

# **PUBLIC DISCLOSURE**

**Date of Evaluation: October 21, 1996**

## **COMMUNITY REINVESTMENT ACT**

### **PERFORMANCE EVALUATION**

**Name of Depository Institution: The Adirondack Trust Company**

**Institution's Identification Number: 02-36-6910**

**Address of Institution: 473 Broadway  
Saratoga Springs, New York 12866**

**FEDERAL RESERVE BANK OF NEW YORK  
33 Liberty Street  
New York, New York 10045**

**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.**

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## 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 **The Adirondack Trust Company** 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 21, 1996**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

*The new CRA regulation will be phased in over a two-year period beginning July 1, 1995. During that period, banks with total assets greater than \$250 million will be examined under the current regulation with its twelve assessment factors until July 1, 1997. However, to comply with the requirements of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, this evaluation includes conclusions with respect to overall performance as well as the bank's performance in the Metropolitan Statistical Area which the bank has delineated for CRA purposes.*

## 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.*

## DISCUSSION OF INSTITUTION'S PERFORMANCE

**INSTITUTION'S CRA RATING:** This institution is rated Outstanding based on the findings presented below.

Adirondack Trust Company's ( Adirondack's ) level of performance with CRA is assessed as Outstanding. The bank has taken steps to meet community credit needs and continues to have a strong

level of community development lending directly and through intermediaries. Adirondack offers a range of credit products designed to meet most residential housing, business, and consumer credit needs. A high percentage of its HMDA-related and small business lending was within its delineation, including moderate-income areas. The bank has no low-income census tracts within its delineation. (See the following section of the disclosure for details: Conclusions With Respect To Performance Categories beginning on page 5.)

## **DESCRIPTION OF INSTITUTION:**

Adirondack is a state-chartered bank and a member of the Federal Reserve System. The bank is subject to regulation and supervision principally by the Federal Reserve Board. Adirondack operates five banking offices and four free-standing ATM's located in Saratoga County, New York. At June 30, 1996, the bank had total assets of \$331 million and net loans of \$178 million. The bank services a portion of central Saratoga County, including the City of Saratoga Springs and the Village of Ballston Spa.

Adirondack offers an array of products that can meet most residential housing, business and consumer credit needs. Of loans outstanding of \$184 million, as of June 30, 1996, 17.9 percent were invested in residential mortgages, 26.5 percent in a variety of consumer loan or line of credit products and 55.6 percent was lent for business purposes.

There are no financial or legal factors that would impede Adirondack in fulfilling its responsibilities under CRA.

## **REASONABLENESS OF DELINEATED COMMUNITY**

Adirondack's delineation consists of one geographic area within New York State where it originates a substantial majority of its loans. The delineated community's boundaries, as defined by Adirondack, appear to be reasonable and are consistent with the political and effective lending territory criteria permitted by Section 228.3(b)(1) and (2) of Regulation BB. There are no low-income census tracts within Adirondack's delineation. Low- and moderate-income areas have not been arbitrarily excluded from the bank's delineation. The geographic distribution of loan applications and approvals supports the bank's delineation.

The bank's delineated community includes a portion of one metropolitan statistical area (MSA), MSA 0160 (Albany-Schenectady-Troy, NY), consisting of the central area of Saratoga County. The delineation encompasses: the towns of Greenfield, Wilton, Northumberland, Milton, Stillwater, Saratoga, Malta, Ballston, Saratoga Springs; the City of Saratoga Springs; and the Village of Ballston Spa.

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

The following is Adirondack's CRA performance based on the five performance categories: 1) Community development; 2) Geographic distribution and record of opening and closing offices; 3) Marketing and types of credit offered and extended; 4) Discrimination and other illegal credit practices; and, 5) Ascertainment of community credit needs. A discussion pertaining to the assessment factors that deal with the CRA process begins on page 16.

### **I. COMMUNITY DEVELOPMENT**

#### **Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

Adirondack strongly supports community development programs and initiatives throughout its delineation. At this examination, Adirondack had a total of \$2.7 million representing lending and investments. Lending in support of affordable housing financing totals \$2.5 million or 92.4 percent of the bank's total lending and investments. Support for economic and small business development financing totals \$209 thousand and is comprised of \$159 thousand in loans and \$50 thousand in equity investments. New commitments since the last examination constitute \$2.1 million or 76.7 percent of overall commitments. In addition, \$10 thousand was allocated for grants and donations in support of affordable housing and economic development since last examination.

The following exhibit shows the direct and indirect financing provided by Adirondack to organizations:

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

The geographic distribution of Adirondack's lending activity was determined through an analysis of the bank's HMDA data and small business loan originations from October 1, 1994 to August 31, 1996. Overall, the analysis demonstrates a high percentage of lending within and throughout the bank's delineation. Adirondack has made a reasonable effort to help serve the credit needs of moderate-income communities. The bank has no low-income census tracts within its delineation.

There are 18 populated census tracts that contain housing located within Adirondack's delineated community, of which 3 census tracts or 16.7 percent are moderate-income. The total number of owner-occupied housing units within the bank's delineation is 21.7 thousand or 69 percent of total housing units. Of the total number of owner-occupied housing units, 12.4 percent or 2.7 thousand are located in moderate-income areas. HMDA approvals in moderate-income census tracts within the bank's delineation represent 12.3 percent of the geocoded sample.

On a demand-adjusted basis, Adirondack is receiving and approving approximately an equal number of HMDA loans from moderate-income areas as it does in non-moderate-income areas. Overall, HMDA-related activity was slightly stronger for applications and was equal for approvals in non-moderate-income tracts when compared to moderate-income tracts.

By product, home improvement loan applications and loan approval activity was moderately stronger in moderate-income than in non-moderate-income census tracts. Mortgage and refinancing activity was somewhat stronger in non-moderate-income census tracts than in moderate-income census tracts.

<b>Exhibit 2</b>										
<b>October 1, 1994 through August 31, 1996 - Mortgage and Refinance Activity</b>										
<b>by County &amp; MSA in Delineation</b>										
County	Owner-Occupied Units In		Total Applications		# of Applications Per 1,000 Units		Total Approvals		# of Approvals Per 1,000 Units	
	Non Mod	Mod*	Non Mod	Mod*	Non Mod	Mod*	Non Mod	Mod*	Non Mod	Mod*
Saratoga	18,965	2,749	241	26	12.71	9.46	197	23	10.39	8.37
MSA 0160 Total	18,965	2,749	241	26	12.71	9.46	197	23	10.39	8.37

<b>Exhibit 3</b>										
<b>October 1, 1994 through August 31, 1996 - Home Improvement Activity</b>										
<b>by County &amp; MSA in Delineation</b>										
County	Owner-Occupied Units In		Total Applications		# of Applications Per 1,000 Units		Total Approvals		# of Approvals Per 1,000 Units	
	Non Mod	Mod*	Non Mod	Mod*	Non Mod	Mod*	Non Mod	Mod*	Non Mod	Mod*
Saratoga	18,965	2,749	65	13	3.43	4.73	60	13	3.16	4.73
MSA 0160 Total	18,965	2,749	65	13	3.43	4.73	60	13	3.16	4.73

\* Note: Mod represents moderate-income census tracts. Adirondack has no low-income census tracts within its delineation.

### **Residential Mortgage and Refinance Lending**

Adirondack's mortgage and refinance lending activity was reasonable. As reflected in Exhibit 2, on a demand-adjusted basis, lending was somewhat stronger in non-moderate-income census tracts than in moderate-income census tracts within the bank's delineation.

### **Home Improvement Lending**

Reasonable home improvement lending activity was noted throughout the bank's delineated community. As reflected in Exhibit 3, on a demand-adjusted basis, the rate for receiving and approving home improvement loans was stronger in moderate-income census tracts than in non-moderate-income census tracts. There were no denials in moderate-income census tracts.

### **Small Business Lending**

Overall, Adirondack's small business lending activity was very strong. In Saratoga County, the number of small business establishments totals 1,490 based on 1993 Census Bureau Data. Based on the loan sample geocoded, Adirondack approved 364 small business loans for every one thousand small business establishments in Saratoga County.<sup>1</sup> The geographic distribution of Adirondack's business lending was determined using a sample of 565 small business loans originated between October 1, 1994 and August 31, 1996. This sample represents 79.6 percent of the total small business loans approved (710 loans) for the period. Of the business loans geocoded, 88.3 percent (or 499) were made within Adirondack's delineation.

Adirondack increased its business lending in moderate-income geographies since the last examination. Originations of small business loans in moderate-income census tracts represent 10.2 percent of the geocoded sample compared to 8 percent at last examination.

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<sup>1</sup>The bank's delineation includes only a portion of Saratoga County. Small business establishment figures are for Saratoga County based on the 1993 County Business Patterns, Bureau of the Census data.

**Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.**

Adirondack's services, through its branch and automatic teller machine ( ATM ) network, are accessible to all segments of its delineated community. All offices maintain reasonable hours Monday through Saturday.

Adirondack maintains five branches, with the main office and two branches located in the City of Saratoga Springs and one branch each in the towns of Malta and Wilton. There are ATM's at each of the five branch sites as well as four additional ATM's within the delineated community. One branch office and two of the free standing ATM's are located in moderate-income census tracts. There have been no branch openings or closings since the last examination, however, two new free standing ATM's have been opened at Saratoga Hospital in Saratoga Springs and at a State Farm Insurance office in Ballston Spa.

Adirondack's branch closing policy is adequate and conforms to the guidelines provided in the Joint Interagency Policy Statement. Prior to any closing or consolidation of a branch, Adirondack's branch closing policy requires the bank to assess and consider the impact of such action on the banking convenience and needs of the public within the affected neighborhood. The policy requires the bank to consider factors such as market potential and trends, branch profitability and utilization and availability of other institutions which provide similar products and services.

Adirondack would provide timely advance notification, which includes information supporting its decision to close, consolidate or relocate, to the appropriate regulatory agencies. In addition, the bank would provide timely notice to all affected customers of its plans. In each case were a branch is closed, the bank would automatically transfer the customers' accounts to the nearest branch office.

**III. 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.**

Adirondack employs a variety of mass media advertising and community involvement to reach individuals and businesses in its delineated community, including those living in moderate-income areas, as to the availability of the bank's credit products. The bank makes use of daily, weekly and monthly newspapers, business and not-for-profit journals, radio and cable television to promote Adirondack as the local community bank and in general mention the various types of consumer loans available. Through personal and business contacts, directors and officers of the bank promote the bank's services.

**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 in its community.**

Adirondack offers a variety of credit products to meet the credit needs of its entire delineation. Real estate, consumer, and small business loan products are offered throughout the bank's delineated community. Adirondack's real estate products include home purchase, refinance, home improvement, construction and bridge loans, and home equity lines of credit with standard credit features, as well as products with flexible terms and underwriting criteria to enable low- and moderate-income and first time home buyers to qualify for loans. According to management, the bank has achieved nominal lending results with special FNMA affordable loan products, however, credit needs are being met through the regular FNMA products.

Adirondack also offers various consumer credit products such as installment loans for new and used autos, boats, recreational vehicles and for personal purposes. Other consumer products include student loans, cash reserve lines (overdraft protection), and credit cards. The bank offers small business loans for a variety of purposes with facilities structured as time loans, letters of credit, lines of credit and term loans.

The bank offers a wide variety of mortgage products ranging from 15-year to 25-year terms and down payments ranging from 20 to 30 percent. Payment terms for up to 15 years are offered at a fixed rate and payment terms for up to 25 years are offered as 1-year and 3-year adjustable rate mortgages ( ARMs. ) In addition, the bank does offer installment loans to purchase new and used mobile homes. Seven mobile home loans totaling \$54 thousand have been originated since last examination.

## **MORTGAGE PRODUCTS**

### **Federal National Mortgage Association ( FNMA ) Mortgage Products**

Adirondack offers a number of FNMA mortgage credit products to include: 30-year fixed rate mortgage loans for one-to four-family homes, and 1-year and 3-year ARM loans for one- and two-family owner-occupied housing units. During the period from October 1, 1994 through September 30, 1996, the bank originated 113 FNMA mortgages totaling \$10.1 million.

Adirondack continues to offer four FNMA Community Home Buyer Program ( CHB ) options/products: the Fannie 97, the 3/2, the Start-up, and the Neighbors Options. These products are available on a owner-occupied single-family home, town house or condominium and offer flexible underwriting to applicants. Since last examination, Adirondack granted only one CHB loan for \$63 thousand. Three CHB loans which were granted prior to last examination are currently outstanding.

## **HOME IMPROVEMENT PRODUCTS**

Adirondack offers two loan products that can be used for home improvement purposes: one can be used to make repair or improvements of up to \$10 thousand to one-to four-family residential properties; and a revolving home equity line of credit product secured by one-to four-family owner-occupied homes.

## **SMALL BUSINESS LENDING**

Adirondack provides a variety of credit services to its business customers. Loan products offered include short term time, term, construction, bridge, and mortgage loans, commercial letters of credit and lines of credit. Management has not established a minimum loan or line of credit amount for any product or loan purpose. Underwriting standards are flexible, interest rates are competitive, and repayment terms are standard to the industry. During the period from October 1, 1994 from September 30, 1996, Adirondack originated 710 closed-end business loans totaling \$38.8 million and advanced \$90.4 million under open lines of credit agreements.

A review of small business loans originated since the last examination disclosed that Adirondack is providing credit on a secured and unsecured basis for a variety of loan purposes to its entire business community. A substantial portion of business loans granted by Adirondack are for less than \$100 thousand. As of June 30, 1996, 74.5 percent (769 of 1,032) of loans outstanding had an original loan amount of less than \$100 thousand.

### **Assessment Factor J - the institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small business, or small farms.**

Adirondack participates in the Small Business Administration ( SBA ) loan program. Since the last examination, the bank has not been actively involved in any governmentally-insured, guaranteed or subsidized housing programs.

## **SBA**

During the period from October 1, 1994 through September 30, 1996, the bank granted 23 SBA-guaranteed small business loans totaling \$1.5 million. Through the regular and Low Doc programs, Adirondack has originated small business loans under the SBA's 7(a) and 504 loan programs. At this examination, 26 SBA guaranteed loans with a balance of \$1.4 million were outstanding. At least six SBA guaranteed loans resulted from Adirondack's relationship with the Saratoga Economic Development Corporation.

## **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).**

Adirondack solicits credit applications from all segments of its delineated community. Management has developed written policies, procedures and training programs to ensure that the bank does not illegally discourage or prescreen applicants. A review of policies, practices, and credit applications did not produce any evidence of practices intended to discourage applications for the types of credit set forth in the bank's CRA statement.

**Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.**

Adirondack is in compliance with the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, the Fair Housing Act, and any agency regulations pertaining to nondiscriminatory treatment of credit applicants.

**V. 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**

Adirondack's ascertainment efforts are carried out through contacts with existing and prospective customers and local and county wide organizations. Substantial participation in community development activities have resulted through these contacts.

**Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing performance with respect to the purpose of the Community Reinvestment Act.**

Adirondack has an effective CRA program in place that includes the participation of senior management and the board of directors in community outreach, formulation of policy and responsibilities, and the ongoing review of the bank's CRA efforts.

## **METROPOLITAN STATISTICAL AREA ANALYSIS**

CONCLUSIONS WITH RESPECT TO THE ASSESSMENT FACTORS THAT DEAL WITH PERFORMANCE: The categories that deal with the CRA process as well as demographics and economic factors that existed at the time of this examination are discussed on pages 15-19.

### **MSA 0160 (ALBANY-SCHENECTADY-TROY, NY)**

Adirondack strongly supports community development programs and initiatives in most of MSA 0160. A review of home purchase and refinancing mortgage activity shows the bank is lending throughout this MSA, including moderate-income census tracts. However, some weakness was noted in residential mortgage lending in moderate-income census tracts. The bank has not opened or closed any branches since last examination.

#### **I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institutions participation including investments in local community development projects and programs.**

Adirondack strongly supports community development programs and initiatives throughout its delineation. At this examination, Adirondack had a total of \$2.7 million representing lending and investments. In addition, \$10 thousand was allocated for grants and contributions in support of affordable housing and economic development since last examination. New commitments since the last examination constitute \$2.1 million or 76.7 percent of overall commitments.

#### **II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extension's, credit application's, and credit denials.**

#### **HMDA LENDING ACTIVITY**

Overall, the analysis demonstrates a high percentage of lending within and throughout the bank's delineation. Adirondack has made a reasonable effort to help serve the credit needs of moderate-income communities. On a demand-adjusted basis, Adirondack generally received and approved an equal number of HMDA loans in moderate-income areas as well as in non-moderate-income areas. However, residential mortgage lending was somewhat stronger in non-moderate-income census tracts than in moderate-income census tracts.

#### **SMALL BUSINESS LENDING ACTIVITY**

Overall, Adirondack's small business lending activity was very strong. Of the business loans geocoded,

88.3 percent (499 of 565) were made within Adirondack's delineation. Adirondack increased its business lending in moderate-income geographies since the last examination. Originations of small business loans in moderate-income census tracts represented 10.2 percent of the geocoded sample compared to 8.0 percent at last examination.

**Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.**

Adirondack's services, through its branch and automatic teller machine ( ATM ) network, are accessible to all segments of its delineated community. Adirondack maintains five branches, with the main office and two branches located in the City of Saratoga Springs and one branch each in the towns of Malta and Wilton. One branch office and two of the free standing ATMs are located in low-and moderate-income geographies. There have been no branch openings or closings since the last examination.

**CONCLUSIONS WITH RESPECT TO ASSESSMENT FACTORS AND CRITERIA THAT PERTAIN SOLELY TO THE CRA PROCESS, DEMOGRAPHICS, AND ECONOMIC FACTORS:**

**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**

Adirondack's ascertainment efforts are carried out through contact with existing and prospective customers and with local and county wide civic, charitable, economic development and social service organizations.

All of Adirondack's directors and officers live within the bank's delineated community, many of which are active in a wide range of organizations involved in education, small business development, economic development, affordable housing development and preservation and social service. Adirondack has a working relationship with a the following community development organizations: Saratoga Springs Community Revolving Loan Program, Saratoga County Affordable Housing Coalition, Saratoga County Rural Preservation Foundation, Saratoga Convention and Tourism Bureau, New York State Business Development Corporation, Economic Opportunity Council of Saratoga County and business and trade organizations covering Malta, Wilton, Saratoga Springs and Saratoga County in general.

In addition, bank officers regularly meet with civic and government officials, real estate brokers, real estate developers, real estate contractors, and many other business owners representing all segments of the bank's business community, to discuss their credit needs. Management also attends and participates in meetings and seminars that enhance their understanding of community credit needs.

Specific community development credit needs identified through management's ascertainment efforts resulted in loan commitments as detailed on page 5, Section V, Assessment Factor H.

**Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing performance with respect to the purpose of the Community Reinvestment Act.**

Adirondack's Board of Directors ( board ) is involved in the bank's CRA policy development and oversight. The board members' participation in CRA- related activities is evidenced by both their ongoing personal involvement in a number of community organizations, and their formulation and oversight of the bank's CRA efforts.

The bank's President and Chief Executive Officer, the Executive Vice President, the Marketing Director, and CRA officer are members of the bank's board and of the CRA Committee. Their dual membership status enables these officers to keep the full board informed of the bank's CRA efforts. The CRA Committee's eight members also include four officers representing the major lending areas of the bank. The CRA committee met six times since the last examination to review: 1) officer calls and contacts made with not-for-profit organizations; 2) the bank's CRA Policy, Statement and Public Notice; 3) the Branch Closing Policy; and 4) new CRA regulations.

### **III. 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.**

Adirondack's marketing efforts are effective. The bank employs mass media and personal contact to reach individuals in its delineated community, including those living in moderate-income areas, as to the availability of credit products and services. The bank uses brochures available in its banking offices to market home equity lines of credit, auto, student and home mortgage loans. Although the bank does not have a business calling program, significant business lending activity throughout Adirondack's delineation reflects the business community's awareness of credit services offered by the bank.

The Saratogian, the only local daily publication, is the primary print medium used for advertising. Since the last examination, the bank has marketed automobile loans, and home equity lines of credit in this newspaper. Home equity and automobile loan ads are run in each monthly issue of Poor Richard's newspaper. Advertisements with a listing of consumer credit products offered by Adirondack are regularly placed in the Saratoga Moneysaver, a weekly newspaper distributed throughout Saratoga County. In addition, image ads are run in Maturity Today and in the Saratoga Business Review.

Adirondack advertises locally on several television stations and runs four to five commercials daily which alternate between general image advertisements and consumer credit advertisements.

Adirondack advertises on an adult contemporary radio station based in Malta. The bank aired four radio spots each day promoting mortgages, home equity or home improvement loans.

The bank places its name in local journals or programs for special events which are sponsored by civic, social, and charitable organizations.

### **III. COMMUNITY DEVELOPMENT**

**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.**

#### **SUMMARY OF INSTITUTION'S OPERATIONS IN SARATOGA COUNTY**

As previously mentioned, Adirondack's headquarters is located in Saratoga Springs, which is part of MSA 0160. At June 30, 1996, the bank's assets totaled \$331 million.

The retail consumer and commercial businesses in which the bank operates are competitive. Competition is provided by both unregulated and regulated financial services organizations, whose products and services span the local, regional and national markets in which the bank conducts operations.

#### **COMMUNITY PROFILE**

The following information was obtained from sources that include the U.S. Department of Commerce - Bureau of the Census, The New York State Department of Labor, The New York State Department of Economic Development, and discussions with community organizations contacted as part of this examination. Housing, income and population data was obtained from the 1990 Census Data.

Adirondack's delineation has a population of 85.2 thousand of which 15.1 percent (12,857) reside in moderate-income census tracts. The bank has no low-income census tracts within its delineation. Between 1980 and 1990 Saratoga County gained 27.5 thousand people, including a net of 14.5 thousand households. Moreover, between this time period the number of jobs grew by almost 26.5 thousand.

Saratoga County is a bedroom community to the Albany-Schenectady-Troy areas with almost 53 percent of the work force commuting outside the county for employment. The county is still primarily rural with the county's population centered around Saratoga Springs, and to a lesser extent, in Ballston Spa and Malta. Almost 28 thousand residents live in Saratoga Springs, the county's largest city.

#### **HOUSING**

The bank's delineation contains 31.4 thousand housing units having a median housing age of 18 years which is less than the MSA's median housing age of 40 years. Of the total housing units, 69.1 percent (or 21.7 thousand ) are owner-occupied, slightly above the MSA's percentage. Furthermore, 76 percent of housing units are one- to four family unit structures and 15.4 percent are mobile homes. The median housing value of \$100 thousand is \$1 thousand above the MSA's median housing value. Housing stock is generally in good condition.

The delineation contains 9.6 thousand rental units having a median rent of \$497 as compared to \$457 for the MSA. Over 47 percent of rental units rent for less than \$500 a month. At slightly above the MSA's average, 38.5 percent of renters devote more than 30 percent of their gross income to rent.

New housing construction in the MSA has been declining for the past few years. In 1995, 2,089 housing permits were issued as compared to 3,063 for 1992. Multi-family construction increased to 701 in 1995 from 438 in 1994. There were 402 firms in the construction industry employing almost 4,400 people in 1994. Bank management stated that residential housing values have remained at 1992 levels while the average time period needed to sell a home has increased.

## EMPLOYMENT

The number of employed workers in Saratoga County totaled 95.7 thousand in April 1996, representing a 0.5 thousand decline from April 1995. The unemployment rate for Saratoga County declined to 4.5 percent as of April 1996 from 4.6 percent a year earlier.

Only 3,600 of 19,700 businesses establishments in the MSA are located in Saratoga County. There is a diversity of employment in Saratoga County, as evidenced by only 8 businesses establishments employing 500 or more employees. The top employer in Saratoga County is the General Electric Corporation with 1,800 employees. Within Adirondack's delineation, Martin Marietta, Quad Graphics, General Dynamics, Saratoga Hospital and Skidmore College are the major private employers, employing 750 or more employees.

The work force is dominated by the service industries and government employment. Employment from farming, manufacturing and construction has been declining for a number of years. As of 1994, manufacturing and construction employment accounted for 10.2 and 5.9 percent, respectively, of the work force. Tourism is one of the primary industries in Saratoga County.

**Assessment Factor L - Any other factor that, in the regulatory authority's judgement, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.**

As of August 31, 1996, outstanding municipal investments within the bank's delineation was 53.7 percent (or \$11.8 million) of the total municipal securities portfolio.

The bank holds seven industrial revenue bonds with an outstanding balance of \$2.3 million, with \$2.0 million to businesses located within the bank's delineation. The issuance of industrial revenue bonds by

municipalities significantly declined several years ago due to changes to the tax codes.  
Adirondack's support of affordable housing and economic development totaled \$10 thousand since last examination.

**APPENDIX A  
 SCOPE OF EXAMINATION**

<b>SCOPE OF EXAMINATION : FULL SCOPE EXAMINATION INCORPORATING TRADITIONAL GUIDELINES</b>			
<b>TIME PERIOD REVIEWED</b>	10/1/94 TO 9/30/96		
<b>FINANCIAL INSTITUTION</b> <u>The Adirondack Trust Company</u>			<b>PRODUCTS REVIEWED</b>  <u>Business, Mortgage, and Home Improvement Loans</u>
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>  New York  <u>MSA 0160 (Albany-Schenectady-Troy, NY)</u>	<b>TYPE OF EXAMINATION</b>  <u>On - site</u>	<b>BRANCHES VISITED</b>  <u>2</u>	<b>OTHER INFORMATION</b>  <u>Loan products are offered in all areas.</u>