

**PUBLIC DISCLOSURE**

January 7, 2002

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**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**COMMUNITY BANK OF BERGEN COUNTY  
RSSD No. 275509  
125 WEST PLEASANT AVENUE  
MAYWOOD, NEW JERSEY 07607**

**FEDERAL RESERVE BANK OF NEW YORK**

**33 LIBERTY STREET  
NEW YORK, N.Y. 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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## INSTITUTION

**INSTITUTION'S CRA RATING:** Community Bank of Bergen County is rated "SATISFACTORY."

For the examination period of January 12, 1998, through January 7, 2002, the satisfactory performance of Community Bank of Bergen County ("CBBC") with regard to the Community Reinvestment Act ("CRA") is based on the following performance criteria:

- The bank's loan-to-deposit ratio was more than reasonable.
- The majority of loans were made in the assessment area.
- The distribution of loans to borrowers of different income levels, including low- and moderate-income ("LMI") individuals, and to businesses of different sizes was reasonable.
- The geographic distribution of loans in the assessment area was reasonable.

### DESCRIPTION OF INSTITUTION

CBBC was established in 1928 and is a full-service, retail-oriented financial institution headquartered in the borough of Maywood in Bergen County. The bank operates two full-service branches, one in Maywood, New Jersey, and another in Rochelle Park, New Jersey. The bank is not owned by a bank holding company nor is it affiliated with any other financial institution.

CBBC offers a variety of consumer and commercial products. As of Sept. 30, 2001, the bank's total assets were \$210 million, with gross total loans of \$145 million. The largest loan concentration (\$136 million or 94 percent) was real estate-related and included \$120 million in residential mortgage loans (83 percent of all loans). Consumer loans totaled \$5 million (3 percent of all loans), and commercial and industrial loans totaled \$4 million (3 percent of all loans).

There are no financial or legal impediments preventing CBBC from servicing the credit needs of the consumers and small businesses in its assessment area.

### DESCRIPTION OF THE BANK'S ASSESSMENT AREA

CBBC's assessment area is located in central Bergen County, New Jersey, which is part of Primary Metropolitan Statistical Area ("PMSA") 0875 (Bergen-Passaic, NJ). The assessment area is entirely suburban and includes the boroughs of Paramus, Lodi and Maywood; the townships of Rochelle Park and Saddle Brook; and the cities of Garfield and Hackensack.

A map illustrating CBBC's assessment area is on page BB9.

## PERFORMANCE CONTEXT

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

### Demographic Characteristics

The assessment area contains 29 census tracts, which include 10 moderate-income tracts, 16 middle-income tracts and 3 upper-income tracts. None of the census tracts are low-income. Six of the ten moderate-income tracts are in Garfield, and they represent all the tracts in that city. Three of Lodi's four census tracts are moderate-income, and one of Hackensack's tracts is moderate-income.

According to the 1990 Census, the population in the assessment area is 139,588, which is only 11 percent of the PMSA's population. Thirty-seven percent of the assessment area population resides in moderate-income tracts, 54 percent in middle-income tracts, and 9 percent in upper-income tracts.

Of the 36,716 households that are families in the bank's assessment area, 22 percent are low-income, 21 percent are moderate-income, 26 percent are middle-income, and 31 percent are upper-income. Of the 54,902 households in the bank's assessment area, 26 percent are low-income and 19 percent are moderate-income. According to the 1990 Census, the median family income of the assessment area is \$47,804, compared with \$52,659 for PMSA 0875 (Bergen-Passaic, NJ). The 2001 HUD adjusted median family income of PMSA 0875 (Bergen-Passaic, NJ) is \$74,600.

### Housing Characteristics

Of the 57,457 housing units in the assessment area, 29,095 (51 percent) are owner-occupied, and 27,738 (45 percent) are rental units. The owner-occupied percentage is lower than the rate of 61 percent for PMSA 0875 (Bergen-Passaic, NJ) and the New Jersey State rate of 59 percent. Within moderate-income census tracts, 39 percent of the housing units are owner-occupied. Most housing units in the moderate-income census tracts are rentals. Most of the housing stock in the assessment area (70 percent) are one- to four-family residential dwellings. The 2000 Census indicates that the median value of a house in Bergen County is \$250,300.

### Labor, Employment and Economic Characteristics

Of the primary types of employers in Bergen County, the service segment was the largest as of 1995 with 177,972 jobs (33 percent), followed by retail (15 percent) and manufacturing (14 percent). The economic conditions in Bergen County are stable. According to 2000 data from

the U.S. Bureau of Labor Statistics, the annual average unemployment rate in Bergen County was 3.1 percent. This rate is a bit lower than the New Jersey state rate, which was 3.8 percent.

Non-farm business establishments in the bank's assessment area total 10,053, of which 81 percent have gross annual revenues ("GAR") of \$1 million or less. The ten moderate-income census tracts in CBBC's assessment area contain 2,460 non-farm business establishments. Of the 2,460 non-farm business establishments in the moderate-income census tracts, 99 percent have GAR of \$1 million or less.

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

The "satisfactory" rating is based on an assessment of the bank's core performance criteria. For the performance levels related to lending, income and geographic distribution, a sample of 358 loans originated between January 1, 2000, and September 30, 2001, was analyzed. The sample includes 166 consumer loans, 117 loans reported under the Home Mortgage Disclosure Act ("HMDA"), and 75 small business loans.

#### **Loan-to-deposit Ratio**

CBBC's loan-to-deposit ratio was more than reasonable given the bank's size, financial condition, and the credit needs of its assessment area. The bank's average loan-to-deposit ratio for the four most recent quarters ending September 30, 2001, was 77.3 percent, based on information contained in its Consolidated Report of Condition and Income. This ratio was comparable to the national peer average of 76.9 percent as of September 30, 2001, and exceeds the regional peer group average of 65 percent for banks of similar size.

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

CBBC originated most of its loans within its assessment area. Of the total number of loans sampled, 64 percent were originated in the bank's assessment area. Of the HMDA-related loans, 66 percent were originated in the bank's assessment area, while 61 percent of consumer loans and 69 percent of the small business loans were originated in the bank's assessment area.

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

Overall CBBC's record of lending to borrowers of different income levels, including LMI individuals, and businesses of different sizes was reasonable given the demographics of the bank's assessment area. An analysis of the lending distribution in each loan category follows:

**EXHIBIT 1**  
**Distribution of Loans in Assessment Area**  
**By Income Level of Borrower**  
January 2000 - September 30, 2001

	HMDA-RELATED	CONSUMER	TOTAL
<b>LOW-INCOME:</b> Less than 50% of Median Income			
Number	11	24	35
Percentage	14%	24%	20%
Amount (\$)	\$563,000	\$203,600	\$766,600
Percentage	11%	10%	11%
<b>MODERATE-INCOME:</b> At least 50% & less than 80% of Median Income			
Number	8	28	36
Percentage	10%	28%	20%
Amount (\$)	\$484,000	\$407,980	\$891,980
Percentage	10%	20%	13%
<b>MIDDLE-INCOME:</b> At least 80% & less than 120% of Median Income			
Number	26	24	50
Percentage	34%	24%	28%
Amount (\$)	\$1,618,000	\$431,100	\$2,049,100
Percentage	32%	21%	29%
<b>UPPER-INCOME:</b> 120% or more of Median Income			
Number	32	25	57
Percentage	42%	25%	32%
Amount (\$)	\$2,394,000	\$971,481	\$3,365,481
Percentage	47%	48%	47%

**EXHIBIT 2**  
**Distribution of Loans in Assessment Area**  
**By Size of Business**  
January 2000 - September 30, 2001

**SMALL BUSINESS LENDING SUMMARY**

Number of loans to businesses	Number of loans to small businesses*	% of loans to small businesses	\$ amount of loans to businesses	\$ amount of loans to small businesses*	% of \$ amount of loans to small businesses*
25	24	96%	\$2,640,500	\$2,520,500	95%

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

### HMDA-related Loans

The bank's HMDA-related lending to borrowers of different income levels was reasonable. As shown in Exhibit 1, loans to LMI borrowers accounted for 24 percent of the loans sampled while LMI families represent 43 percent of all families in the assessment area. Loans to low-income borrowers totaled 14 percent and loans to moderate-income borrowers totaled 10 percent of the loans sampled. The ratio of lending to low-income families adequately reflects the assessment area's demographics, which indicate that 22 percent of the families are low-income. The ratio of lending to moderate-income families was weak compared with the demographics of the assessment area, which show 21 percent of the families are moderate-income.

### Consumer Loans

The bank's consumer lending to borrowers of different income levels was excellent. Exhibit 1 shows that loans to LMI borrowers totaled 52 percent of the loans sampled while LMI families represent 43 percent of all families in the assessment area. Loans to low- and moderate-income borrowers accounted for 24 and 28 percent of the loans sampled, respectively. These ratios compare favorably with the demographics of the assessment area, which indicate that 22 percent of all families are low-income and 21 percent of families are moderate-income.

### Small Business Loans

The bank's lending to businesses with revenues of \$1 million or less was excellent. As shown in Exhibit 2, 96 percent of the loans sampled were made to such businesses. This ratio compared favorably with the percentage of non-farm business establishments (81.4 percent) in CBBC's assessment area that have GAR of \$1 million or less.

Approximately 56 percent of small business loans originated by CBBC during the examination period were for \$100 thousand or less. The average loan size was \$54 thousand, an amount that would meet the credit needs of smaller businesses.

### Geographic Distribution of Loans

Overall, CBBC's geographic distribution of loans was considered reasonable given the demographics of the bank's assessment area. The distribution of lending for each loan category is analyzed as follows:

#### HMDA-related Loans

The geographic distribution of the bank's HMDA-related lending was reasonable. Of the 77 sampled HMDA-related loans originated in the bank's assessment area, 16 loans (21 percent) were originated in moderate-income census tracts. In comparison, 28.4 percent of owner-occupied housing units in the assessment area are located in moderate-income census tracts.

Consumer Loans

The geographic distribution of the bank's consumer loans was poor. Of the 101 sampled consumer loans originated in the bank's assessment area, 11 percent were originated in moderate-income census tracts. In comparison, 37 percent of the assessment area households and population reside in moderate-income tracts.

Small Business Loans

The geographic distribution of small business loans was excellent. Of the 52 sampled small business loans originated in the bank's assessment area, 25 percent were originated in moderate-income census tracts. This ratio is comparable to the number of non-farm business establishments in moderate-income census tracts totaling 24 percent of the business establishments in the assessment area.

Response to Complaints

CBBC received no complaints relating to the bank's CRA performance, and no complaints have been filed with the Federal Reserve Bank of New York since the previous examination.

No credit practices that violated the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, were identified that would have an impact on CBBC's CRA rating.



## CRA APPENDIX A

### GLOSSARY

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act ("HMDA"):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Metropolitan area ("MA"):** Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

# Community Bank of Bergen County

Assessment Area

1/1/2000 -9/30/2001

Bergen

