

PUBLIC DISCLOSURE

August 5, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Columbia Federal Savings Bank
Docket No. 01989

93-22 Jamaica Avenue
Woodhaven, New York 11421

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 federal financial *
* supervisory agency concerning the safety and soundness of *
* this financial institution. *

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Columbia Federal Savings Bank (the "institution") prepared by the Office of Thrift Supervision, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of August 5, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Institution's Rating:

This institution is rated "Satisfactory" based on the findings presented below:

A. CRA PERFORMANCE CATEGORIES

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

ASSESSMENT FACTOR A - ACTIVITIES CONDUCTED BY THE INSTITUTION TO ASCERTAIN THE CREDIT NEEDS OF ITS COMMUNITY, INCLUDING THE EXTENT OF THE INSTITUTION'S EFFORTS TO COMMUNICATE WITH MEMBERS OF ITS COMMUNITY REGARDING THE CREDIT SERVICES BEING PROVIDED BY THE INSTITUTION.

Management and staff have had meaningful involvement in various local community groups and business organizations. The information derived from these sources is used by management to ascertain the credit needs of the local community.

These organizations include: the Neighborhood Housing Services (NHS) of Jamaica; Greater Woodhaven Development Corporation; the Long Island Housing Partnership (LIHP); the Long Island Thrift Mortgage Initiative (LITMI); Rockaway Development and Revitalization Corporation; Ozone Park Development Corporation; Ozone Park Chamber of Commerce; Richmond Hill Development Corporation; the New York State Business Development Corporation; the New York State Builders Association; and the Federal Home Loan Bank of New York.

The institution has continuing contacts with local Realtors and prospective customers to introduce new products and promote existing lending programs through its mortgage outreach program. In March 1996, the institution expanded this program with the addition of six mortgage representatives to the four that were originally hired in 1993. These contacts provided additional information to management on the credit needs of the community.

Branch managers regularly participate in scheduled monthly meetings with senior management, in which issues affecting local neighborhoods and credit needs are discussed. Branch managers also participate in a Realtor call program within the neighborhoods that they serve. Loan applicants are encouraged to meet in person with customer service representatives for their credit needs.

The institution has participated in affordable mortgage seminars conducted by the LIHP and the LITMI.

The institution conducts periodic analyses of data reported on the Loan Application Register (LAR) and the Home Mortgage Disclosure Act (HMDA) report to determine the demographic composition of lending-related activity within the delineated community. As a result of the institution's ascertainment efforts and self-assessment of lending patterns, the delineated community in Suffolk County was expanded in August 1995 to more accurately reflect the institution's penetration of that area.

The institution continues to make meaningful and proactive efforts in the ascertainment of credit needs in the delineated community.

ASSESSMENT FACTOR C - THE EXTENT OF PARTICIPATION BY THE INSTITUTION'S BOARD OF DIRECTORS IN FORMULATING THE INSTITUTION'S POLICIES AND REVIEWING ITS PERFORMANCE WITH RESPECT TO THE PURPOSES OF THE COMMUNITY REINVESTMENT ACT.

The Board annually reviews and approves the CRA Statement. The CRA Statement, which meets regulatory requirements, was last revised in August 1995, reflecting the expansion of the delineated community into other areas of Suffolk County. The expansion was based on the institution's self-assessment of lending patterns.

The Board is supportive of the institution's participation in CRA-related activities. Information on CRA activities is presented and discussed, as needed, during monthly Board meetings.

The Board and management have shown adequate involvement in planning, implementing, and monitoring the institution's CRA performance.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

ASSESSMENT FACTOR B - THE EXTENT OF THE INSTITUTION'S MARKETING AND SPECIAL CREDIT-RELATED PROGRAMS TO MAKE MEMBERS OF THE COMMUNITY AWARE OF THE CREDIT SERVICES OFFERED BY THE INSTITUTION.

Advertising is mainly conducted through the use of mass media, particularly newspapers. The main vehicle for advertising is Newsday, a daily newspaper with a large circulation within the delineated community. A majority of the advertisements during the review period promoted mortgage loans and the "Positively free checking" account.

Advertisements are also placed on billboards and bus shelters. Brochures and information pamphlets are available at all branch offices. The institution also uses direct mail to promote its products. These mailings generally target non-customers in areas surrounding the branch offices.

In early 1996, the institution established a web site on the Internet. The institution estimates that 1,500 to 2,000 users visit this site per week. Management stated that users access this service mainly for interest rate comparison among financial institutions.

The institution's loan marketing program has been generally effective and successful in reaching the delineated community.

ASSESSMENT FACTOR I - THE INSTITUTION'S ORIGINATION OF RESIDENTIAL MORTGAGE LOANS, HOUSING REHABILITATION LOANS, HOME IMPROVEMENT LOANS AND SMALL BUSINESS OR SMALL FARM LOANS WITHIN ITS COMMUNITY, OR THE PURCHASE OF SUCH LOANS ORIGINATED WITHIN ITS COMMUNITY.

The institution offers a variety of credit products, including residential fixed- and adjustable-rate loans, FNMA Community Homebuyers Program mortgage loans, construction loans, home equity loans and lines of credit, home improvement loans, education loans, commercial loans, and small business loans. All credit products offered are accurately reflected in the CRA statement.

During the review period, there were 1,779 first mortgage loans originated, totaling \$249.3 million. The institution originated 1,313 home improvement loans in the amount of \$9.5 million. There were 514 home equity loans and lines of credit originated, totaling \$16.4 million.

In 1994, 55 percent of loans originated were for home improvement purposes; 31 percent were for refinances; and 15 percent were for purchase money mortgages. In 1995, these percentages were 35 percent, 36 percent, and 29 percent, respectively.

In 1996, the institution purchased 120 loans in the amount of \$30.3 million.

The institution has demonstrated reasonable efforts to address the credit needs of the community. Given the institution's size and financial capability, the loan volume is adequate.

ASSESSMENT FACTOR J - THE INSTITUTION'S PARTICIPATION IN GOVERNMENTALLY-INSURED, GUARANTEED OR SUBSIDIZED LOAN PROGRAMS FOR HOUSING, SMALL BUSINESS OR SMALL FARMS.

The institution is a participant in the Federal National Mortgage Association (FNMA, or Fannie Mae) Community Homebuyers' Program for first-time buyers. In 1995, the institution committed \$3.5 million for FNMA loans originated through the program. Management stated that a minimal number of loans have been originated despite efforts in this regard.

The institution offers alternative lending programs which have features similar to government-sponsored loans. Loan applicants that do not have sufficient funds for downpayment are afforded the opportunity to qualify for a loan with private mortgage insurance (PMI).

The institution also participates in the Federal Home Loan Bank of New York (FHLBNY) "First Home Club" Program. The program provides for a 3:1 matching of an eligible first-time home-buyer's funds for downpayment and closing costs. As of April 1996, there were six borrowers that had opened savings accounts with the institution for this purpose. The institution provides counseling and training through the Neighborhood Housing Services (NHS) of Jamaica.

The institution originated four loans guaranteed by the Small Business Administration totaling \$4.6 million. The institution does not offer FHA or VA loans.

The institution originated 775 government-guaranteed student loans totaling approximately \$1.7 million.

The institution's participation in government-related housing loan programs is satisfactory.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

REASONABLENESS OF DELINEATED COMMUNITY

The delineated community consists of Queens, Nassau, and portions of Suffolk and Kings Counties. The main office and six branches are located in Queens County. These locations are in close proximity to Kings County. There is one branch in Suffolk County. There are two in-store branches (in supermarkets) in Nassau and Suffolk Counties.

Based upon a self-assessment of lending patterns in August 1995, the Board approved the expansion of the delineated community in Suffolk County. This expansion resulted in a more accurate reflection of the lending activity within the county.

The delineation is reasonable, meets the purpose of CRA, and does not arbitrarily exclude any low- to moderate-income or substantially minority areas.

ASSESSMENT FACTOR E - THE GEOGRAPHIC DISTRIBUTION OF THE INSTITUTION'S CREDIT EXTENSIONS, CREDIT APPLICATIONS AND CREDIT DENIALS.

There are 1,403 census tracts in the delineated community, of which 223 (16 percent) are low- and moderate-income; 776 (55 percent) are middle-income; and 404 (29 percent) are upper-income areas.

During the review period, there were 1,779 first mortgage loans originated, totaling \$249.3 million. There were 1,313 home improvement loans originated in the amount of \$9.5 million. There were 514 home equity loans and lines of credit originated, totaling \$16.4 million.

During the calendar years of 1994 and 1995, 72 percent of the loan applications received from the delineated community were originated.

In 1994, 76 percent of loans originated were within the delineated community. In 1995, this percentage increased to 95 percent. This is largely due to the institution's re-evaluation of its delineated community in Suffolk County, and the resulting expansion to more accurately reflect lending penetration in this area. During the first half of 1996, 97 percent of the loans originated were within the delineated community.

In 1994 and 1995, six percent of the loans originated within the delineated community were from low- and moderate-income census tracts; 65 percent were from middle-income census tracts; and 28 percent were from upper-income census tracts. During the first two quarters of 1996, seven percent of loans originated were from low- and moderate-income census tracts. Data on originations from middle- and upper-income census tracts for year-to-date 1996 were not available.

For comparison purposes, aggregate lending in the delineated community of Queens, Nassau, and portions of Kings and Suffolk Counties was analyzed:

| county | total census tracts | low- or moderate- income census tracts | | aggregate 1994 lending | | |
|---------|---------------------------|---|-----|--|--|-----|
| | | | | total conventional or refinance loans originated | conventional or refinance loans in low- or moderate- income tracts | |
| Kings | 211 | 74 | 35% | 5,649 | 1,116 | 20% |
| Queens | 656 | 87 | 13% | 22,075 | 1,500 | 7% |
| Nassau | 267 | 21 | 8% | 28,524 | 1,608 | 6% |
| Suffolk | 269 | 41 | 15% | 9,839 | 417 | 4% |
| Total | 1,403 | 223 | 16% | 66,087 | 4,641 | 7% |

Although there is a disparity in the proportion of lending in low- and moderate-income census tracts in relation to the proportion of low- and moderate-income census tracts within the delineated community, based on aggregate data for all lenders in that area the geographic distribution of credit applications and loan originations reflects a reasonable distribution of credit.

The institution's geocoding analysis indicates that in 1994, 1995, and the first half of 1996, 17 percent of mortgage loan applications received were from low- and moderate-income borrowers. The institution originated 31 percent of loans for middle-income borrowers, and 52 percent for upper-income borrowers.

The CRA Officer performs a periodic review of geographic lending patterns. The institution has geocoded originations according to census tracts and has analyzed its lending within the delineated community. The analyses are reasonable and have been reviewed by the Board and management to determine the institution's market penetration within the delineated community.

ASSESSMENT FACTOR G - THE INSTITUTION'S RECORD OF OPENING AND CLOSING OFFICES AND PROVIDING SERVICES AT OFFICES.

The main office and six branches are located in Queens County; one branch is located in Suffolk County. These branches are open 9 A.M. to 3 P.M., with extended hours up to 7 P.M. one day a week. All branches are open Saturday mornings. Automated Teller Machines are located at all branches and drive-up windows are available at four branches.

An in-store branch was established in April 1996 in the Edwards Super Food Stores facility in Medford in Suffolk County. Another branch was opened in the ShopRite Supermarket facility in Uniondale, Nassau County in July 1996. These branches are open Mondays through Saturdays 10 A.M. to 7 P.M. and Sundays 11 A.M. to 4 P.M. Management indicated that the latter facility serves the surrounding low- to moderate-income areas.

In 1995, the institution relocated a branch on 88th Street in Rockaway Beach, Queens County to a bigger facility on 104th Street. Management has identified the community that this branch serves as a low- to moderate-income area.

The institution's offices are reasonably accessible to all segments of the local community. The office hours provided by the institution are sufficient to service the community's banking needs.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

ASSESSMENT FACTOR D - ANY PRACTICES INTENDED TO DISCOURAGE APPLICATIONS FOR TYPES OF CREDIT SET FORTH IN THE INSTITUTION'S CRA STATEMENT(S).

Applications are solicited from all segments of the community. Policies and procedures have been reviewed to ensure that there are no practices that illegally discourage applications for the types of credit offered in the CRA Statement.

Loan underwriting policies prohibit any practices to discourage credit applications. There was no evidence that such practices occurred during the review period.

ASSESSMENT FACTOR F - EVIDENCE OF PROHIBITED DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES.

The institution has conducted training for lending staff and branch personnel with regard to prohibited discriminatory practices.

Policies and procedures are in place to ensure that the institution complies with non-discrimination laws and regulations.

During the calendar years 1994, 1995, and first half of 1996, there were 577 credit denials. A test-check of 20 credit denials did not reveal any prohibited discriminatory or other illegal credit practices.

Self-assessments during the review period indicated compliance with laws and regulations.

V. COMMUNITY DEVELOPMENT

ASSESSMENT FACTOR H - THE INSTITUTION'S PARTICIPATION, INCLUDING INVESTMENTS, IN LOCAL COMMUNITY DEVELOPMENT AND REDEVELOPMENT PROJECTS OR PROGRAMS.

The institution has maintained contacts with various government entities, organizations, and regional housing groups within the delineated community to signify its interest in local community development and redevelopment projects.

In early 1994, the institution approved a loan to a local developer for the acquisition and construction of 62 housing units for senior citizens in the community known as Timber Ridge at Leisure Glen, Inc. in Suffolk County, a low- to moderate-income community. The institution provided over \$6 million for Phases I to IV of the project. In June 1996, the institution's Board of Directors approved a request for an additional \$1.5 million in funds for the purchase of additional lots and construction of three homes.

In October 1995, a loan was approved in the amount of \$4.5 million to a private developer for the construction of 394 rental units for senior citizens in Bayport, New York. Twenty percent of the units will be designated as affordable units, consisting of one- and two-bedroom apartment units.

In January 1996, the institution purchased a participation in the amount of \$5 million in Tower West Apartments, a low- to moderate-income housing project on the upper west side of Manhattan. The project is a securitized, FHA-insured project.

To date, the institution has funded \$500 thousand of its investment commitment of \$1 million to the New York State Corporate Tax Credit Fund (Fund). The Fund was created for the development of 1,000 low-income housing units throughout the state of New York. Future installments require funding of \$173 thousand each year for the next three years.

The institution continues to provide financial support for the "Home Repair Program" of the Neighborhood Housing Services (NHS) of Jamaica, a nonprofit organization providing technical and housing rehabilitation assistance to low- and moderate-income families in Jamaica, Queens County. The institution's CRA Officer serves on the Board of Directors of NHS.

The institution is a member of the Long Island Thrift Mortgage Initiative which assists prospective low- to moderate-income homebuyers in obtaining credit. The institution is also a member of the Long Island Housing Partnership, which works for the preservation, development, and improvement of affordable housing units in Nassau and Suffolk Counties.

In April 1996, the institution committed to provide a \$500 thousand line of credit to the New York State Business Development Corporation, which provides financing to small businesses for purchase of property and equipment.

An officer of the institution serves on the Board of Directors of the Woodhaven Business Improvement District, created to provide services, including security, sanitation, and marketing to the local business community.

Management has demonstrated an adequate level of participation in, and awareness of, community development and redevelopment projects and programs.

ASSESSMENT FACTOR K - THE INSTITUTION'S ABILITY TO MEET VARIOUS COMMUNITY CREDIT NEEDS BASED ON ITS FINANCIAL CONDITION AND SIZE, LEGAL IMPEDIMENTS, LOCAL ECONOMIC CONDITIONS AND OTHER FACTORS.

The institution's asset size was \$1.46 billion as of March 31, 1996. Mortgage and non-mortgage loans totaled \$600 million; cash, deposits, and investment securities totaled \$503 million; and mortgage pool securities totaled \$319 million.

The institution has actively communicated with government and local housing entities to express its interest in community development projects. There are no financial, economic, or legal impediments which would prevent or restrict the institution from continuing to offer residential lending products, participating in community development projects, or developing new lending products or programs to address specific credit needs.

ASSESSMENT FACTOR L - ANY OTHER FACTORS THAT, IN THE REGULATORY AUTHORITY'S JUDGMENT, REASONABLY BEAR UPON THE EXTENT TO WHICH AN INSTITUTION IS HELPING TO MEET THE CREDIT NEEDS OF ITS ENTIRE COMMUNITY.

The institution granted loans to two religious institutions which serve primarily low- to moderate-income areas within the delineated community.

Charitable contributions have been made to various housing-related and business organizations such as: the Neighborhood Housing Services of Jamaica; the Greater Woodhaven Development Corporation; the Greater Jamaica Development Corporation; Housing Partners; and the Richmond Hill Development Corporation. Other recipients of charitable contributions include the American Cancer Society, the Leukemia Foundation, the American Diabetes Association, Boy Scouts, Girl Scouts, area Chambers of Commerce, fire companies, ambulance corps, hospitals, community centers, senior centers, little leagues, various schools and colleges, scholarship funds, cultural groups, and church groups.