificates of deposit with below market interest rates in federal community development credit unions and a community bank. The institution invested $500 thousand in this type of instrument. Four of the CDs are in community development credit unions and one is in a local community bank. All of the institutions are in the assessment area. This activity helped the institution receive a Bank Enterprise award from the United States Department of the Treasury during the review period (October 1999).

During the review period the institution made charitable contributions of approximately $1.9 million. Some $893 thousand or 47 percent of the total qualified as CRA investments. These contributions and grants were made to community housing groups including: Neighborhood Housing Services; Local Initiative Support Corporation; Bedford-Stuyvesant Restoration Corporation; Habitat for Humanity; Community Development Corporation of Long Island; Abyssinian Development Corporation; New York Mortgage Coalition; Nassau-Suffolk Coalition for the Homeless and other groups whose primary purpose is to assist low- and moderate-income people with housing and other service needs.

Conclusion of the Investment Test

Performance under the Investment Test is "Outstanding." Through utilization of innovative and complex qualified investments, the institution was able to generate over $17.9 million in CRA-qualified investments and commitments. The level of investments was higher than the amount reported in the prior CRA Public Evaluation. Furthermore, the institution remains one of the largest contributors of grants and in-kind investments to local community development and affordable housing groups.

Service Test:

Under the service test, the areas reviewed consisted of the accessibility of delivery systems, changes in branch locations, reasonableness of business hours, and the extent of community development services.

Institution (continued)

Retail Services

As of March 31, 2001, the institution operates 86 banking offices, none of which are located in low-income geographies. Eleven offices are located in moderate-income geographies, 58 are in middle-income geographies, and 17 are in upper-income geographies.

At the prior evaluation the institution had 96 banking offices. During the review period the institution sold all five of the offices located in central New York State. There were also seven offices closed, based on their proximity to the acquired Long Island Savings Bank offices from the prior review period. In addition, two new offices were opened. The institution received regulatory approval for all these actions.

The institution's business hours are reasonable and meet the needs of the assessment area. Twenty-two of the offices offer Saturday hours and most are open at least one evening during the week.

The institution offers traditional savings and checking products for consumers and businesses, as well as an affordable checking account. Each deposit product is available at every office and the transaction fee schedule is the same at each location. All loan products are accessible to customers at banking offices, or they are referred to the respective loan center. There are no differences in the availability or cost of loan products at any banking office or loan center. Some of the mortgage loan programs for low- and moderate-income borrowers and geographies include the State of New York Mortgage Agency, FHA, Fannie Mae Community Home Buyer, Fannie Mae Coop Pilot and the Federal Home Loan Bank's First Home Club.

During the review period the institution added two major services to customers. First, a debit card, Money Plus, was introduced for routine banking transactions utilizing the NYCE, MasterCard, and Cirrus or Maestro networks. The other service was aimed at small business accounts. To improve service to these customers, the institution provides a high level of personalized service. The customers are offered lines of credit, installment loans, overdraft protection, and standby letters of credit. Through third party relationships, business credit cards, leasing services and business educational programs are offered. A survey performed by a banking industry research firm showed the institution's checking accounts to be the most affordable among banks operating in the New York City metropolitan area. Other services provided include notary services, attorney escrow services, and merchant card services.

The banking offices provide a variety of financial services to the communities. These services include automated teller machines at all of the branches, with drive-up teller windows and safe deposit boxes available at most of them. The institution also offers bank-by-mail service and a 24-

Institution (continued)

hour telephone banking system. As a way of providing service to some areas where the institution does not maintain an office, it has installed remote automated teller machines. The institution has installed two remote automated teller machines in New York City. One is located in a low-income geography and the other is in a moderate-income geography.

The Internet website was recently upgraded. Personal computer banking is available to customers. From a personal computer, the customer can check account balances, make transfers, and pay bills.

Bank by phone offers many services to the customer, including obtaining account balance information, transferring funds between accounts, placing stop payments, obtaining rate information on savings accounts and loans, and receiving a fax statement on an account.

Recognizing the diversity of its assessment area, the institution provides bilingual advertising, services and employee representation, as well as multilingual ATMs.

The institution participates in the New York State Electronic Benefit Transfer (EBT) program. The program is for electronic distribution of cash assistance benefits provided by government. EBT clients receive free withdrawals using the institution's ATMs. The institution was among the first to participate in this program in New York City.

The institution operated booths at the Fannie Mae Mortgage Fair in Madison Square Garden and at several housing fairs in New York City and Long Island. Officers have also participated in street and community fairs throughout the New York metropolitan area, including low- and moderate-income areas of the city.

Community Development Services

During the review period the institution has submitted and received approvals on six applications to the Federal Home Loan Bank of New York (FHLB) for $1.5 million in loan subsidies. These are for community development projects that will provide 322 affordable housing units in the assessment area. As the applicant/sponsor for these projects, the institution's role is to review the plans for the project, monitor and report to the FHLB the result of inspections during the construction phase, monitor the marketing of the completed units, and provide documentation to the FHLB supporting the actual use of the properties as affordable housing for low- and moderate-income families. In addition to the projects receiving approval in the review period, there are nine other projects providing 79 affordable housing units being administered and monitored by the institution. The institution's level of involvement in all 15 projects provides a significant amount of community development service to the lower income portions of the assessment area.

Institution (continued)

The institution sponsored numerous housing seminars during the review period. Mortgage workshops were held on a regular basis throughout the review period. The purpose of the seminars and workshops was to provide mortgage information to local residents and to attract new customers.

Institution personnel and representatives from the State of New York Mortgage Agency presented some of the mortgage workshops. These were for first-time homebuyers, many of whom were low- and moderate-income.

As a means of introducing children to the banking industry and the benefits of savings, the institution operates a KIDS account. This account is designed primarily as an education tool. The banking offices work with local schools and Parent Teacher Organizations to open and administer the accounts, including in-school presentations and collections.

The institution is a participant in the Federal Home Loan Bank's First Home Club, whereby first time homebuyers with incomes below 80 percent of the median MSA income can qualify for up to $5 thousand of closing cost or down-payment assistance. The borrowers must demonstrate the ability to reach savings goals, and complete a mortgage counseling program before closing. It is the responsibility of the institution to monitor the performance of the participants. During the review period, five families completed the program and received funds from the FHLB for the purchase of their homes.

Representatives from the institution have actively participated in community development organizations that promote economic development or aid low- and moderate-income individuals and neighborhoods. Descriptions of the positions held by representatives of Astoria Federal in some of these organizations are listed below:

- Board member of Community Preservation Corporation, an organization that provides affordable housing through the construction of new housing and rehabilitation of existing housing in low- and moderate-income areas.
- Advisory board member of the local branch of Neighborhood Housing Services (NHS), a national organization that promotes and manages affordable housing projects.
- Treasurer of Habitat For Humanity of Suffolk, a group that constructs and provides affordable housing for lower income people.
- Co-Chairperson of the New York Mortgage Coalition, a group that helps low- and moderate-income people obtain financing for homes.
- Member of the Finance and Housing committee of Enterprise Foundation of New York, a local group that helps to meet housing needs for people in low- and moderate-income areas.

Institution (continued)

- Member of Fannie Mae Northeast Housing and Community Development Advisory Board.
- Member of Neighborhood Housing Services Resource and Development committee.
- Vice Chairman of an organization that promotes affordable housing services and programs for the residents of Westchester County.
- Board member of the Long Island Housing Partnership, a group that constructs and provides housing for low- and moderate-income people on Long Island.
- Board member of the Northern Queens NHS.

Conclusion of the Service Test

Performance under the Service Test is "Outstanding." The institution has taken a leadership role in working with community development organizations by having senior management serve on various boards and as officers of these organizations. The institution showed a strong commitment to community development service by funding projects with the Federal Home Loan Bank of New York (FHLB) in the review period and by monitoring other FHLB projects initiated in earlier periods. Retail services are very accessible and beneficial to residents of the assessment area. Overall, management and institution personnel have made considerable efforts in providing CRA services to members of the community.

Response to Complaints

During the review period, the institution did not receive any written complaints pertaining to its performance in helping to meet the credit needs within the assessment area.

Compliance With Anti-discrimination Laws

No violations of the substantive provisions of the anti-discrimination laws and regulations were noted. Management has implemented adequate fair lending policies, training programs, and internal assessment efforts.

SCOPE OF EXAMINATION

Lending products reviewed for this examination included HMDA-reportable mortgage loans, home equity loans and small business loans. A lending analysis was performed based upon HMDA reports, and information supplied by the institution. The results were compared to the aggregate lenders within the assessment area and to the 1990 U.S. Census demographic information in order to aid in determining the rating for the institution.

Comment [OTS6]: Page: 4
Write a paragraph about the institution's record of complying with the antidiscrimination laws (ECOA, FHA, or HMDA) using the following guidelines.

- When substantive violations involving illegal discrimination or discouragement are found by the OTS or identified through self-assessment(s), state that substantive violations were found, whether they caused the CRA rating to be adjusted downward, and and why the rating was or was not adjusted. Identify the law(s) and regulation(s) violated, the extent of the the violation(s) (e.g., widespread, or limited to a particular state, office, division, or subsidiary) and characterize management's responsiveness in acting upon the violation(s). Determine whether the institution has policies, procedures, training programs, internal assessment efforts, or other practices in place to prevent discriminatory or other illegal credit practices.

- If no substantive violations were found, state that no violations of the substantive provisions of the antidiscrimination laws and regulations were identified. Even if discrimination has not been found, found, comments related to the institution's fair lending policies, procedures, training programs and internal assessment efforts may still be appropriate. If If applicable, technical violations cited in the report of of examination should be presented in general terms. Discuss whether management has (proposed/taken) steps that (have/would if implemented) address(ed) the technical violation(s).

Comment [OTS7]: Page: 13
Write a short description of the scope of the examination. At a minimum, discuss the specific lending products reviewed, the names of (any) affiliates reviewed and their corresponding lending products, the institution's assessment area and whether its activities in the assessment areas were reviewed using the examination procedures, and the time period covered in the review.

Large institutions with multiple assessment areas or affiliates subject to examination may warrant the use of charts that convey information regarding the scope scope of the examination. The chart included in the body of the evaluation may be used as supplement to the discussion of the scope or in lieu thereof. The examiner should modify or delete the chart as appropriate in the circumstances.

Appendix A (continued)

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	January 1, 1999 – December 31, 2000		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Astoria Federal Savings & Loan Association			HMDA related loans, consumer loans, small business loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			

Appendix A (continued)

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED[1]**	**OTHER INFORMATION**
MSA 5600 New York, New York; counties = New York, Kings, Queens, Bronx, Richmond and Westchester MSA 5380-Nassau-Suffolk, counties = Nassau and Suffolk. All in same CMSA.	Full scope	Main Office: 37-16 30th Avenue, Long Island City, NY	None

[1] There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.