



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

November 26, 2012

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Geddes FS&LA  
Charter Number 705278

2208 W Genesee Street  
Syracuse, NY 13219-1620

Office of the Comptroller of the Currency

Syracuse Field Office  
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**NOTE:** This document is an evaluation of this 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. 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.

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

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Satisfactory

- Geddes Federal Savings & Loan Association (Geddes) had a more than reasonable average loan-to-deposit ratio during the evaluation period.
- A substantial majority of home mortgage loans originated during the evaluation period were inside the bank's assessment area (AA).
- The bank met the standard for satisfactory performance for the distribution of home mortgage loans to borrowers of different income levels within the AA.
- The bank met the standard for satisfactory performance for the geographic distribution of home mortgage loans within the AA.
- The bank's community development performance demonstrated a satisfactory response to community development needs through its community development loan and investment activities and community development services.

## **Scope of Examination**

The evaluation period covers the time period from July 1, 2008 through November 26, 2012. The loans included in the review were originated from July 1, 2008 through December 31, 2011. This period was representative of the entire evaluation period as no significant changes in bank strategies or lending activities took place in 2012. Community development data was reviewed from the date of the last performance evaluation, November 5, 2008, to the start date of this examination, November 26, 2012. The bank's primary product is residential real estate loans. For purposes of this evaluation, residential real estate loans include loans originated for the purpose of home purchase, home refinance, and home improvement reported pursuant to the Home Mortgage Disclosure Act (HMDA). Our review evaluated the bank's distribution of loans originated during the evaluation period by income designation of census tracts and to borrowers of different income levels. We also evaluated the amount of loans originated in the bank's AA and the bank's average loan-to-deposit ratio. Additionally, we evaluated the bank's overall performance in providing community development loans, investments and services.

## **Description of Institution**

Geddes is a federally chartered mutual savings bank headquartered in Onondaga County, New York (NY). The institution operates from its main office located in the Village of Solvay, NY, which is in the Town of Geddes and has a Syracuse address. In May of 2012, Geddes opened a second branch location in Manlius, NY. The Solvay

location houses the mortgage center and administrative headquarters. Both locations have drive-thru facilities and a 24-hour automated teller machine (ATM).

The bank offers a variety of residential loan products including mortgage loans to purchase, refinance, and construct one-to-four family dwellings. Home equity loans and lines of credit are also available. These loans are typically secured by single family residential properties. The bank also uses local mortgage brokers to establish a loan relationship. While the bank offers commercial and other consumer loan products, these portfolios are very limited. Deposit products include passbook and statement savings, personal and business checking, club, money market, certificates of deposit, and individual retirement accounts. The institution offers a number of different account access alternatives including ATMs, bank by mail, debit cards, and online banking with bill-pay systems.

During the review period, Geddes continued to offer and/or participate in two loan programs targeted to low- and moderate-income borrowers and census tracts. These loans are accounted for in the HMDA data and the borrower and geographic distribution evaluations:

- Onondaga County Community Development** – From 2009 to 2011, Geddes continued to make loans under the County’s loan program targeted to LMI borrowers. Geddes will lend up to 80 percent of the appraised value at a discounted interest rate and reduced closing costs. Twenty loans totaling approximately \$1.5 million were closed under this program during this period. Management reports that, during the later portion of the evaluation period, the number of prospects declined.
- GEDDESTART** - Since August 2003, the bank has maintained its own loan program specifically targeting LMI borrowers and census tracts. The program offers a minimum down payment of three percent without the additional cost of private mortgage insurance, and loan terms of up to 30 years. Seventeen loans totaling \$774 million were closed under this program between 2009 and 2011.

As of September 30, 2012, Geddes had total assets of approximately \$500 million and the total loan portfolio was \$467 million. Table 1 indicates the dollar amount, percentage of total loans, and percentage of total assets of each loan category.

<b>Table 1 - Geddes’s Investment in Loans (9/30/2012 Uniform Bank Performance Report)</b>			
<b>Loan Category</b>	<b>Amount (\$000’s)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Residential Mortgage	457,676	98.01%	91.50%
Nonresidential Mortgage	3,963	0.84%	0.79%
Commercial Nonmortgage	0	0.0%	0.0%
Consumer	5,339	1.15%	1.07%
<b>Total</b>	<b>466,951</b>	<b>100.0%</b>	<b>93.36%</b>

Since the previous evaluation, total assets increased \$146 million, or 41.1%. The majority of the growth was in the residential mortgage portfolio, which increased \$144 million. As of September 30, 2012, the bank’s balance sheet shows that most of the growth was funded with deposits.

There were no legal, financial, or other factors that would impede the bank’s ability to help meet the credit needs in its AA. At the last CRA evaluation dated November 5, 2008, Geddes received a rating of “Satisfactory” CRA performance from The Office of Thrift Supervision (OTS).

### Description of Assessment Area

The AA is defined as Onondaga County, NY. Onondaga County is one of three counties located in the Syracuse, NY Metropolitan Statistical Area (MSA), #45060, and contains 144 census tracts. Table 2 illustrates demographic data on population, families, and housing units within the AA.

Demographic Data	2000 Census
Population	458,336
Total Families	116,136
1-4 Family Units	156,827
Multi-family Units	37,068
% Owner-Occupied Units	59%
% Rental-Occupied Units	33%
% Vacant Housing Units	8%
Weighted Average Median Housing	\$84,771

Table 3 indicates the number of census tracts designated in each income level and compares that to the distribution of families living in those census tracts and to 1-4 family dwellings located within those census tracts.

Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
	#	%	#	%	#	%
<b>2000 Census:</b>						
Low	21	14.6%	9,346	8.0%	13,213	8.4%
Moderate	23	16.0%	13,415	11.6%	21,221	13.5%
Middle	56	38.8%	50,194	43.2%	67,265	42.9%
Upper	44	30.6%	43,181	37.2%	55,128	35.2%
Total	144	100.0%	116,136	100.0%	156,827	100.0%

*Note: All demographic information throughout this report reflect updated U.S. census data resulting from the 2004 MSA boundary changes implemented by the Office of Management and Budget (OMB).*

According to 2000 census data, 36.7% of the families in the AA are designated as low- or moderate-income, with 12.26% of households reporting income below the poverty level. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 census data to update the income levels. The adjusted figures are used in the Lending to Borrowers of Different Incomes section of this Performance Evaluation. Table 3(a) indicates the median family income ranges of each income category, based on the 2011 HUD adjustment. Table 3(b) reflects the updated HUD median family income for each year during the review period and Table 3(c) shows the distribution of families in each income range of the AA.

<b>Table 3(a) - Median Family Income Ranges (*)</b>			<b>Table 3(b) - Annual HUD Median Family Income</b>	
<b>Income Category (As % of MSA Median)</b>	<b>Income Ranges</b>		<b>Year</b>	<b>Amount</b>
	<b>From</b>	<b>To</b>		
Low (< 50%)	\$1	\$32,849	2008	\$61,000
Moderate (50% - 79%)	\$32,850	\$52,559	2009	\$63,700
Middle (80% - 119%)	\$52,560	\$78,833	2010	\$64,300
Upper (>= 120%)	\$78,840	+	2011	\$65,700

\* Based on HUD 2011 Median Family Income of the MSA

<b>Table 3(c) - Distribution of Families In the Assessment Area</b>		
<b>Family Income Category (As a % of MSA Median)</b>	<b>2000 Census Data</b>	
	<b>Number</b>	<b>Percent</b>
Low (< 50%)	22,820	19.6%
Moderate (50% - 79%)	19,877	17.1%
Middle (80% - 119%)	24,458	21.1%
Upper (>= 120%)	48,981	42.2%
Total	116,136	100.0%

According to 2011 census estimates, the County’s population has increased 0.2 percent since the 2000 census. In 2010, the largest employers included: SUNY Upstate Medical University, Syracuse University, Wegman’s, and St. Joseph’s Medical Center. Five of the top ten employers provide healthcare related services. The unemployment rate in Onondaga County was 4.8% in June of 2008. Between June 2008 and February 2009, the unemployment rate increased to 7.8%, an effect of the economic recession. Since February 2009, the unemployment rate has been as high as 8.8% and as low as 7.2%. The unemployment rate as of October 2012 was 7.9%.

Low-income census tracts are concentrated in the City of Syracuse. Only 17% of the homes in the low-income tracts of the City are owner-occupied and there is approximately 18% vacancy. Outside the City, the availability of affordable single-family housing for low-income families is limited. Between 2007 and 2011, the median value of a home in Onondaga County was \$128.5 thousand. Without lender concessions, low- and moderate-income families found it difficult to afford a home in Onondaga County, even with the declining mortgage interest rate environment.

Geddes faces significant competition for deposit and loan customers. As of June 30, 2012, there were 18 FDIC-insured institutions in the AA. These financial institutions had 129 offices with deposits totaling \$8.5 billion. The bank's share was \$414 million, or 4.9%, of total deposits and Geddes was ranked eighth amongst FDIC banks accepting deposits in Onondaga County. Additionally, there were at least 21 credit unions with 60 branches serving the County.

We contacted a local community development organization that focuses on low-income neighborhood revitalization located in the City of Syracuse. Its director provided insight into community credit needs and how financial institutions were meeting those needs. The contact reported that most of the local and larger banks have done a good job in meeting the needs of the community. The contact did note that there is a need for better quality single and multiple family housing in the area. However, the contact reports that at least 70% of the residential property in the neighborhoods serviced by this organization are non-owner occupied.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

#### **Loan-to-Deposit Ratio**

The institution's average loan-to-deposit ratio during the evaluation period was more than reasonable. The average quarterly loan-to-deposit ratio since the last examination through September 30, 2012, was 107.46%. The ratio ranged from a high of 112% in December 2008, to a low of 102% in June 2008. However, in late 2011 and 2012 the ratio was increasing and in the 111% range. Two similarly situated institutions having the same AA as the bank had average quarterly loan-to-deposit ratios between 71% and 77%.

#### **Lending in Assessment Area**

A substantial majority of home mortgage loans originated during the evaluation period were inside the bank's AA. Approximately 83% of the number and 81% of the dollar amount of loans originated were in the AA. The concentration of loans in the AA is comparable to the percentages noted in the previous evaluation, and the volume of lending has significantly increased since the last review.

Table 4 illustrates the total number and dollar amount of HMDA-reportable loans originated inside and outside of the AA during the review period. For comparison purposes, the Table reflects lending activity by year during the review period.

<b>Table 4 - Concentration of Residential Loans *</b>					
<b>7/1/2008 – 12/31/2011</b>					
<b>(Dollars in thousands)</b>					
<b>Period By Year</b>	<b>In Assessment Area</b>		<b>Outside Assessment Area</b>		<b>Total HMDA Loans</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>
<b>By Number:</b>					
7/1/2008-12/31/2008	118	86%	20	14%	138
2009	535	85%	92	15%	627
2010	400	80%	103	20%	503
2011	422	84%	82	16%	504
Total	1473	83%	297	17%	1772
<b>By \$ Amount:</b>	<b>\$ Amt</b>	<b>%</b>	<b>\$ Amt</b>	<b>%</b>	<b>\$ Amt</b>
7/1/2008-12/31/2008	\$19,096	88%	\$2,691	12%	\$21,787
2009	\$80,300	85%	\$14,507	15%	\$94,807
2010	\$59,030	77%	\$17,421	23%	\$76,451
2011	\$63,172	80%	\$15,872	20%	\$79,044
Total	\$221,598	81%	\$50,491	19%	\$272,089

\* Percents are based on total loans originated during applicable year

### Lending to Borrowers of Different Incomes

Geddes met the standard for satisfactory performance during the evaluation period for the distribution of home mortgage loans to borrowers of different income levels. Tables 5 and 6 illustrate loan originations, categorized by loan type and borrower income level, during the review period. Table 5 compares the percentage of bank loans made by borrower income category to the aggregate industry percentage of loans originated by borrower income category in the AA area during 2011. Table 6 compares the percentage of bank loans made by borrower income category to the percentage of families in the AA having the respective income designation.

<b>Table 5 – Borrower Distribution of HMDA-Reportable Loans in AA (compared to aggregate industry HMDA data)</b>								
<b>Borrower Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
	<b>% Aggregate Data</b>	<b>% of Number of Loans</b>						
Home Purchase	10.46	7.72	27.34	17.21	26.78	20.62	35.41	54.45
Home Improvement	10.39	7.69	24.81	15.38	24.55	28.21	40.26	48.72
Home Refinance	5.55	2.35	17.75	8.97	27.40	23.80	49.30	65.60

Source: Aggregate HMDA data

<b>Table 6- Borrower Distribution of HMDA-Reportable Loans in AA (compared to family distribution in AA)</b>								
<b>Borrower Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan Type</b>	<b>% of AA Families</b>	<b>% of Number of Loans</b>						
Home Purchase	19.65	7.72	17.12	17.21	21.06	20.62	42.18	54.45
Home Improvement	19.65	7.69	17.12	15.38	21.06	28.21	42.18	48.72
Home Refinance	19.65	2.35	17.12	8.97	21.06	23.08	42.18	65.60

*Source: Aggregate HMDA data; 2000 U.S. Census data*

The percentages of loans made by the bank to low- and moderate-income borrowers is somewhat lower than the respective aggregate industry percentages for each loan type, as shown in Table 5. Geddes faces strong competition from commercial banks, savings institutions, mortgage bankers, credit unions, and finance companies. During the evaluation period, other areas of the country saw real estate values decrease, while values actually increased slightly or were maintained in Upstate NY. Larger institutional lenders and credit unions continued to lend to low- and moderate-income borrowers, even while lending standards tightened, driving the higher aggregate results. For example, in 2011, Geddes ranked 10<sup>th</sup> in the AA in market share for refinanced loans at 3.04% of low-income borrowers. The top nine lenders for low-income refinanced residential mortgage loans accounted for 61% of the market and included three larger credit unions and six large national and regional lenders.

The percentage of loans made by the bank to low-income borrowers is below the percentage of low-income families in the AA for each loan type, as shown in Table 6. However, management's ability to lend to low-income borrowers is somewhat impacted by the 12.26% of households living below the poverty level, as these households typically do not have an income which would support purchasing or owning a home. The percentage of loans made by the bank to moderate-income borrowers either meets or is near the percentage of moderate-income families in the AA for each loan type, as shown in Table 6.

The bank's location, competition, and available lending opportunities contribute to areas of lower penetration. During the evaluation period, Geddes primarily operated out of just one location, the main office, with no outside sales force. A majority, or 41 of 44, of the low- and moderate-income census tracts in the AA, are located in or near the City of Syracuse. The bank's main office is located outside of the City, and there is no other presence in the City. Furthermore, the City is currently served by 74 branch offices of 14 FDIC-insured financial institutions and numerous credit unions.

From an overall volume perspective, Geddes granted 298 HMDA-reportable loans to low- or moderate-income borrowers in the AA during the review period, representing approximately 17% of total HMDA loans originated. This is in line with previous

examination results. Accordingly, the average number of loans to low- or moderate-income borrowers per year increased from 53 to 85 since the last examination.

**Geographic Distribution of Loans**

Geddes met the standard for satisfactory performance during the evaluation period for the distribution of home mortgage loans to census tracts of different income levels in the AA. Tables 7 and 8 illustrate loan originations during the evaluation period categorized by loan type and census tract income designation. Table 7 compares the percentage of bank loans made to the aggregate industry percentage of loans made in each census tract designation. Table 8 compares the percentage of bank loans made to the percentage of owner-occupied units in each census tract designation.

Table 7 – Geographic Distribution of HMDA-Reportable Loans (compared to aggregate lending data)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% Aggregate Lending Data	% of Number of Loans						
Home Purchase	1.41	2.65	6.39	5.89	50.82	36.67	41.38	54.79
Home Improvement	3.14	0.00	7.44	12.50	51.03	47.50	38.38	40.00
Home Mortgage Refinance	1.19	.64	3.69	3.61	43.44	39.43	51.67	56.32

Source: Aggregate HMDA data

Table 8 – Geographic Distribution of HMDA-Reportable Loans (compared to owner-occupied unit distribution)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% Owner occupied units	% of Number of Loans						
Home Purchase	3.37	2.65	8.38	5.89	47.27	36.67	40.98	54.79
Home Improvement	3.37	0.00	8.38	12.50	47.27	47.50	40.98	40.00
Home Mortgage Refinance	3.37	0.64	8.38	3.61	47.27	39.43	40.98	56.32

Source: Aggregate HMDA data; 2000 U.S. Census data

The bank’s lending in low- and moderate-income geographies is reasonable when compared to aggregate industry distribution percentages. Regarding low-income geographies, the bank’s lending exceeds the standard for home purchase loans but is below the standard for home improvement and refinance loans. Regarding moderate-

income geographies, the bank's lending exceeds the standard for home improvement loans and is somewhat below the standard for home purchase and refinance loans.

The bank's geographic distribution of loans is also reasonable when compared to the percentage of owner-occupied units within the designated geographies. Regarding low-income geographies, the bank's lending is generally below the comparator, with the strongest performance in home purchase loans. Regarding moderate-income geographies, the bank's lending is above the standard for home improvement loans, near the standard for home purchase, and somewhat lower than the standard for refinance loans.

As previously noted, the bank's locations, competition, and available lending opportunities contribute to areas of lower penetration, given that the majority of low- and moderate-income tracts in the AA are in or near the City of Syracuse, Geddes does not have a presence in the City, and the City is currently served by numerous offices of various other financial institutions and credit unions. Furthermore, 65.58% of the housing units in the City are rental-occupied and 18.27% are vacant, which limits owner-occupied lending opportunities in those geographies.

From an overall volume perspective, Geddes granted 108 loans in low- or moderate-income geographies, or an average of 31 per year. This reflects a significant increase from the average of 10 per year at the last examination.

### **Responses to Complaints**

Geddes received no complaints pertaining to its CRA performance since the prior examination.

## **COMMUNITY DEVELOPMENT TEST**

Community development refers to affordable housing, community services targeted to low- or moderate-income individuals, activities that revitalize or stabilize low- or moderate-income geographies, and activities that promote economic development by financing businesses that meet size eligibility standards.

Geddes demonstrated a satisfactory level of responsiveness in providing community development loans, investments, and services within the AA.

### **Number and Amount of Community Development Loans**

While Geddes does not do a significant amount of commercial lending, it has loaned Home Headquarters (HH) \$228 thousand to participate in HH's Flex Fund Home Improvement Loan Program. HH borrows from various lenders, and then re-lends these

funds to qualified borrowers for home improvement purposes. HH is a not-for-profit organization that also helps LMI individuals become homeowners providing services such as homebuyer education, financial counseling, housing repair and rehabilitation programs, financing assistance and post-purchase counseling. HH is approved as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury. Over the course of this relationship, Geddes has lent HH a total of \$694 thousand. During the evaluation period, Geddes also provided donations to HH, as reported below.

### **Number and Amount of Qualified Investments**

Geddes does not have a significant investment portfolio, thus investment in various community development securities is not practical. However, the Board and management provide ample donations to various community development organizations serving Onondaga County and the Syracuse MSA. During the review period, donations totaling \$71.4 thousand were provided to 16 different organizations, including, but not limited to:

- \$15,000 to HH, as described above;
- \$6,000 to Syracuse Habitat for Humanity, a non-profit organization dedicated to providing decent affordable housing in partnership with families in need, restoring a sense of community with the common goal of strong neighborhoods and dignity through homeownership;
- Over \$13,500 to two neighborhood associations that promote and revitalize neighborhoods primarily comprised of low- or moderate-income geographies;
- \$3,600 to support an organization that provides college tuition for low- and moderate-income inner city youth;
- \$4,000 to a non-profit association dedicated to educating entrepreneurs in the formation and growth of small businesses. The organization is a resource partner with the U.S. Small Business Administration (SBA);
- \$11,000 to a food bank serving the AA; and,
- Over \$7,000 to a non-profit organization that serves children and adults with intellectual and developmental disabilities.

Geddes also provides educational materials to Fowler High School and Porter Magnet Elementary Schools through Training Services, LLC (TSL). Both schools are located in moderate-income census tracts and provide education to children from surrounding low- and moderate-income geographies. The material informs students on the proper use of checking accounts, savings accounts, loans and credit.

**Extent to Which the Bank Provides Community Development Services**

Institution directors, officers, and employees are involved in organizations that provide community development services in the AA, often serving as officers and directors of these organizations. Table 9 is representative of the institution’s community development services and participation in community development organizations:

<b>Table 9 - Community Development Services</b>		
<i>Name of Organization</i>	<i>Institution’s Employee Involvement</i>	<i>Organization’s Purpose</i>
Tipperary Hill Neighborhood Association (THNA)	Vice President and Treasurer	This is a non-profit organization involved with the revitalization and preservation of a neighborhood within the City of Syracuse. Three of the four geographies in the area are classified as moderate-income. The bank’s Treasurer acts as liaison between THNA and HH for home improvement and home loans. He also provides financial advice to THNA.
Fair Housing Council of CNY	Vice President	This organization helps enforce laws against discrimination in housing on the basis of race, color, religion, sex, age, national origin, sexual orientation, source of income, disability and familial status. The organization represents many low- or moderate-income borrowers and renters. A bank Vice President presently is on the Finance Committee of this organization.

**Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.