



**NEW YORK STATE BANKING DEPARTMENT  
CONSUMER SERVICES DIVISION**

2 Rector Street  
New York, NY 10006

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** January 1, 2001

**Institution:** Canisteo Savings & Loan Association  
1 Main Street  
PO Box 37  
Canisteo, NY 14823

**Note:** This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Canisteo Savings & Loan Association (“Canisteo” or “the Association”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of January 1, 2001.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

## OVERVIEW OF INSTITUTION'S PERFORMANCE

Canisteo Savings and Loan Association is rated "2", indicating a satisfactory record of helping to meet community credit needs. This rating is based primarily on the following:

- *Loan-to-Deposit Ratio:* Canisteo's average loan to deposit ratio for the evaluation period was 67.7%, a ratio deemed reasonable for a community savings and loan of this size.
- *Proportion of Lending in Assessment Area:* Canisteo originated 80% of its mortgage loans within its assessment area during the evaluation period, reflecting a satisfactory level of performance.
- *Geographic Distribution of Lending:* Canisteo originated one loan (8.3%) for \$8 thousand (2.1%) in an LMI geography within its assessment area during the evaluation period. The Association's geographic distribution of lending based on census tract income is adequate.
- *Distribution of Lending by Borrower Income:* During the evaluation period, Canisteo originated two loans (16.6%) totaling \$54 thousand (14.1%) to moderate-income borrowers within its assessment area. This represents an adequate level of performance.
- *Complaints:* Neither Canisteo nor the New York State Banking Department received any written complaints with respect to the Canisteo's CRA performance during the evaluation period.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

## PERFORMANCE CONTEXT

### **Institution's Profile:**

Organized in 1921, Canisteo Savings and Loan Association ("Canisteo") has one office, located in the Village of Canisteo, in Steuben County.

Canisteo was organized as and continues to be a residential real estate lender to the area's residents. Its product line is limited and includes home mortgage, home improvement, and passbook loans.

As of December 31, 2000, the institution's assets totaled \$5.8 million. The Association reported total net loans of \$3.4 million, or 58.6% of total assets, and cash and due from banks totaling \$2.3 million, or 39.6% of total assets. Canisteo derives its funding from deposits, which totaled \$5.1 million, and has not used borrowed funds as a source of funding. As of the evaluation date, the Association had a loan-to-deposit ratio of 66.3%.

The following chart illustrates Canisteo's loan portfolio on the evaluation date and at year-end 1999.

<b>TOTAL GROSS LOANS OUTSTANDING</b>				
LOAN TYPE	12/31/2000		12/31/1999	
	\$000	%	\$000	%
Residential Mortgage Loans	2,458	72.1	2,470	68.2
Commercial Mortgage Loans	766	22.5	868	24.0
Construction Loan		0.0	114	3.1
Consumer Loans	186	5.5	172	4.7
Agricultural Loans		0.0		0.0
Other Loans		0.0		0.0
<b>Total Gross Loans</b>	<b>3,410</b>	<b>100.0</b>	<b>3,624</b>	<b>100.0</b>

Except for the Association's size, there are no legal or financial impediments that adversely impact its ability to help meet the credit needs of its assessment area.

### **Assessment Area:**

Canisteo's assessment area is comprised of the western portion of Steuben County and the eastern portion of Allegany County, in the southern edge of New York State. The area is a combination of rural, small towns and small city communities. It is composed of 16 block numbering areas (BNAs), of which three are moderate-income (19%), 12 are

middle-income(75%) and one is an upper-income area(6%). There are no low-income or zero-income geographies in the assessment area.

Based on 1990 census data, the assessment area had a population of 61 thousand, of which 23.3% were under the age of 16 and 13.7% were over 65.

There were 15.2 thousand families in the area including 3.2 thousand (21.3%) low- income families, 3.1 thousand (20.3%) moderate-income, 3.8 thousand (24.7%) middle-income and 5.1 thousand (33.7%) upper-income families. There were 21.3 thousand households in the area, including three thousand (14.0%) that had incomes below the poverty level.

In 1990, the median family income for the MSA/non MSA was \$31.5 thousand. The 2000 estimated median family income for the MSA/non MSA was \$40.3 thousand.

In 1990, there were 24.6 thousand housing units of which 19.3 thousand (78.2%) were 1-4 family units, 1.1 thousand (4.4%)% were multifamily units and 3.6 thousand (14.6%) were mobile homes. Sixty-two point three percent (15.3 thousand) of the units were owner-occupied, 24.3%(6.0 thousand) were renter occupied and 13.4% ((3.3 thousand) were vacant. The weighted-average housing value as per 1990 census was \$41 thousand and the median age was 41 years.

The assessment area appears reasonable based upon the location of the bank's office and it's lending patterns. There is no evidence that LMI areas were arbitrarily excluded.

## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

Canisteo's performance for the fourth quarter of 1999 and full year 2000 was evaluated under the small bank performance standards, which include the following: (1) Loan-to-Deposit Ratio; (2) Proportion of Lending in the Assessment Area; (3) Geographic Distribution of Lending; (4) Distribution of Lending by Borrower Income; and (5) Action Taken in Response to Written Complaints Regarding CRA.

Canisteo offers a limited variety of lending products including:

- Home mortgage loans
- Home improvement loans
- Savings loans.

The Association does not participate in any governmentally-insured, guaranteed or subsidized loan programs for housing, small business or small farms.

### **Loan-to-Deposit Analysis**

Canisteo's average loan-to-deposit ratio for the five quarters ending December 31, 2000 was 68.0%. This ratio is satisfactory for a community bank of this size, business strategy and location.

### **Proportion of Lending Within Assessment Area**

Canisteo's proportion of lending within its assessment area is satisfactory. During the evaluation period, the Association made 15 home mortgage loans totaling \$452 thousand, of which 12 loans (80%) totaling \$384 thousand (85%) were made within the assessment area. During the evaluation period, the Association also made one home improvement loan for \$8.0 thousand and this loan was made within the assessment area.

### **Geographic Distribution of Lending**

The Association's geographic distribution of its lending based on census tract income is adequate.

The following chart shows the geographic distribution of mortgage loans originated by Canisteo during the evaluation period:

GEOGRAPHIC DISTRIBUTION OF MORTGAGE LOANS ORIGINATED								
Geography Income Levels	4 <sup>th</sup> Quarter of 1999				FY 2000			
	#	# (%)	\$ (M)	\$ (%)	#	# (%)	\$ (M)	\$ (%)
Low								
Moderate	1	100	8	100	0	0	0	
Middle	0				11	100	376	100
Upper	0							
TOTAL	1	100	\$8	100	11	100	\$ 376	100

Of the 12 mortgage loans originated by Canisteo within its assessment area, one loan (8.3%) for \$8 thousand (2.1%) was originated in an LMI geography. The remaining 11 loans (91.7%) totaling \$376 thousand (97.9%) were originated in middle-income geographies. The one home improvement loan extended by the Association was made in a middle-income geography

The loans were dispersed among six BNAs, or 38% of the BNAs within the assessment area. As noted above, 19% of the BNA's in the bank's assessment area are LMI. Approximately 16% of owner-occupied housing units in the bank's assessment area are located in such areas.

### **Borrower Distribution of Lending**

Canisteo's distribution of loans based on borrower income is adequate.

The following chart shows the distribution of mortgage loans originated by the Association during the evaluation period, based on the income of the borrower:

DISTRIBUTION OF MORTGAGE LOANS ORIGINATED BY BORROWER INCOME								
Borrower Income Level	4 <sup>th</sup> Quarter 1999				FY 2000			
	#	# (%)	\$ (M)	\$ (%)	#	# (%)	\$ (M)	\$ (%)
Low								
Moderate					2	18	54	14
Middle	1	100	8	100	3	27	101	27
Upper					6	55	221	59
Total	1	100	\$ 8	100	11	100	\$ 376	100

Of the 12 mortgage loans originated within the assessment area during the evaluation

period, two loans (16.6%) totaling \$54.0 thousand (14.1%) were made to moderate-income borrowers, four loans (33.4%) totaling \$109 thousand (28.4%) were made to middle-income borrowers and six loans (50%) totaling \$221 thousand (57.5%) were made to upper-income borrowers. The one home improvement loan extended by the institution was made to a middle-income borrower.

As noted above, 41.6% of families in Canisteo's assessment area are LMI.

### **Action Taken In Response to Written Complaints With Respect to CRA**

Neither the Association nor the New York State Banking Department received any written complaints with respect to the association's CRA performance during the evaluation period.

### **Discrimination or Other Illegal Practices**

#### **Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.**

There were no practices noted that were intended to discourage applications for credit offered by the Association.

#### **Evidence of prohibited discriminatory or other illegal credit practices.**

The most recent regulatory compliance examination conducted concurrently with this evaluation indicates a satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulation. No evidence of prohibited discriminatory or other illegal credit practices was noted.

### **Process Factors**

#### **Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.**

To help in ascertain the credit needs of the community, Canisteo's Board of Directors and employees are active in the local community and work closely with the local government and planning board. The Association also maintains ongoing contact with several nonprofit organizations, including civic and cultural groups.

#### **The extent of the banking institution and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.**

In addition to advertising in the local newspaper, the Evening Tribune, Canisteo advertises in the local Penn-E-Saver that is distributed free, in an effort to reach the low- and moderate-income families and inform them of the credit services offered by the Association.

**The extent of participation by the banking institution's board of directors in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.**

Members of the board formulate Canisteo policies and business plans. Community credit needs and other CRA related matters are discussed during board meetings, as needed.

- **Other Factors**

**Other factors that in the judgement of the Superintendent and Banking Board, bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.**

None noted.

## GLOSSARY

### Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

### Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;
  - ❖ Developing secondary market vehicles or programs;
  - ❖ Assisting in marketing financial services, including the development of

- ❖ advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

### **Demand-Adjusted Penetration Rate**

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area.

Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

### **Demand-Adjusted Penetration Ratio**

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

### **Home Mortgage Disclosure Act (“HMDA”)**

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

### **Loans to Small Businesses**

Small business loans to businesses with gross annual revenues of \$1 million or less.

### **Low or Moderate Income (“LMI”) Geographies**

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

### **LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

### **LMI Individuals/Persons**

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

### **Small Business Loans**

Loans to businesses with original amounts of \$1 million or less.