



Comptroller of the Currency
Administrator of National Banks

Northeastern District Office
1114 Avenue of the Americas, Suite 3900
New York, N.Y. 10036

Licensing Division
Telephone No.: 212.790.4055
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CRA Decision #120
January 2004

November 4, 2003

By facsimile: 856.691.7405
and regular mail.

Mr. Larry Kramli
Vice President
Sun National Bank
226 Landis Avenue
Vineland, New Jersey 08360

Re: Application by Sun National Bank, Vineland, New Jersey, to purchase certain assets and acquire certain liabilities of eight (8) New Jersey branches of New York Community Bank, Westbury, New York
Control No.: 2003 NE 02 0036 Charter No.: 18606

Dear Mr. Kramli:

This is to inform you that today, the Office of the Comptroller of the Currency (“OCC”) approved the application by Sun National Bank, Vineland, New Jersey (“Sun NB”) to purchase certain assets and acquire certain liabilities of eight (8) southern New Jersey branches of New York Community Bank, Westbury, New York (“NYCB”).

This approval is granted based on a thorough review of all information available, including commitments and representations made in the application and the purchase and assumption agreement and those of your representatives.

The OCC reviewed the proposed transaction under the criteria of the Bank Merger Act (12 U.S.C. § 1828(c)), the Community Reinvestment Act (12 U.S.C. § 2901, *et. seq.*), and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have any anticompetitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, and the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider, “... the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities, including in overseas branches.” (12 U.S.C. § 1828(c)(11).) We considered this factor and believe the approval of this transaction

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is consistent with that statutory provision.

With respect to the Community Reinvestment Act (“CRA”), the OCC takes into account the applicants’ record of helping to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, when evaluating certain applications, including transactions subject to the Bank Merger Act.¹ The OCC’s review revealed no evidence that the applicants’ records of helping to meet the credit needs of their communities, including low- and moderate-income neighborhoods, are less than satisfactory.

Sun NB received a “Satisfactory” CRA rating from the OCC in its most recent Performance Evaluation (“PE”) dated April 14, 2003.² The OCC found that Sun NB’s overall distribution of loans by borrower income level was good, as was its overall geographic distribution of loans. In New Jersey, the OCC found that Sun NB’s distribution of loans by borrower income level was good, and its geographic distribution of loans was excellent.³ The OCC credited Sun NB with a relatively high level of community development lending in New Jersey, primarily in the Atlantic City/Cape May and Vineland assessment areas, a high level of community development services and an adequate level of investments. With respect to the fair lending review, the OCC found no evidence of illegal discrimination or other illegal credit practices.

NYCB received a “Satisfactory” CRA rating from the Federal Deposit Insurance Corporation in its most recent PE dated March 25, 2002. The transaction is not expected to have any adverse impact on the CRA efforts or programs at Sun NB.

The OCC received two comment letters expressing concern with Sun NB’s record of lending to minorities and minority-owned businesses in the Atlantic City area. The commenters, however, did not present any information to support their allegations of discriminatory lending, and as previously mentioned, the OCC found no evidence of illegal discrimination during its fair lending review, as described in Sun NB’s recent PE.⁴

One commenter also stated that members of an organization of churches in the Atlantic City area had not been able to acquire loans from Sun NB and did not hold accounts with the bank,

¹ See 12 U.S.C. § 2903; 12 C.F.R. § 25.29(a).

² Sun NB’s CRA rating was based primarily on the assessment areas that received full-scope reviews, namely the Philadelphia Multi-state Metropolitan Area; the Vineland, Atlantic/Cape May, and Monmouth/Ocean assessment areas in New Jersey; and the Delaware assessment area. These areas account for approximately 93% of Sun NB’s deposits and loans.

³ Sun NB already has a presence in the assessment areas where the eight NYCB branches are located.

⁴ One of the commenters asked for a meeting with the OCC and offered to provide testimonials from residents of the Atlantic City region concerning their experiences with Sun NB. The OCC requested that those testimonials be submitted in writing. No testimonials were received.

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indicating a lack of marketing to the community. Sun NB noted that it had extended loans to at least three Atlantic City area churches. Additionally, the OCC found that Sun NB's retail banking services were reasonably accessible to individuals throughout the Atlantic City/Cape May assessment area.

Sun NB met with the commenters to discuss their concerns and committed a total of \$7.5 million to six lending programs serving the Atlantic City and Atlantic County area.⁵ In addition, Sun NB will explore the formation of an Atlantic City advisory committee to track the bank's accomplishments in reaching its lending goals.⁶

For the reasons set forth above, the OCC found that the transaction met the relevant statutory criteria for approval. Inasmuch as the transaction also raised no supervisory or policy concerns, the application was approved.

As a reminder, the district office must be advised in writing 10 days in advance of the desired effective date for the purchase and assumption so that the OCC may issue the necessary certification. The effective date must be after the expiration of the period during which the Department of Justice may file an injunction to stop the purchase and assumption, i.e., at least 15 days after the date of this letter for applications processed under normal procedures, and at least five (5) days after this date for applications processed under emergency procedures and after all other regulatory approvals have been obtained.

The OCC will issue a letter certifying consummation of the transaction when we have received:

1. A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved the transaction, if not previously provided; and,
2. An executed purchase and assumption agreement, if not previously provided.

If the purchase and assumption is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding

⁵ The programs are: Micro Loan Fund (\$250,000); Store Front Construction Loan Program (\$1,000,000); Church Loan Program for Social Services (\$250,000); Church Loan Mortgage Program (\$2,000,000); First Time Home Buyers Program (\$2,000,000); and Atlantic Construction Loan Program (\$2,000,000).

⁶ Federal banking agencies do not enforce the terms of or performance under CRA agreements that banks enter with private organizations. 66 Fed. Reg. 36,620, 36,640 (2001) (Question and Answer No. 2, § .29(b)). Such agreements, however, are subject to federal reporting and disclosure requirements. See 12 C.F.R. Part 35.

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upon the OCC, the U.S., any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have any questions, please contact Nina Lipscomb, Licensing Specialist, at 212.790.4055.

Sincerely,

/s/ Anthony P. DosSantos

Anthony P. DosSantos
Licensing Manager