

# **PUBLIC DISCLOSURE**

**February 22, 2010**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Community Bank of Bergen County  
RSSD No. 275509**

**18 Railroad Avenue  
Rochelle Park, New Jersey 07662**

**FEDERAL RESERVE BANK OF NEW YORK**

**33 LIBERTY STREET  
NEW YORK, N.Y. 10045**

**NOTE:** This document is an evaluation of this 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. 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.

**TABLE OF CONTENTS**

Institution's CRA Rating ..... BB1

Description of Institution ..... BB1

Description of the Bank's Assessment Area..... BB2

Scope of Examination.....BB2

Performance Context ..... BB2

Conclusions With Respect to Performance Criteria ..... BB4

Fair Lending or Other Illegal Credit Practices Review.....BB8

Appendices

    CRA Appendix A: Glossary ..... BB9

    CRA Appendix B: Map of Assessment Area .....BB11

**INSTITUTION'S CRA RATING:** Community Bank of Bergen County (“CBBC”) is rated “SATISFACTORY.”

Major factors supporting the rating are:

- A majority of loans were made in the assessment area.
- The bank’s loan-to-deposit ratio was reasonable.
- The overall distribution of loans to borrowers of different incomes and businesses of different sizes reflects reasonable penetration.
- The overall geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

**DESCRIPTION OF INSTITUTION**

CBBC is a full-service, retail-oriented financial institution headquartered in the borough of Maywood in Bergen County, New Jersey. The bank operates four full-service branches, all in Bergen County, which include branches in Maywood, Rochelle Park, Fair Lawn, and Garfield. CBBC is not owned by a holding company nor is it affiliated with any other financial institution.

CBBC offers a variety of deposit and loan products to consumers and businesses. As of December 31, 2008, the bank’s total assets were \$300 million, with total deposits of \$270 million and gross total loans of \$211 million.

The following table shows the composition of CBBC’s loan portfolio according to the Consolidated Reports of Condition and Income:

<b>Loan Portfolio Summary</b>		
<b>LOAN TYPE</b>	<b>DOLLAR AMOUNT*</b> (‘000s)	<b>PERCENT OF TOTAL</b>
Commercial / Industrial & Non Farm Non Residential Real Estate	54,463	26
Construction & Land Development	19,369	9
Secured by 1-4 Family Residential Real Estate	131,290	63
Multifamily	2,843	1
Consumer	2,691	1
Other	46	0
<b>Total Gross Loans and Leases</b>	<b>210,702</b>	<b>100</b>

\*Data as of December 31, 2008

There are no financial or legal impediments preventing the bank from serving the credit needs of its assessment area. CBBC received a satisfactory rating at the prior CRA examination, dated February 6, 2006, conducted by the Federal Reserve Bank of New York.

## **DESCRIPTION OF THE BANK'S ASSESSMENT AREA**

CBBC's assessment area consists of all of Bergen and Passaic Counties in New Jersey, which is part of the New York-White Plains-Wayne, NY-NJ Metropolitan Division (MD 35644). The assessment area was recently expanded to include all of both counties. The assessment area is in compliance with the requirements of Section 228.41 of Regulation BB.

A map illustrating CBBC's assessment area is in Appendix B.

## **SCOPE OF EXAMINATION**

CBBC was examined using the Federal Financial Institutions Examination Council's ("FFIEC") Interagency CRA Examination Procedures for Small Institutions. In order to evaluate lending performance, including borrower and geographic distribution, a sample of 396 loans originated between October 1, 2005 and December 31, 2008 was analyzed. The sample included 56 consumer loans, 275 loans reported under the Home Mortgage Disclosure Act ("HMDA") and 65 small business loans.

## **PERFORMANCE CONTEXT**

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the U.S. Department of Labor, and the National Association of Realtors.

### *Demographic Characteristics*

Bergen County is a growing area. According to the 2000 Census, the county's total population is almost 900,000. Bergen County is also one of New Jersey's most densely populated counties, as it represents approximately 10% of the state's total population. It is characterized as a mix of urban and dense suburban areas. The largest cities in the county are Fort Lee and Hackensack. Passaic County borders Bergen County, and the primary cities in Passaic County include Passaic, Paterson, and Hawthorne. The total population of Passaic County according to the 2000 Census was 489,049.

Bergen and Passaic Counties have significant senior citizen populations. The 2000 Census reports that 15% of Bergen County residents and 12% of Passaic County residents are age 65 or older, as compared to the population of residents 65 or older in the State of New Jersey, which is 13%. Older populations are less likely to need home purchase mortgages. Community contacts discussed the substantial senior presence in the counties, and noted that despite the affluence in Bergen County, some seniors have lower fixed incomes.

Income Characteristics

Bergen County has a 2008 median household income of slightly over \$82,136. HUD reported that the 2008 estimated median family income (“MFI”) of MD 35644 was \$86,900, showing a modest increase from \$84,000 in 2007. According to community contacts, while Bergen County is affluent, and while it does not have low- or moderate-income (“LMI”) census tracts, there are pockets of poverty and a large number of low- and moderate-income individuals distributed throughout the county.

Passaic County is less affluent than Bergen County. According to the U.S. Census Bureau, as of 2008, Passaic County’s median household income was \$56,552. There are 31 LMI tracts in Passaic County.

Housing Characteristics

Housing costs are expensive in Bergen and Passaic Counties as well as in the overall metropolitan division. The National Association of Realtors reports the median sales price of existing single family homes for the New York-White Plains-Wayne Metropolitan Division was \$494,000 in 2008, down from \$540,000 in 2007. Bergen County has a much higher median housing value of \$486,300 in 2008, compared with \$385,500 for Passaic County according to city-data.com.

Rents are also high in Bergen County. The 2000 Census reports that Bergen County’s median gross monthly rent is \$872, compared to \$747 for Passaic County. The median gross monthly rent for New Jersey, overall, was \$751. Community contacts noted that current rents are approximately \$1,200 a month, posing affordability difficulties for LMI individuals.

Housing in Bergen County tends to be old. The 2000 Census reports that 61% of the housing stock in Bergen County was built before 1960, indicating a need for home improvement loans. The 2000 Census report shows that 37% of housing stock in Passaic County was built before 1960.

Labor, Employment and Economic Characteristics

Unemployment in Bergen County is low, overall, compared with the State of New Jersey as shown in the table to the right. Passaic County’s unemployment rate is much higher than the State’s unemployment rate. Both counties experienced increased levels of unemployment in 2008 due to the deepening recession.

<b>U.S. DEPARTMENT OF LABOR ANNUAL UNEMPLOYMENT RATES</b>		
<b>Area</b>	<b>2007</b>	<b>2008</b>
Bergen County	3.4%	4.6%
Passaic County	5.2%	6.8%
State of New Jersey	4.3%	5.5%

See the following table for additional assessment area details.

<b>Assessment Area Demographics</b>								
<b>Assessment Area: Bergen and Passaic Counties</b>								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	7	2.8	4,746	1.3	1,667	35.1	43,961	12.3
Moderate-income	24	9.7	28,734	8.1	5,830	20.3	43,782	12.3
Middle-income	52	21.0	72,046	20.2	5,688	7.9	59,245	16.6
Upper-income	164	66.1	251,153	70.4	6,115	2.4	209,691	58.8
Unknown-income	1	0.4	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>248</b>	<b>100.0</b>	<b>356,679</b>	<b>100.0</b>	<b>19,300</b>	<b>5.4</b>	<b>356,679</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	7,627	524	0.2	6.9	6,569	86.1	534	7.0
Moderate-income	38,719	8,933	2.9	23.1	27,891	72.0	1,895	4.9
Middle-income	113,260	45,066	14.4	39.8	64,350	56.8	3,844	3.4
Upper-income	350,262	258,885	82.6	73.9	82,455	23.5	8,922	2.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>509,868</b>	<b>313,408</b>	<b>100.0</b>	<b>61.5</b>	<b>181,265</b>	<b>35.6</b>	<b>15,195</b>	<b>3.0</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	#	%	#	%	#	%	#	%
Low-income	1,389	1.8	1,182	1.7	109	1.4	98	4.8
Moderate-income	4,146	5.3	3,609	5.3	342	4.4	195	9.5
Middle-income	16,042	20.6	13,984	20.5	1,596	20.7	462	22.6
Upper-income	56,171	72.2	49,234	72.3	5,651	73.3	1,286	63.0
Unknown-income	54	0.1	43	0.1	10	0.1	1	0.0
<b>Total Assessment Area</b>	<b>77,802</b>	<b>100.0</b>	<b>68,052</b>	<b>100.0</b>	<b>7,708</b>	<b>100.0</b>	<b>2,042</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>87.5</b>			<b>9.9</b>	<b>2.6</b>

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

CBBC's overall satisfactory CRA rating is based on an assessment of the bank's core performance criteria under the FFIEC's small bank performance test as discussed below.

### Loan-to-Deposit Ratio

CBBC's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and the credit needs of its assessment area. The bank's ratio is, however, below the loan-to-deposit ratios for both national and local peer groups. The bank's average loan-to-deposit ratio for the twelve most recent quarters ending December 31, 2008, was 77%, based on information contained in its Consolidated Report of Condition and Income. This ratio was below the national peer average of 87% for similarly-situated banks, and was also below the average ratio of 91% for seven similarly-situated banks located in the assessment area during the same time period.

**Lending in the Assessment Area**

CBBC originated a majority of its loans, 83%, by number and 76% by dollar amount, in its assessment area. Specifically, 88% of its HMDA-related loans, 80% of its consumer loans, and 63% of its small business loans by number, were made within the assessment area as shown in the following table:

LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA October 1, 2005 – December 31, 2008								
Loan Type	Inside				Outside			
	#	%	\$ (‘000s)	%	#	%	\$ (‘000s)	%
Home Purchase	67	87	21,761	84	10	13	4,097	16
Refinancings	79	85	13,737	70	14	15	5,934	30
Home Improvement	89	90	5,176	88	10	10	688	12
Multifamily	6	100	1,717	100	0	0	0	0
<b>Total HMDA</b>	<b>241</b>	<b>88</b>	<b>42,391</b>	<b>80</b>	<b>34</b>	<b>12</b>	<b>10,719</b>	<b>20</b>
Consumer	45	80	539	81	11	20	125	19
Small Business	41	63	10,746	63	24	37	6,318	37
<b>All Loans</b>	<b>327</b>	<b>83</b>	<b>53,676</b>	<b>76</b>	<b>69</b>	<b>17</b>	<b>17,162</b>	<b>24</b>

**Distribution by Borrower Income and Revenue Size of Business:**

Lending performance in the assessment area relating to borrower distribution was reasonable overall, and reflected reasonable penetration among individuals of different income levels (including LMI) and businesses of different sizes. Opportunities to lend in the assessment area were limited by the cost of housing as the median sales price for homes in Bergen and Passaic Counties exceeded median family income for a low-income borrower by 12.4 times and for a moderate-income borrower by 7.8 times.

Borrower Distribution by Income: HMDA							
Product Type	Borrower income Levels	Bank Lending 2005 - 2008		Demographic	Aggregate Comparison		
		#	%	Families by Family Income	Bank Loans (2008)		Aggregate (2008)
				%	#	%	%
Home Purchase	Low	6	9.0%	12.3%	3	11.1%	0.5%
	Moderate	4	6.0%	12.3%	3	11.1%	3.5%
Refinance	Low	13	16.5%	12.3%	6	20.0%	0.8%
	Moderate	8	10.1%	12.3%	5	16.7%	4.0%
Home Improvement	Low	11	12.4%	12.3%	1	4.8%	2.4%
	Moderate	15	16.9%	12.3%	4	19.0%	6.3%

<b>Borrower Distribution by Income: Consumer</b>							
<b>Product Type</b>	<b>Borrower income Levels</b>	<b>Bank Lending 2005 - 2008</b>		<b>Demographic</b>	<b>Aggregate Comparison</b>		
				<b>Households by Household Income</b>	<b>Bank Loans (2008)</b>		<b>Aggregate (2008)</b>
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>
<b>Consumer</b>	Low	7	15.6%	15.9%	5	20.8%	N/A
	Moderate	8	17.8%	11.8%	3	12.5%	N/A

### **Low-income Borrowers**

HMDA lending performance to low-income borrowers was excellent. During the examination period, the bank made 9%, 17%, and 12% of its home purchase, refinance and home improvement loans, respectively to low-income borrowers, while 12% of the families in the MSA were low-income. Performance in 2008, the last year in the review period for which aggregate data was available, was significantly above the aggregate for all HMDA lending.

Consumer lending performance to low-income borrowers was also excellent. Sixteen percent of all consumer loans were to low-income borrowers while 16% of all households in the assessment area were low-income.

### **Moderate-income Borrowers**

HMDA-lending performance to moderate-income borrowers was reasonable. The bank extended 6%, 10% and 17% of its home purchase, refinance, and home improvement loans to moderate-income borrowers, respectively, while 12% of families in the MSA were of moderate-income. Performance in 2008, the last year in the review period for which aggregate data was available, was significantly above the aggregate for all HMDA lending.

Consumer lending performance to moderate-income borrowers was excellent. Eighteen percent of all consumer loans were to moderate-income borrowers while 12% of all households in the assessment area were moderate-income.

### **Small Business Lending**

The level of lending to small businesses was reasonable. CBBC made 93% of its small business loans to businesses with GAR of \$ 1 million or less, compared to 88% of business establishments in the MSA with GAR of \$1 million or less. Performance in 2008 was significantly above the aggregate, which made 25% of its small business loans to businesses with GAR of \$1 million or less.

During the review period, 39% of CBBC's total small business loans were in amounts of \$100,000 or less, an amount that is particularly responsive to the needs of small businesses. CBBC's performance in this regard was weaker in comparison to the aggregate.



In 2008, CBBC made 36% of its small business loans 's in amounts of \$100,000 or less, compared to the aggregate, which made 96% of its small business loans in amounts of \$100,000 or less.

<b>Small Business Lending to Small Business By Revenue and Loan Size</b>							
		Bank Lending 2005 - 2008		Demographic	Aggregate Comparison		
				Businesses with GAR <=\$1MM	Bank Loans (2008)		Aggregate (2008)
		#	%	%	#	%	%
<b>Revenues \$1 Million or Less</b>		38	92.7%	87.5%	20	90.9%	24.9%
<b>Loan Size</b>	\$100,000 or Less	16	39.0%	N/A	8	36.4%	96.4%
	\$100,000 - \$250,000	9	22.0%	N/A	1	4.5%	1.7%
	\$250,000 - \$1,000,000	16	39.0%	N/A	13	59.1%	1.9%

**Geographic Distribution of Loans**

Overall, CBBC's geographic distribution of loans was reasonable given the demographics of the bank's assessment area. There are no LMI geographies in Bergen County. LMI geographies in the bank's assessment area are only in Passaic County. A review of maps detailing the geographic distribution of loans revealed reasonable dispersion throughout the assessment area in geographies of different income levels.

<b>Geographic Distribution by Tract: HMDA</b>							
Product Type	Tract income Levels	Bank Lending 2005 - 2008		Demographic	Aggregate Comparison		
				Owner Occupied Housing Units	Bank Loans (2008)		Aggregate (2008)
		#	%	%	#	%	%
<b>Home Purchase</b>	Low	0	0.0%	0.2%	0	0.0%	0.5%
	Moderate	1	1.5%	2.9%	1	3.7%	4.3%
<b>Refinance</b>	Low	0	0.0%	0.2%	0	0.0%	0.4%
	Moderate	2	2.5%	2.9%	1	3.3%	5.5%
<b>Home Improvement</b>	Low	0	0.0%	0.2%	0	0.0%	0.1%
	Moderate	2	2.2%	2.9%	0	0.0%	3.1%

### Low-income Geographies

The bank did not make any loans in low-income tracts. While lending performance in low-income tracts was considered poor, opportunities to lend are limited by low levels of owner-occupied homes and the limited number of business establishments in the low-income tracts. The limited opportunities for lending in low-income geographies is confirmed by the performance of the aggregate, which made less than 1% of its HMDA and small business loans in these tracts.

### Moderate-income Geographies

CBBC's performance in moderate-income tracts was reasonable overall, as 2% of its home purchase, 3% of its refinance, and 2% of its home improvement loans were in moderate-income tracts. The demographics indicate that 3% of owner-occupied housing units are located in moderate-income tracts. Performance in 2008 was weaker than the aggregate, which made 4%, 6% and 3% of its home purchase, refinance and home improvement loans, respectively, in moderate-income tracts. Consumer lending performance was poor as CBBC did not make any consumer loans in moderate-income tracts, compared to 7% of all households residing in these tracts.

### Small Business Lending

Small business performance was reasonable overall, as 5% of CBBC's small business loans were in moderate-income tracts compared to 5% of business establishments located in moderate-income geographies. CBBC's performance overall and in 2008 exceeded the aggregate, which made 3% of its small business loans in moderate-income tracts in 2008.

Geographic Distribution by Tract: Small Business							
Product Type	Tract income Levels	Bank Lending 2005 - 2008		Demographic	Aggregate Comparison		
				Business Establishments	Bank Loans (2008)		Aggregate (2008)
		#	%	%	#	%	%
Small Business	Low	0	0.0%	1.8%	0	0.0%	0.7%
	Moderate	2	4.9%	5.3%	2	9.1%	3.4%

### Response to Complaints

CBBC received one complaint relating to the bank's CRA performance during the examination period which it placed in the public file in accordance with the requirements of the regulation.

### FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practice was identified as being inconsistent with helping to meet the credit needs of the assessment area.

## 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).

**Full-scope review:** Performance is analyzed considering performance context, quantitative factors and qualitative factors.

**Geography:** A census tract 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 the income of applications, the amount of loan requested, and the disposition of the application (for example, 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):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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.

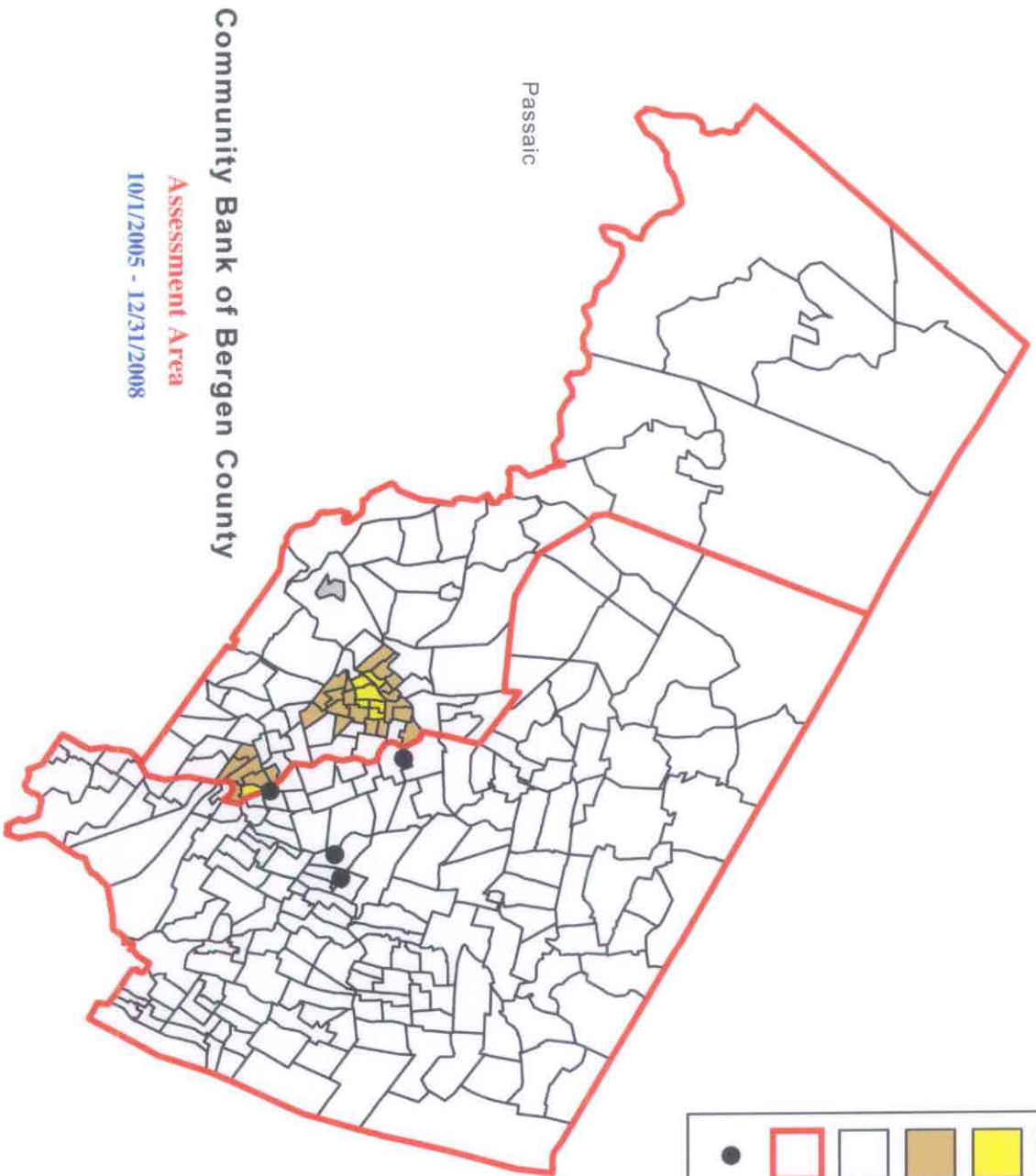
**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**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**

10/1/2005 - 12/31/2008



Bergen

Passaic

