PUBLIC DISCLOSURE

August 6, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

GEDDES FEDERAL SAVINGS AND LOAN ASSOCIATION
Docket Number **05278**

2208 W. Genesee Street
Syracuse, New York 13219

Office of Thrift Supervision

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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 Office of Thrift Supervision concerning the safety and soundness of this financial institution.

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 (LMI) 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 Community Reinvestment Act (CRA) performance of Geddes Federal Savings and Loan Association (Geddes) prepared by the Office of Thrift Supervision, the institution's supervisory agency, as of August 6, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 563e.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory".

The institution provides residential mortgage loans throughout its assessment area with a substantial 89 percent of all loans within the assessment area and a strong 16 percent average annual reinvestment rate of total assets within the assessment area. The average loan-to-deposit ratio also exceeds the national peer group average as well as two of three similar local financial institutions. The review of lending patterns disclosed a reasonable distribution of loans to LMI borrowers and in LMI geographies.

DESCRIPTION OF INSTITUTION

As of June 30, 1997, the institution had total assets of $190 million. Mortgage loans represented 81 percent of total assets and loans secured by one-to-four family dwellings comprised 87 percent of mortgage loans and 70 percent of total assets. Nonmortgage loans, including consumer loans, represent three percent of total loans and two percent of total assets and are not considered a significant loan product. The institution did not choose to have consumer loans evaluated.

The institution offers a variety of fixed and variable rate loan products for the purchase, refinance and construction of one-to-four family dwellings. Consumer loans, including home equity loans and lines of credit and secured personal loans, are available on a limited basis.

There are no apparent legal or financial impediments which would prohibit the institution from meeting community credit needs. The Satisfactory rating assigned as a result of this examination is the same as the rating assigned during the August 8, 1995 CRA evaluation.

DESCRIPTION OF ASSESSMENT AREA

The assessment area is comprised of Onondaga County, which is one of four counties in the Syracuse Metropolitan Statistical Area (MSA). Onondaga County contains 143 census tracts, hereafter called geographies, and is served by the institution's one office located in the town of Geddes. The office is in a middle-income geography in the southwestern portion of the county, and is one block from the Syracuse city limits.

Within the assessment area there are 17 low-income (12 percent), 22 moderate-income (15 percent), 65 middle-income (45 percent), and 38 upper-income (27 percent) geographies. There is also one geography with no reported income or population. Thirty-seven of the 39 LMI geographies are located in the city of Syracuse.

Based on the 1990 census, the assessment area has a population of 468,973. The median family income for the MSA, based on HUD estimates, was $43,600 for 1997. Seventeen percent of the families are low-income and 17 percent are moderate-income. Twenty-four percent are middle income and 42 percent are upper-income.

There are 190,878 housing units within the assessment area, of which 112,946 (59 percent) are owner occupied, 64,952 (34 percent) are rental units, and 12,980 (seven percent) are vacant. The median housing value for Onondaga County is $72,500. Eleven percent of the households fall below the poverty level.

The major employers in the area are services, retail trade, government, and manufacturing. The Syracuse MSA has slowly been regaining jobs lost due to the closing or cutbacks at major employers. Over 10,000 jobs were lost in the 1980's as two major employers (Allied Chemical and General Electric) started downsizing and two other major employers left the area (General Motors and Miller Brewery). While the area has gained 6,000 jobs since 1992, there are still 6,800 fewer people employed in the area than there were in 1990.

One interview was conducted with a not-for-profit housing group in Syracuse, New York. The contact indicated that due to the economics of the area the demand for housing subsidies is great. The contact further stated that local financial institutions are participating in programs to increase the level of owner occupied dwellings in the city of Syracuse.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The average loan-to-deposit ratio for the eight quarters ended June 30, 1997 is 89 percent. The ratio ranged from a low of 84 percent to a high of 98 percent. This ratio exceeds the national peer group average of 72 percent, reported in the Uniform Thrift Performance Report (UTPR). The institution's performance also surpasses the ratios of two similar local financial institutions operating in this market area (59 percent and 73 percent), but is less than one other institution (97 percent).

A review of lending volume was conducted. During the 30 month period, the institution originated mortgage, commercial and consumer loans totaling $77.1 million, of which $67.0 million were within the assessment area. This represents a high average annual assessment area reinvestment rate of 16 percent.

Outstanding loans increased $36.2 million (30 percent) during the review period, while deposits increased $23.7 million or 17 percent. During this same time, total assets increased $29.2 million or 18 percent.

With an average loan-to-deposit ratio of 89 percent and a high reinvestment rate, the institution exceeds the standard for satisfactory performance in this category.

Lending Within Assessment Area

Geddes originated a substantial majority of its loans within its assessment area during the review period. Loan activity is presented in the following chart (dollar amounts are in thousands):

	Total Originations		Originations Within The Assessment Area	
Loan Type	Number	Amount	Number	Amount
1-4 Family Mtg.	655	$55,753	585	$48,708
1-4 Family Mtg. *	185	15,185	160	12,667
Multi-family Mtg.	3	280	3	280
Commercial	8	1,250	8	1,250
Consumer #	141	4,677	123	4,069
Totals	992	$77,145	879	$66,974

* Non-HMDA reported loans
\# Percent within the assessment area based on management's analyses.

There were 745 one-to-four family loans totaling $61.4 million and three multi-family loans totaling $280 thousand originated in the assessment area during the review period, representing 89 percent by number and 87 percent by dollar volume of all mortgage secured loans. This is a marked increase from the 52 percent (by number) reported in the previous evaluation. Total assessment area loans were also 89 percent by number and 87 percent by dollar volume of all loans.

The origination of assessment area one-to-four family loans increased from an annual average of 254 during the prior review period to 298 per year during the current review period. The increase is primarily attributed to the larger assessment area which now includes all of Onondaga county rather than only those geographies in the Solvay-Geddes area.

Comparison to three area institutions which lend in all or part of Onondaga County disclosed that the institution's assessment area lending surpassed two competitors totals of 59 and 87 percent. The third institution achieved a higher penetration rate (95 percent), however, the average number of loan originations per year was 35 percent lower than Geddes.

The very high percentage of loan originations within the assessment area, combined with the 16 percent average annual reinvestment rate, exceeds the standards for satisfactory performance.

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

A review of lending within the assessment area, based on the income levels of the borrowers, disclosed that loans are reasonably distributed among borrowers of different income levels.

The following table illustrates the percentage of assessment area loans by income categories of the borrowers, compared to the percentage of families within that income category. The income categories are based on Syracuse MSA data, while the percentage of families was obtained from 1990 census data.

Income Classifications	Percentage of Mortgage Originations		Percentage of Families
	#	$	
Low (0-<50 percent)	6%	3%	17%
Moderate (50 -<80 percent)	15%	9%	17%
Middle (80-<120 percent)	22%	16%	24%
Upper (>=120 percent)	57%	72%	42%

Of the 748 assessment area loans, 46 loans totaling $1.7 million were granted to low-income borrowers and 109 for $5.8 million were to moderate-income borrowers.

The percentage of loans granted to moderate-income borrowers approximates the percentage of families in that income category, as does the level of responsiveness to low-income borrowers when factoring out the 11 percent of households below poverty level. Based on the median income for the area of $43,600 and the median housing value of $72,500, a low-income family would have difficulty qualifying for a mortgage loan more than 3 times their income, even with special features to make housing more affordable. As a result, the percentage of loans to low-income borrowers is not comparable to the percentage of families in that category.

The number of loans to LMI borrowers has increased from an average of 52 per year during the prior period, to 62 per year during the current period. The percentage of loans to LMI borrowers remained constant at 21 percent. No small business loans or community development loans were originated during the review period.

Aggregate data from 1995 Home Mortgage Disclosure Act (HMDA) reporters indicated that five percent of all loan originations in Onondaga County were to low-income borrowers and 18 percent were to moderate-income borrowers, for a total of 23 percent. At six percent, the institution's penetration of low-income borrowers is slightly above the aggregate's performance, while at a 15 percent penetration of moderate-income borrowers it is slightly lower than the aggregate.

A review of the public evaluations for three similar financial institutions under $250 million in total assets disclosed that Geddes' 21 percent penetration of LMI borrowers fell with the range of penetration rates achieved by the competitors (15, 22 and 27 percent). However, in each instance, Geddes originated a higher number of loans to the LMI borrowers.

Based on the level of lending to LMI borrowers, and comparison to local competition and aggregate HMDA data, the institution meets the standard for satisfactory performance.

<u>Geographic Distribution of Loans</u>

During the review period 745 loans secured by one-to-four family dwellings totaling $61.4 million and three multi-family loans totaling $280 thousand were granted within the assessment area. Of these, 10 (1.3 percent) totaling $413 thousand were located in low-income geographies and 32 (4.3 percent) totaling $1.2 million were in moderate-income geographies.

With six percent of total assessment area lending in LMI geographies, the institution's penetration is below the nine percent reported by the aggregate HMDA reporters in 1995. A review of lending activity for three local financial institutions, serving all or portions of the same geographies, disclosed that Geddes' performance exceeded two competitors (four and five percent) and fell below the performance of the third competitor (13 percent). Factors which limit lending opportunities in the LMI geographies are the high percentage of rental units (77 percent), the high percentage of units located in multi-family structures (42 percent), and the fact that eleven of the geographies have a limited number of housing units.

During the review period Geddes originated loans in 119 (83 percent) of the 143 geographies within the assessment area. Loans were granted in 5 (29 percent) of the low-income geographies and 16 (73 percent) of the moderate-income tracts.

Comparisons were made with six local financial institutions and mortgage brokers whose share of 1995 Onondaga county loan originations ranged from 1.1 percent to 2.7 percent. Two of the institutions made a higher percentage of their loans in LMI geographies, one was the same as Geddes, and three had a significantly lower percentage of their loans in LMI geographies.

Based on the size and location of the institution, the size and location of the competition, and the demographics of the LMI geographies, the institution meets the standards for satisfactory performance.

Response to Complaints

A review of the public file as well as discussions with management indicated they have not received any complaints about the institution's performance in meeting credit needs during the review period.

Other Information

There was no evidence of any prohibited discriminatory or other illegal credit practices. Furthermore, no credit practices inconsistent with the substantive provisions of fair housing and fair lending laws were identified.

Management and the Board review the geographic distribution of mortgage loans at least annually. The institution does not have minimum mortgage loan amounts.