

PUBLIC DISCLOSURE

October 15, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community Bank of Bergen County
02-34-1865**

**125 West Pleasant Avenue
Maywood, New Jersey 07607**

Federal Reserve Bank of New York

33 Liberty Street

New York, New York 10045-0001

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 **Community Bank of Bergen County ("Community")** prepared by the **Federal Reserve Bank of New York** on behalf of the Board of Governors of the Federal Reserve System, the institution's supervisory agency, as of October 15, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

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

Over the examination period of August 8, 1995 through October 15, 1996, Community's performance with regard to the CRA is rated "Satisfactory." This determination is based on the following criteria: 1) a excellent loan-to-deposit ratio; 2) a majority of loans were originated with the bank's assessment area; 3) a reasonable distribution of loans to individuals of different income levels and businesses of different sizes; and 4) a reasonable geographic distribution of loans in the bank's assessment area.

The following table indicates the performance level of Community Bank of Bergen County with respect to each of the five performance criteria:

SMALL INSTITUTION ASSESSMENT CRITERIA	COMMUNITY BANK OF BERGEN COUNTY 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		X	

of Loans			
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

Community Bank of Bergen County ("Community"), established in 1928, is a retail oriented, full service bank headquartered in Maywood, New Jersey. As of June 30, 1996, Community had total assets of \$145 million and total deposits of \$125 million. Of \$92 million in net loans, 61 percent were real estate loans, 38 percent were loans to consumers for automobiles or other personal expenditures, and the balance of lending consisted of commercial loans. The bank originates mortgage loans for the purchase, refinance or improvement of residential or commercial real estate. Home equity loans are also extended by the bank and generally used by individuals to meet consumer credit needs, but some use it as a method of financing their small business credit needs.

In addition to its headquarters office in Maywood, Community has a branch office in Rochelle Park. Both locations have automatic teller machines ("ATM's"), connected to a nationwide ATM electronic network. The bank is not part of a holding company or affiliated with any other financial institution.

There are no financial impediments preventing the bank from helping to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The following demographic and economic information was obtained from publicly available sources that include the United States Department of Commerce's 1990 Census, the United States Department of Labor and the Department of Housing and Urban Development ("HUD.")

Community's assessment area is located in central Bergen County which is part of Metropolitan Statistical Area ("MSA") 0875 (Bergen-Passaic, New Jersey.) The area includes the boroughs of Paramus, Lodi and Maywood; the townships of Rochelle Park and Saddle Brook; and the cities of Garfield and Hackensack. According to the 1990 census, total population of the assessment area is 139,588, or about 17 percent of the population of Bergen County. There are 57,457 housing units within the assessment area, of which 29,095, or 51 percent, are owner-occupied. The median family income is \$52,659 in MSA 0875.

There are 29 census tracts in the bank's assessment area. Based on the 1990 census, the assessment area contains no low-income census tracts. The assessment area's ten moderate-income tracts represent 35 percent of all populated tracts. Of these ten moderate-income tracts, six of the moderate-income tracts are in the City of Garfield and represent all census tracts in the city. Three of Lodi's four census tracts are moderate-income, and one of Hackensack's seven tracts is

moderate-income. The percentage of individuals living in moderate-income census tracts relative to all census tracts in the assessment area is 37 percent (51,195 of 139,588). Unlike the assessment area as a whole, most housing units in moderate-income tracts are rental units. Of the 21,272 housing units, only 8,261, or 39 percent, are owner-occupied.

The majority of the census tracts in the assessment area are classified as middle-income. There are 16 such tracts, which represent 55 percent of the populated tracts in the assessment area. The population within middle-income tracts is 75,243, or 54 percent, of the assessment area's total population. Of the 31,973 housing units in middle-income tracts, 16,886, or 53 percent are owner-occupied.

The remaining three census tracts in the assessment area are classified as upper-income. They represent 10 percent of all populated census tracts in the assessment area. The percentage of individuals living in upper-income tracts, relative to all tracts in the assessment area, is 9 percent (13,150 of 139,588). Virtually all of the housing units in the upper-income census tracts are owner-occupied. Of the 4,212 housing units, 3,948, or 94 percent, are owner-occupied.

Based on the 1990 United States Census, there are 36,716 families in Community's assessment area. Twenty-two percent (or 7,903 out of 36,716 are low-income), 21 percent (or 7,769 out of 36,716 are moderate-income), 26 percent (or 9,650 out of 36,716 are middle-income), and 31 percent or 11,394 out of 36,716 are upper-income.

The overall assessment area is suburban in nature. Most jobs in Bergen County are found in the service sector, however, retail and manufacturing jobs are also prevalent. Economic conditions are stable. According to the Bureau of Labor Statistics, as of August 1996, the unemployment rate for MSA 0875 was 6.2 percent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The CRA examination of Community covered the period August 8, 1995 through October 15, 1996. The CRA performance of the bank is "Satisfactory." The "Satisfactory" rating is based on the favorable assessment of the bank's core performance criteria.

For the lending, income and geographic distribution performance criteria, examiners analyzed 152 mortgage loan originations as reported under the Home Mortgage Disclosure Act (HMDA), a sample of 151 consumer loans and 19 business loans originated during the examination period.

Loan-to-Deposit Ratio

Given the bank's size, financial condition and the credit needs of the assessment area, Community's loan-to-deposit ratio is excellent. Based on information contained in its Consolidated Report of Condition and Income for the four most recent quarters ending June 30, 1996, the bank's average loan-to-deposit ratio is 71 percent. This is above the average of 66 percent for similarly situated banks in the area during the same time period, based on information reported in respective Consolidated Report of Condition and Income. The bank's loan-to-deposit ratio is equivalent to its national peer ratio as of June 30, 1996, as reported in the Uniform Bank Performance Report.

The bank has two community development loans totaling \$35 thousand as of June 30, 1996. These loans, which were outstanding at the last examination, are to the New Jersey Community Loan Fund. It is a statewide nonprofit organization that specializes in helping create housing and economic opportunities for lower-income persons.

Lending in the Assessment Area

During the examination period, Community originated a majority of its loans within its assessment area. Of the total loans sampled, 56 percent (or 181 out of 322) were within the bank's assessment area. Of the housing-related and consumer loans, 57 percent (or 87 out of 152) and 54 percent (or 82 out of 151), respectively, were made within the bank's assessment area. Sixty-three percent (or 12 out of 19) small business and farm loans were made within the bank's assessment area.

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

Community's record of lending to borrowers of different income levels (including low- and moderate-income individuals) and businesses of different sizes is reasonable, given the demographics of the assessment area. Analyses of the distribution of loans across income levels for each loan category are shown in Tables A and B:

TABLE A
Distribution of Loans Within Assessment Area by Income Level of Borrower
August 8, 1995 through October 15, 1996

	Mortgage	Consumer	TOTAL
LOW INCOME:			
<i>Less Than 50% of Median Income</i>			
Number	13	23	36
Percentage	15%	28%	21%
Amount(\$)	\$605,000	\$332,100	\$937,100
Percentage	8%	15%	9%
MODERATE INCOME:			
<i>At least 50% and less than 80% of Median Income</i>			
Number	19	21	40
Percentage	22%	26%	24%
Amount(\$)	\$1,432,000	\$519,400	\$1,951,400
Percentage	18%	23%	19%
MIDDLE INCOME:			
<i>At least 80% and less than 120% of Median Income</i>			
Number	15	27	42
Percentage	17%	33%	25%
Amount(\$)	\$1,272,000	\$985,100	\$2,257,100
Percentage	16%	44%	22%
UPPER INCOME:			
<i>120% or more of Median Income</i>			
Number	40	11	51
Percentage	46%	13%	30%
Amount(\$)	\$4,534,000	\$420,000	\$4,954,000
Percentage	58%	19%	49%

TABLE B

**Distribution of Loans Within Assessment Area By Size of Business
August 8, 1995 through October 15, 1996**

Small Business and Farm Lending Summary					
Number of Loans to Businesses and Farms	Number of Loans to <u>Small</u> Businesses and Farms*	Percent of Loans to <u>Small</u> Businesses and Farms	Dollar Amount of Loans to Businesses and Farms	Dollar Amount of Loans to <u>Small</u> Businesses and Farms*	Percent of Dollar Amount to <u>Small</u> Businesses and Farms
12	12	100%	\$392,000	\$392,000	100%

* Businesses and farms with gross annual revenues of \$1 million or less.

Mortgage Lending

Mortgage lending to borrowers of different income levels is reasonable. However, some weakness was noted in lending to low-income borrowers. As shown in Table A, loans to low-income borrowers represent 15 percent of loans sampled. The demographics of the assessment area show that 22 percent of families are low-income.

Consumer Lending

Consumer lending to borrowers of different income levels is strong. Table A shows that the bank originated more loans to low- and moderate-income borrowers than to middle- and upper-income borrowers. Of loans sampled, 28 percent were to low-income borrowers while 26 percent were to moderate-income borrowers. This compares favorably with the demographics of the assessment area, where 22 percent of families are low-income and 21 percent are moderate-income.

Business Lending

Lending to small businesses with revenues of \$1 million or less is strong. Table B indicates that all business loans originated within the assessment area were made to small businesses.

Geographic Distribution of Loans

The overall geographic distribution of loans shows a reasonable dispersion among census tracts in the assessment area. As previously noted, there are no low-income census tracts in the bank's assessment area.

Mortgage Lending

The geographic distribution of mortgage loans is reasonable. When mortgage lending in the assessment area is adjusted to reflect the number of owner-occupied units, the demand-adjusted level of mortgage lending is only moderately stronger in the middle- and upper-income census tracts of the assessment area than in the moderate-income census tracts.

There is generally reasonable mortgage lending in moderate-income census tracts. Although no mortgage loans were made in the one moderate-income census tract in Hackensack, these results are generally consistent with the demographics of the assessment area which show that in this one Hackensack tract, the level of owner occupancy is only 35 percent. Additionally, the tract noted here is the furthest distance of Hackensack's seven tracts from the bank's branches and there are many offices of competing financial institutions that are closer in proximity to this tract.

Consumer Lending

An analysis of a sample of consumer loans indicates that lending in the moderate-income census tracts of the assessment area is weak. Of consumer loans originated in the assessment area, 15 percent (12 of 82) were in moderate-income census tracts, whereas, 37 percent of the population in Community's assessment area resides in moderate-income census tracts.

Small Business Lending

An analysis of a sample of small business loans shows that loans are reasonably well dispersed throughout the assessment area. The percentage of loans originated in moderate-, middle- and upper-income census tracts are thirty-three percent (4 of 12), fifty percent (6 of 12) and seventeen percent (2 of 12), respectively.

Response to Complaints

No complaints relating to Community's CRA performance were received by Community and none have been filed with the Federal Reserve Bank of New York since the last examination.