

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

## **PUBLIC DISCLOSURE**

September 7, 1999

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Mahopac National Bank  
Charter Number 13121  
630 Route 6  
Mahopac, New York 10541**

**Office of the Comptroller of the Currency  
New York Metro Field Office  
Community/Mid-size Banks  
830 Morris Turnpike, 2<sup>nd</sup> Floor  
Short Hills, New Jersey 07078**

**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 **Mahopac National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **September 7, 1999**. 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 factors supporting the bank's overall rating include:

- a reasonable loan-to-deposit ratio;
- a substantial majority of the bank's loan originations were made within the assessment area; and
- reasonable penetration among individuals of different income levels and businesses of different sizes.

**DESCRIPTION OF INSTITUTION**

Mahopac National Bank (MNB) is a \$161 million community bank located in southeastern New York State, approximately 60 miles north of New York City. Letchworth Independent Bankshares Corporation, a bank holding company with assets of \$443 million and based in Castile, New York owns 70% of MNB. At June 30,1999, MNB had \$94 million in loans, \$55 million in investments, and \$145 million in deposits. Loans originated by the bank are primarily real estate secured. The following table portrays the principal loan mix of the bank:

**Types of Loans Outstanding - June 30, 1999, \$ (millions)**

| Type                    | Amount | %    |
|-------------------------|--------|------|
| Residential Real Estate | 55     | 58   |
| Commercial Real Estate  | 29     | 31   |
| Commercial              | 7      | 8    |
| Consumer                | 3      | 3    |
| <b>Total</b>            | 94     | 100% |

MNB's main office and two branch offices are located in Putnam County (Putnam Valley and Red Mills). All branches provide a full range of banking services and extended hours. The main office and Putnam Valley branch have 24-hour ATM service. MNB recently received regulatory approval to open a third branch in Brewster, New York, which is also located in Putnam County. MNB was rated "satisfactory" at the prior evaluation dated July 23, 1996. There are no legal, financial, or regulatory impediments, which would prevent the bank from helping to meet the credit needs of its assessment area.

**DESCRIPTION OF BANK'S ASSESSMENT AREA**

The bank's assessment area (AA) includes all of Putnam County and the contiguous upper portion of Westchester County. Both counties are part of the New York Metropolitan Statistical Area 5600. The following chart provides the demographics of the AA:

**Demographics of the Assessment Area**

| Income Level | # of Tracts | % of Tracts | Population | % of Families |
|--------------|-------------|-------------|------------|---------------|
| Low          | 0           | 0           | 0          | 7             |
| Moderate     | 1           | 2.5         | 3,398      | 8             |
| Middle       | 2           | 5.0         | 8,018      | 16            |
| Upper        | 37          | 92.5        | 162,001    | 69            |
| <b>Total</b> | 40          | 100.0%      | 173,417    | 100%          |

The census median family income of the MSA is \$37,515; the 1999 updated HUD MSA median family income is \$53,400. The median housing value in the AA is \$205,469 and the median age of housing

stock is 37 years. Total occupied housing units is 90%, with owner occupied housing at 72% and rental occupied housing at 18%. The bank's AA complies with the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Within the AA there are 5,299 businesses of which 80% are defined as small businesses. A small business is defined as a company with gross annual revenues of \$1 million or less. Major employers in the AA include Schein Pharmaceutical and Putnam Hospital. The July 1999 unemployment rates of 3.4% for Putnam County and 3.5% for Westchester County are among the lowest in New York State and below the state unemployment rate of 5.3%.

Within the assessment area, competition is strong and is evidenced by branches of money center, regional, and local community banks. Credit needs within the assessment area determined by a community contact include residential mortgages and small business loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### Loan to Deposit Analysis

MNB's average loan-to-deposit ratio for the period since the prior evaluation in 1996 is reasonable. Since the prior CRA evaluation, the average loan-to-deposit ratio is 62%. The average ratio for four other locally based community banks for the same time period ranged was also 62%. The bank's ratio does not reflect loans originated and sold to the Federal Home Loan Mortgage Corporation.

### Lending in Assessment Area

Using management prepared internal reports and a sampling of commercial loans, examiners determined that a substantial majority of all loan originations were within the bank's assessment area. From January 1, 1997 to June 30, 1999, the bank originated 446 Home Mortgage Disclosure Act (HMDA) reportable loans totaling \$60 million. Of these totals, 81% (360) of the number and 78% (\$46 million) of the dollar amount were located within the assessment area.

A sample of 35 commercial loans totaling \$4.5 million originated during the evaluation period indicated that 28 loans(80%) and \$3.3 million(73%) were located in the assessment area.

### Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes, given the demographics of and competition among financial institutions in the AA. As noted in an earlier table, 7% of all families located within the AA have incomes that would classify them as low and 8% of families are classified moderate. The bank originated 4 loans (1%) to low income borrowers and 23 loans (6%) to moderate income borrowers. Three of the four loans to low income borrowers were originated during 1999. A review of 1997 aggregate HMDA data indicated that other banks operating in the assessment area had a similar level of originations to low- and moderate-income individuals.

Using the sample of 28 commercial loan originations in the assessment area, 18 loans(64%)were to businesses with revenue of \$1 million or less. Additionally, 19 loans (68%) were in an amount less than \$100,000, 6 loans (21%) were between \$100,000 and \$250,000, and 3 loans (11%) were between \$250,000 and \$1 million.

### Geographic Distribution of Loans

Although there is one moderate-income census tract in the bank's AA, an analysis of the geographic distribution would not be very meaningful. The substantial majority of the bank's lending occurred in upper-income census tracts and reflects the demographics of the AA.

### Response to Complaints

MNB has not received any complaints during the evaluation period.

### Record of Compliance with Anti-discrimination Laws

A concurrent fair lending examination using alternative fair lending procedures did not identify any violations of the various anti-discrimination laws and regulations. The bank has an effective system in place to comply with fair lending laws and regulations.