
Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036

PUBLIC DISCLOSURE

July 26, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sleepy Hollow National Bank
12515

49 Beekman Avenue
North Tarrytown, NY 10591

Office of the Comptroller of the Currency

1114 Avenue of the Americas, Suite 3900
New York, NY 10036

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.

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 Community Reinvestment Act (CRA) performance of Sleepy Hollow National Bank prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 26, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

- ◆ The bank's Loan-to-Deposit ratio of 55% is reasonable based on competitive and market factors.
- ◆ 91% of the number and 90% of the dollar amount of loans originated are within the assessment area, representing a substantial majority.
- ◆ 67% of business lending is to small businesses. This reflects a reasonable penetration among businesses of different sizes.
- ◆ The distribution of lending is reasonably distributed among individuals of different income levels.
- ◆ There is a reasonable distribution of lending among the various income geographies within the bank's assessment area.

The following table indicates the performance level of Sleepy Hollow National Bank with respect to each of the five performance criteria.

| SMALL INSTITUTION ASSESSMENT CRITERIA | <u>(NAME OF FINANCIAL INSTITUTION)</u> PERFORMANCE LEVELS | | |
|--|--|--|--|
| | Exceeds Standards for Satisfactory Performance | Meets Standards for Satisfactory Performance | Does not meet Standards for Satisfactory Performance |
| Loan-to-Deposit Ratio | | X | |
| Lending in Assessment Area | X | | |
| Lending to Borrowers of Different Incomes and to businesses of Different sizes | | X | |
| Geographic Distribution of Loans | | X | |
| Response to Complaints | No Since | Complaints the Prior | Received Exam |

DESCRIPTION OF INSTITUTION

Sleepy Hollow National Bank is located in North Tarrytown, New York, in Westchester County, with one branch located in Pleasantville, New York. The Bank was opened in 1924, with the Pleasantville Branch opened in 1991. As of June 30, 1996, total assets of the bank were \$65 million, total deposits \$57 million, and total loans \$34 million. The bank's primary business focus is mortgage lending, which represents approximately 60% of the loan portfolio. Another 30% of the loan portfolio is in commercial lending, with the remaining 10% in installment lending.

The bank's marketplace is highly competitive with numerous multinational and regional institutions having branches in the area, as well as offices of several community banks. There are no legal impediments which would hinder the branch from helping to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

Sleepy Hollow National Bank has defined as their assessment area all of Westchester County, which is within MSA 5600. The MSA Median Family Income is \$37,515. However, Westchester County's Median Family Income of \$55,161 substantially exceeds that number. The assessment area contains 220 census tracts. Of these tracts, 2 or 1% are low-income, 18 or 8% are moderate-income, 35 or 16% are middle-income, and 163 or 75% are upper-income. Total population of the area is approximately 875,000. Economic conditions in Westchester are stable. Unemployment has been ranging between 4% and 5% in 1994 and 1995. Housing is primarily owner-occupied, 1-4 family units.

There are a vast number of businesses of varying sizes scattered throughout the area. They include a multitude of service and retail businesses, as well as several manufacturers. During the exam, the General Motors Plant in North Tarrytown, was officially closed. This closing is expected to have a minor effect on unemployment rates as the majority of employees have been phased out over the last four years. The primary effect on the economy of the area will be felt by the small businesses immediately around the plant.

Primary credit needs, as documented by contact with area community groups, are small business and mortgage lending. The assessment area is in compliance with the regulation and does not arbitrarily exclude low- or moderate-income areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-To-Deposit Ratio

For the eight calendar quarters (ending June 30, 1994 - March 31, 1996) during the examination period, Sleepy Hollow's average loan-to-deposit (LTD) ratio is 55%. The bank's LTD ratio compares favorably with similarly situated banks in the area. The LTD ratios for these banks range from a low of 18% to a high of 56%. Based on this, the ratio is considered reasonable.

Lending within the Assessment Area

During the examination period (March 31, 1994 - March 31, 1996) the bank originated 443 loans totaling \$33.2 million. A substantial majority, of these loans, 91% of the number and 90% of the dollar amount, were originated in the assessment area. The delineation of loans by type is shown in the accompanying chart.

LOANS ORIGINATED DURING THE EXAM PERIOD

| TYPE | # ORIGINATED | \$ ORIGINATED | % IN AA BY # | % IN AA BY \$ |
|-----------|--------------|---------------|-----------------|------------------|
| Mortgages | 115 | \$17 million | 94% | 93% |
| Business | 201 | \$15 million | 94% | 87% |
| Consumer | 127 | \$1 million | 85% | 83% |
| Total | 443 | \$33 million | 91% | 90% |

These numbers are based on a review of all mortgage loans and a sample of business and consumer loans.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

Based on a sampling of business loans originated during the exam period, 67% of the number and 45% of the dollar amount are to small businesses. Small businesses are defined as businesses with gross revenues less than \$1 million. This distribution reflects a reasonable penetration among businesses of different sizes.

During the examination period, the bank originated 242 Consumer and Mortgage loans totaling \$18 million. Based on the figures shown below, this lending is reasonably distributed among individuals of different income levels. The distribution approximates the income characteristics of the assessment area.

LENDING DISTRIBUTION BY FAMILY INCOME CHARACTERISTICS

| Family Income | Consumer % by # | Consumer % by \$ | Mortgage % by # | Mortgage % by \$ | Total % by # | Total % by \$ |
|---------------|-----------------|------------------|-----------------|------------------|--------------|---------------|
| Low | 22% | 16% | 5% | 3% | 12% | 4% |
| Moderate | 28% | 25% | 11% | 11% | 19% | 10% |
| Middle | 22% | 17% | 20% | 12% | 22% | 14% |
| Upper | 28% | 41% | 56% | 62% | 47% | 72% |

In determining the above percentages we reviewed a sample of consumer loans and all mortgage loans. Family Income levels are based on the HUD MSA Median Family Income of \$43,000. Within the assessment area, 11% of families have incomes considered low, 10% considered moderate, 15% considered Middle, and 64% considered Upper.

The weaker performance in mortgage lending to low- and moderate-income families is reflective of the high housing costs in the assessment area and the overall lack of affordable housing opportunities.

Geographic Distribution

The dispersement of all lending across census tracts, as shown in the accompanying chart, is considered reasonable based on the following: Of the 220 census tracts in the assessment area, only two are low-income and 18 are moderate-income; the bank's branches are not located near the majority of the low- or moderate-income census tracts; relative to mortgage lending, 90% of all housing units in the low- or moderate income tracts are rentals.

LENDING DISTRIBUTION BY INCOME LEVEL OF CENSUS TRACT

| | Total # of loans | Total % by # | Total \$'s in loans | Total % by \$ |
|----------|------------------|--------------|---------------------|---------------|
| Low | 1 | 1% | 167 | 1% |
| Moderate | 2 | 1% | 10 | 1% |
| Middle | 79 | 26% | 4,786 | 20% |
| Upper | 210 | 72% | 18,505 | 78% |

In determining the above percentages, we reviewed a sample of consumer and business loans and all mortgage loans.

During the concurrent Fair Lending examination, no violations of Fair Lending laws and regulations were found.