



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY
OFF-SITE EVALUATION

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Date of Evaluation: January 1, 2003

Institution: Atlas Savings and Loan Association
689 Fifth Avenue
Brooklyn, NY 11215

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 off-site evaluation of the Community Reinvestment Act (“CRA”) performance of Atlas Savings and Loan Association (“Atlas”) 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, 2003.

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 (“LMI”) 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 of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Atlas is rated "3," indicating the bank needs to improve its record of helping to meet community credit needs. This rating is based on the following factors:

- The association's average LTD ratio for the eight consecutive quarters ended December 31, 2002 is 14.4%. This ratio is less than reasonable and still needs to improve although it is higher than the association's average LTD ratio of 10.5% at the prior evaluation.
- The association's assessment area concentration needs to improve. Atlas originated a majority of its HMDA-reportable loans outside of its assessment area. In 2001, only six of the association's 16 HMDA-reportable loans were within the assessment area. In 2002, four of the association's 10 loans were originated within the assessment area.
- The geographic distribution of the association's HMDA-reportable loans reflected poor dispersion throughout the assessment area. The limited number of loans originated by the association in its assessment area precludes a more favorable rating for this assessment factor.
- The distribution of loans among borrowers of different income levels is very poor. During the evaluation period, none of the loans the association originated in its assessment area were extended to LMI borrowers, and only one loan was extended to a middle-income borrower.
- Neither Atlas nor the New York State Banking Department has received any CRA-related complaints regarding the association's performance during the evaluation period.

This off-site 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:

Chartered in 1900, Atlas is a savings institution located in the Park Slope section of Brooklyn (Kings County). Atlas has a single location where it operates a full-service banking office equipped with an Automatic Teller Machine (ATM), and provides traditional banking products and services to consumers and small businesses. The association has not opened or closed any branches since the prior evaluation.

As per the Thrift Financial Report as of December 31, 2002, Atlas reported total assets of \$67.1 million, which were comprised of \$8.2 million (12.2%) in loans and \$48.7 million (72.6%) in mortgage backed securities. Total deposits for the same period amounted to \$50.8 million.

The institution offers a wide variety of credit products including:

- Residential mortgages
- Personal secured loans
- Commercial real estate loans
- Commercial loans

The following is a summary of the bank's loan portfolio, based on the Thrift Financial Report as of December 31, 2000, 2001 and 2002:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	2000		2001		2002	
	\$*	%	\$*	%	\$*	%
1-4 family residential real estate loans	5,592	89.43	6,445	91.13	7,756	94.18
Consumer Loans	1	0.02	0	0.00	2	0.02
Commercial loans	459	7.34	438	6.19	415	5.04
Multifamily mortgages	201	3.21	189	2.67	62	0.75
Total Gross Loans	6,253	100.00	7,072	100.00	8,235	100.00

* In thousands

As illustrated in the above chart, residential real estate lending is the association's primary product. As of the evaluation date, more than 94% of the loan portfolio was in residential real estate loans and that percentage has been increasing steadily over the years.

Atlas does not participate in any governmentally insured, guaranteed or sponsored loan programs, or offer any other special loan program because of the association's small size.

Atlas' competitors are a large number of financial institutions (approximately 200) within its assessment area, ranging from finance companies, mortgage bankers, credit unions, savings banks, and long established large commercial banks such as Citibank, Chase, HSBC and Green Point.

In the prior CRA performance evaluation conducted by the New York State Banking Department as of January 1, 2001, Atlas received a "Needs-to-Improve" rating of helping to meet community credit needs.

There are no financial or legal impediments noted that would adversely impact the institution's ability to meet the credit needs of its assessment area.

Assessment Area:

The assessment area consists of Kings County in its entirety (789 census tracts) including 321 (40.7%) LMI tracts, 302 (38.3%) middle-income tracts and 147 (18.6%) upper-income tracts. The assessment area also has 19 zero-income tracts. The assessment area is part of New York Metropolitan Statistical Area ("MSA") 5600.

Details of the Assessment Area

According to 1990 census data, the assessment area had a population of 2.3 million, including 1.4 million (59.7%) minorities. Of the total population, 286.9 thousand (12.5%) were over the age of 65 and 539.7 thousand (23.5%) were under the age of 16.

Of the total 563.3 thousand families within the assessment area, more than 281.6 thousand (50%) were LMI families, 106.6 thousand (18.9%) were middle-income families and 175.1 thousand (31.1%) were upper-income families.

Of total 873.7 thousand housing units in the assessment area, 404.7 thousand (46.3%) were 1-4 family residences and 455.7 thousand (52.2%) were multifamily units. Owner-occupied units totaled 215.8 thousand (24.7%) and rental units totaled 612.4 thousand (70.1%) of all housing units. Approximately 5.6% of all housing units were vacant or boarded up.

Of the 827.7 thousand households in the assessment area, 208.3 thousand (25%) received social security benefits, 131.7 thousand (15%) received public assistance and 178.1 thousand (21%) were living below the poverty level.

The weighted average median family income was \$31,470 and the weighted average of the HUD updated MSA median family income was \$62,800. The median age of the housing stock was 44 years and the median housing value was \$181,380.

There were 99.6 thousand businesses in the assessment area, of which 64.3 thousand (64.6%) had revenues of \$1 million or less, 5.3 thousand businesses (5.3%) had revenues of \$1 million or more, while more than 30 thousand businesses (30.2%) did not report revenue information.

While the largest percentage of businesses (31.5%) were in services, non-classified establishments accounted for 23.2%, retail trade accounted for 20%, finance, insurance

and real estate businesses accounted for more than 7%, while wholesale trade accounted for more than 5%.

The assessment area appears reasonable based upon the association's location and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

Atlas' performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities, (2) Assessment Area Concentration, (3) Geographic Distribution of Loans, (4) Distribution by Borrower Characteristics and (5) Action Taken in Response to Written Complaints regarding CRA.

The evaluation period covered calendar years 2001 and 2002. During the evaluation period, approximately 93% of the association's loans were HMDA-reportable residential mortgage loans; therefore, only HMDA-reportable loans were considered in evaluating factors (2), (3) and (4), as noted above.

The demographic data referred to in this report was obtained from the 1990 U.S. Census, with updated median family income figures provided by the U.S. Department of Housing and Urban Development ("HUD").

- **Loan-to-Deposit Ratio Analysis: "Needs-to-Improve"**

The association's average LTD ratio for the eight consecutive quarters ended December 31, 2002 was 14.4%, and is less than reasonable considering the association's size, financial condition and the credit needs of the assessment area. While this ratio is an improvement over the 10.5% average LTD ratio shown at the prior evaluation, it indicates a continued lack of responsiveness to community credit needs.

The following table shows quarterly percentages as well as the association's average LTD ratio:

Loan-to-Deposit Ratios									
	2001 (Q1)	2001 (Q2)	2001 (Q3)	2001 (Q4)	2002 (Q1)	2002 (Q2)	2002 (Q3)	2002 (Q4)	Average LTD
Atlas	12.09	12.71	13.68	14.50	14.58	15.05	16.27	16.17	14.39

- **Assessment Area Concentration: "Needs-to-Improve"**

A majority of the association's HMDA-reportable loans were originated outside of the assessment area. Refer to the chart below for details:

Distribution of HMDA-Reportable Loans Inside and Outside of the Assessment Area										
	Number of Loans					Dollar Volume (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2001	6	37.5	10	62.5	16	1,203	37.5	2,001	62.5	3,204
2002	4	40.0	6	60.0	10	760	32.6	1,568	67.4	2,328
Total	10	38.5	16	61.5	26	1,963	35.5	3,569	64.5	5,532

In 2001, of the 16 HMDA-reportable loans totaling \$3.2 million originated by Atlas, six loans (37.5%) totaling \$1.2 million (37.5%) were originated in the assessment area. In 2002, of the 10 HMDA-reportable loans totaling \$2.3 million originated by the association, four loans (40%) for \$760 thousand (32.6%) were originated in the assessment area.

- **Geographic Distribution of Loans: “Needs-to-Improve”**

The geographic distribution of HMDA-reportable loans reflects a poor distribution of loans within the assessment area. While LMI penetration ratios of 50% and 25% in 2001 and 2002, respectively, seem to indicate a satisfactory performance, the limited number of loans originated by the association in its assessment area precludes a more favorable rating for this assessment factor. The following chart summarizes the geographic distribution of the association’s HMDA-reportable loans.

Distribution of HMDA-Reportable Loans by Geography Income Level								
Geography Income Level	Atlas							
	2001				2002			
	#	%	\$(‘000)	%	#	%	\$(‘000)	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3	50.0	617	51.3	1	25.0	80	10.5
Middle	3	50.0	586	48.7	2	50.0	418	55.0
Upper	0	0.0	0	0.0	1	25.0	262	34.5
Total	6	100.0	1,203	100.0	4	100.0	760	100.0

Distribution by Borrower Characteristics: “Substantial Noncompliance”

The distribution of loans among borrowers of different income levels is very poor. In 2001, none of the loans the association originated in its assessment area were extended to LMI or middle-income borrowers. In 2002, none of the loans Atlas originated in the assessment area were extended to LMI borrowers, and only one loan was extended to a middle-income borrower.

The following chart provides a summary of the association's HMDA-reportable loan distribution based on borrower characteristics:

Distribution of HMDA-reportable Loans by Borrower Characteristics								
Borrower Income Level	Atlas							
	2001				2002			
	#	%	\$('000)	%	#	%	\$('000)	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	0	0.0	0	0.0	1	25.0	80	10.5
Upper	4	66.7	831	69.1	1	25.0	262	34.5
NA	2	33.3	372	30.9	2	50.0	418	55.0
Total	6	100.0	1,203	100.0	4	100.0	760	100.0

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

Since the prior CRA evaluation, neither the association nor the New York State Banking Department has received any written complaints regarding the association's CRA performance.

- **Discrimination and other Illegal Practices**

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

Examiners noted no practices that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. 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.

Atlas ascertains the credit needs of its local community mainly through association personnel 's involvement with various community organizations.

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

In addition to personal contacts of the association's employees with the members of the community, the association advertises regularly in local newspapers as well church bulletins and school journals. A brochure is included in all mail sent to customers.

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.

The board of directors takes an active role in formulating the association's CRA policies by reviewing the CRA statement annually to determine if any change is required. The board has appointed a CRA Officer, who is responsible for administering the association's technical CRA compliance and its performance programs. He reports to the association's president who in turn reports to the board.

- **Other Factors**

Other factors that in the judgment 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:

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- 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;

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- ❖ 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.

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.

LMI Penetration Rate

A number that depicts the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans to LMI geographies or borrowers.

Small Business Loans

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