



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 9, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of the Hudson Valley

**Charter No. 35
Route 55, PO Box 310
LaGrangeville, New York 12540**

**Office of the Comptroller of the Currency
New Jersey Field Office
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Short Hills, New Jersey**

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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The following is a list of the abbreviations and/or acronyms used throughout this Performance Evaluation.

Abbreviation or Acronym

Full Title, Name or Description

AA	Assessment Area
ATM	Automated Teller Machine
CFR	Code of Federal Regulations
CRA	Community Reinvestment Act
CT	Census Tract(s)
HMDA	Home Mortgage Disclosure Act
LMI	Low-and Moderate Income
MSA	Metropolitan Statistical Area
OCC	Office of the Comptroller of the Currency
PE	Performance Evaluation
PMI	Private Mortgage Insurance
SBA	Small Business Administration

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 CRA performance of **First National Bank of the Hudson Valley** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **June 30, 1997**. 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 25.*

Institution's CRA Rating: This institution is rated **"Satisfactory."**

Primary factors supporting the bank's overall rating include:

- ▶ good responsiveness to credit needs in assessment areas;
- ▶ a substantial majority or 92% of the number of FNBHV's loans are made within the assessment area;
- ▶ geographic distribution of loans reflects good distribution throughout the assessment area
- ▶ good penetration of loans to individuals of different income levels and business customers of different sizes;
- ▶ delivery systems are reasonably accessible to service the financial needs of the assessment area.

The following table indicates the performance level of **First National Bank of the Hudson Valley**, with respect to the lending, investment and services tests.

Performance Levels	First National Bank of the Hudson Valley Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory			X
Needs to Improve		X	
Substantial Noncompliance			

Description of Institution

First National Bank of the Hudson Valley, (“FNBHV”) is the principal subsidiary of Hudson Chartered Bancorp, Inc. (“Bancorp”), headquartered in LaGrangeville, New York. As of June 30, 1997, total bank assets were \$718 million, of which \$455 million were in loans and \$206 million were in the investment portfolio. Deposits amounted to \$658 million, of which \$619 million were centered in various savings, demand deposit, and time deposit accounts less than \$100 thousand. The loan portfolio is skewed toward real estate related credits and is broken down as follows: commercial real estate loans \$142 million (31%), residential real estate loans (including home equity loans), \$137 million (30%), \$74 million (16%) commercial, and \$90 million (20%) consumer. The remaining \$12 million (3%) is in other loans. There are no impediments, legal or otherwise, which would impact on the bank’s ability to help meet the credit needs of its assessment area (“AA”).

Intense competition continues to be provided from larger regional and multinational banking institutions. These institutions, along with large mortgage companies and savings banks, vigorously pursue mortgage lending opportunities to LMI individuals and geographies throughout the AA. FNBHV operates a total of 21 branches throughout the Hudson Valley area of the State of New York.

FNBHV continues to concentrate its lending activities toward the real estate and business segments of its market and surrounding areas thereby developing an expertise in this lending throughout its AA. Retail lending is focused on real estate.

Description of Assessment Area (AA)

FNBHV has defined as their assessment area, all of the Dutchess MSA, Newburgh MSA, and part of the New York MSA (part of Putnam County), which are part of the New York and New Jersey CMSA. They also include Ulster County which is a non-MSA and made up of block numbering areas (BNA's). The weighted average of Median Family Income for the AA is \$46,784. 1997 Median family income for the Dutchess MSA is \$56,100, \$51,700 for the Newburgh MSA, and \$37,100 for the non-metro areas. Total population for the AA is approximately 756,000 persons. The assessment area is in compliance with the regulation and does not arbitrarily exclude low- or moderate-income areas.

Sixty-two percent, 62%, of all housing is owner occupied and 10% of housing is vacant. This indicates the overall AA is a "mature" market as it relates to housing. Real estate sales are primarily resales or refinancing of existing units. Any increase in real estate lending in the overall market would come from sales of newly constructed units.

Major employers in the AA range from large multinational corporations to small manufacturing concerns. Among the types of industries present are technological firms such as IBM, oil firms, such as Texaco, as well as several health care providers and colleges and universities. Large shopping centers provide both employment and business opportunities to small concerns. Portions of the AA are also considered "bedroom communities" to New York City. 78% of the businesses in the AA are considered small businesses, (i.e., less than \$1 million in gross revenues) many of which are service providers and retail businesses. In addition to the private sector, the state government is a large employer.

Credit needs were identified through review of prior community contacts and discussions with management. The Primary credit needs are small business loans, 1-4 family mortgage lending, and multifamily affordable housing.

The following table provides information on the income level of the census tracts within the consolidated AA together with the percent of families within each income level.

Assessment Area			
Tract Income Level	# Census Tracts/BNA's	% of Total Tracts	% of Families
Low	6	3	15
Moderate	21	11	16
Middle	91	48	24
Upper	69	38	45
Totals	187	100	100

CONCLUSIONS WITH RESPECT TO PERFORMANCE

Scope of Review:

This review covered the time period from January 1, 1995 to June 30, 1997. All Home Mortgage Disclosure Act ("HMDA")¹ originated during the period were evaluated. Small business loans originated from January 1, 1996 - June 30, 1997 were reviewed. Investments purchased, sold and matured over the time period were also reviewed. Services offered by the bank to its retail and business customers were also reviewed. We reviewed the data provided to us by bank management. The review incorporated information compiled by bank management on small business lending as required by the regulation.

LENDING TEST

Performance Criteria: FNBHV is an active lender of real estate, home equity, small business and real estate construction loans. These lending products address the primary credits identified by management and outside sources within the bank's AA's. The average loan to deposit ratio from March 31, 1995 to June 30, 1997 was 69%. This performance is slightly lower than the custom peer group average of 75% over the same time frame. However, FNBHV has sold a total of \$43 million in 1-4 family mortgages during the review period. This represents approximately 10% of FNBHV's total loans as of 6/30/97.

FNBHV makes a substantial majority of its loans within its AA. Overall, 92% of the number of loans and 95% of the dollar volume of loans originated during the review period were made within the bank's AA. The following table shows the ratios for the loan product categories reviewed.

Ratio of Various Loans Within Assessment Area - Total Review Period			
	HMDA	Small Business	Total
Number of Loans in AA	598	1830	2428
Total # of Loans	766	1862	2628
% of Loans Inside AA/Total # of Loans	78%	98%	92%
Dollars (\$000)			
\$ Amt of Loans in AA	\$37,644	\$122,542	\$160,186

¹ A HMDA loan is a loan reported under the Home Mortgage Disclosure Act and includes home purchase loans, home improvement loans and refinances of home loans.

Ratio of Various Loans Within Assessment Area - Total Review Period			
Total \$ Amt of Loans	\$48,135	\$124,875	\$173,010
% of \$ Amt Loans/Total \$ Amt of Loans	78%	98%	93%

FNBHV ranked number nineteen in HMDA loan market share for 1995 out of 242 lenders reporting loans made within the entire AA. Those lenders ranking above FNBHV were larger banks, large mortgage and finance companies, many of which are located outside both the AA and the state of New York. Overall, FNBHV captured 2% of the market, while the leading lenders were reporting a market share of 4% of the number of loans made. In 1996, FNBHV moved up slightly to number fourteen in the rankings with a continued market share of 2%.

Geographic Distribution

Home Mortgage Lending

A review of the geographic distribution of HMDA loans reflects adequate dispersion throughout the AA. The average level of loan activity (6%) in the LMI tracts is in relation to the number of LMI tracts for the combined assessment areas (14%). This is reasonable when considering the percentage of owner occupied housing in these tracts and the market share that the bank has in the assessment area. Owner occupied housing is only 7% in LMI tracts within the assessment area and FNBHV's lending within LMI tracts exceeds their overall lending market share of 2%.

Geographic Distribution of HMDA Loans Within Assessment Area - Review Period					
Income Level	% of Loans by Income Level of Census Tract			% Census Tracts in AA	% Owner Occupied Households in AA
	1995	1996	Jun-30-97		
Low	0	1	1	3	1
Moderate	6	6	4	11	6
Middle	52	49	69	48	49
Upper	12	44	26	38	44
Total	70*	100	100	100	100

* Information on the remaining 30% of locations is not available.

Small Business Lending

The table that follows, reflects that during the review period, FNBHV originated 28% of the number of small business loans and 31% of the dollar amount within LMI census tracts. This performance is good when compared to the percentage of LMI census tracts within the combined AA.

Small Business Lending by Census Tracts Within AA - Review Period					
# Loans	%	\$ Amt (000)	%	Census Tract	% of CT's in AA
55	3	3,676	3	Low	3
458	25	34,312	28	Moderate	11
952	52	66,173	54	Middle	48
366	20	18,381	15	Upper	38
1830	100	122,542	100	Totals	100

Source: Bank Data Collection Report

Borrowers' Profile

Home Mortgage Loans:

The level of HMDA related loans to persons of varying income levels is reasonable based on the comparison of the percentage of loans to low to moderate income borrowers to the percentage of low to moderate income individuals in the assessment area and the 2% market share held by FNBHV in the assessment area. As indicated below, in the AA, lending to Low and Moderate income borrowers is an average of 24% compared to 31% of all the families classified as low or moderate. The remainder of loans is reasonably distributed throughout the AA.

Borrowers' Profile of HMDA Loans Within AA				
Income Level	% of Families by Income Level	% of Loans by Income of Borrower		
		1995	1996	1997
Low	15	5	8	10
Moderate	16	18	16	17
Middle	24	26	26	28
Upper	45	21	34	45
Total	100	70*	84*	100

* remaining 30% and 16% respectively, income figures not available

Small Business Loans:

Overall, the distribution of FNBHV’s small business loans based upon business size is good. The table below reveals that a large majority of loans originated were to small businesses, i.e., businesses with gross annual sales of \$1 million or less. For the review period, 78% of small business loans made in the assessment area were to small businesses, representing 61% of the total dollar amount extended. The average size of the loan to a small business was \$52,475. This performance indicates that FNBHV is doing a good job in lending to the small businesses.

Distribution of Small Business Loans by Business Size - Total Review Period				
Within Assessment Area				Business Size (*)
# Loans	%	\$ Amt (000)	%	
1,427	78	74,751	61	\$1 million or Less
403	22	47,791	39	Greater than \$1 million
1830	100	\$ 122,542	100	Totals

(*) Gross Annual Sales

Source: Bank Small Business Collection Register

Based upon our analysis of the Small Business Collection register, FNBHV’s distribution of business loans to borrowers of different sizes is good. For the entire review period, 85% of the number of loans originated were in amounts of \$100 thousand or less. An additional 11% were in amounts greater than \$100 thousand to \$250 thousand and 4% represents loans of more than \$250 thousand. This performance is a strong indicator of FNBHV’s commitment to serve the small businesses in their AA.

Small Business Loans in Assessment Area by Loan Amount at Origination- Review Period				
Amount (000)	# Loans	%	\$ Amt (000)	%
<=\$100	1556	85	47,791	39
>\$100 & <=\$250	201	11	28,185	23
>\$250 & <=\$1 million	73	4	46,566	38
Totals	1830	100	122,542	100

(*) Gross Annual Sales

Source: Bank Small Business Collection Register

COMMUNITY DEVELOPMENT LENDING

FNBHV did not originate any community development loans. However, of those HMDA and small business register reported loans there are some for community development purposes. The following loans are an example of this:

A \$75 thousand, line of credit was extended for an affordable housing project in Newburgh, N.Y. The project consists of approximately 30 two family houses being renovated for future living.

A \$19 thousand loan was made that provided housing for low income elderly people.

Innovative or Flexible Lending Practices

The bank originates mortgages under their community home buyers (CHB) and Con Edison programs. FNBHV's mortgage programs offer more flexible underwriting standards including reduced fees, lower rates, and a lower amount of points. Additionally, the bank waives PMI for loans with loan-to-value (LTV) ratios greater than 80%. Qualifications for these programs are based on the borrower's household income.

In the 24 month period from July 1, 1995 to June 30, 1997, the bank originated \$2,090,082 and \$490,050 in their CHB and Con Ed programs respectively. The Con Ed and CHB loans are both reported for HMDA purposes.

The bank also offers a no closing costs mortgage. Besides the waiver of closing costs, the bank also uses flexible underwriting standards, including no PMI required up to 90% LTV. Under this program, the bank has originated \$879,865 during the review period.

All of the above loans were also reported by FNBHV under HMDA.

INVESTMENT TEST

FNBHV has a poor level of qualified investments in its portfolio during the review period. There were a small amount of qualified contributions to organizations that benefit LMI families and areas within FNBHV's assessment area.

FNBHV made \$186,092 in qualified contributions during the review period. These contributions include but are not limited to the following: Childrens' Homes of Kingston and Poughkeepsie, Dutchess Economic Development Corp., Family Health Center of Newburgh, Harlem Valley Partnership, Hudson River Housing, Ulster County Multi-Service Corp., and PIUS XII Youth and Family.

SERVICE TEST

FNBHV's delivery systems are readily accessible to all portions of their AA. The bank's record of opening and closing offices has not adversely affected the accessibility to bank services. Branch hours are reasonable and are convenient to FNBHV's customers. Hours are based upon customer needs and competitive analysis.

The bank has opened four branches since the last exam. They are in Goshen, Monroe, Newburgh, and Poughkeepsie. The Poughkeepsie branch is located in a moderate income census tract.

FNBHV closed one branch in Amenia, a moderate income census tract. The branch was located in the Ames Plaza Shopping Center. The bank operates another branch office in the same tract. The closing had no adverse effect on the customers in that area. The bank offers telephone banking for balance information and account transfers.

As reflected in the following table, there is a total of 21 branches and 17 ATM's. Fourteen or 66% of the bank's offices are in middle and upper income census tracts, 1 or 5% are in low income census tracts, and 6 or 29% are in moderate income census tracts. FNBHV serves these LMI areas through branch offices that are in or in close proximity to these areas. Overall, the distribution of branches compares favorably to the geographies in the AA.

Distribution of Delivery Systems			
Census Tract Characteristics	# of Branches	% of Total Branches	% of Geographies
Low	1	5	3
Moderate	6	29	11
Middle	12	57	48
Upper	2	9	38
Totals	21	100	100

Sources: Bank Records

Branch hours are reasonable and convenient to FNBHV's customers. The majority of the branches offer either Saturday or extended banking hours or both. All the branches located in moderate-income census tracts offer extended hours on weekdays with four of them offering Saturday hours. Seventeen, 17, of the 21 offices (81%) provide 24 hour access via ATM's. None of the ATM's are located in low income census tracts. Four, 4, of the 17 ATM's are located in moderate income census tracts.

COMMUNITY DEVELOPMENT SERVICES

FNBHV provides an adequate level of community development services. Primary services include providing standard financial services, credit counseling, and first time home buyer seminars. The bank's services include those targeted at LMI individuals. In addition, members of management and the board are actively involved in various organizations which primarily promote affordable housing or business development efforts. In some instances, the level of participation has placed bank management in leadership positions within such organizations.

Several times a year, FNBHV conducts first time home buyer seminars. Topics include how to qualify for a loan, types of mortgages available, as well as other home ownership related topics.

FAIR LENDING REVIEW

A concurrent fair lending review did not identify any violations of the various anti-discrimination laws and regulations. FNBHV's fair lending policies, procedures, training procedures and internal assessment efforts have been effective in assisting lenders on these issues.

METROPOLITAN STATISTICAL AREAS

The prior sections of this PE have described FNBHV's overall performance in helping to meet the various needs of its AA. Following are discussions of each of the MSAs which comprise the AA's. These discussions will highlight performances *specific to that MSA which has not been discussed prior*.

Description of Institution's Operations in:

Dutchess MSA (MSA 2281):

Full service banking is provided in various portions of this MSA. Thirteen, 13, of the 21 banking offices are located within this MSA. Twelve, 12, of the offices are full service facilities, offering extended hours and ATM services. The remaining office is a limited service facility located within an office building. FNBHV's business focus in this MSA is mortgage financing and small business lending which is consistent throughout all the AA's.

Description of Dutchess MSA 2281:

MSA 2281 is all of Dutchess County. It has 68 census tracts broken down as follows: 4 (6%) low income, 10 (15%) moderate income, 45 (66%) middle income, and 7 (10%) upper income. The remaining 2 census tracts are untraced. The median family income for the entire MSA is \$49,305.

The major employers in the MSA are small retail businesses, health care providers, colleges and universities, and large multinational firms, such as IBM. In addition, large shopping centers provide employment and business opportunities.

Conclusions about Performance Tests in the Dutchess MSA

FNBHV's performance within the Dutchess MSA (MSA 2281) is consistent with their overall performance in their assessment area.

Lending Test

The 432 HMDA related loan originations within MSA 2281 represents approximately 72% of the total number of loans made in the AA throughout the review period. This also represents \$26,791 thousand (71%) of the total dollar amount originated.

The table below reflects that FNBHV's geographic distribution of mortgage lending and small business lending during the review period is reasonable given the lack of owner occupied units in LMI census tracts as well as the overall level of low and moderate income census tracts within this portion of the AA.

FNBHV originated 406 of its 873 (47%) Small Business loans in LMI census tracts throughout the MSA. FNBHV's performance in LMI census tracts is good when considering that 21% of the total census tracts in the entire MSA are LMI .

Distribution of Loan Products - Review Period- MSA 2281				
CT Income Level	% Tracts in MSA	% of Small Business	% of HMDA Loans	% of Owner Occupied Housing
Low	6	4	1	1
Moderate	15	43	9	9
Middle	66	53	82	73
Upper	10	0	8	17
Total	97*	100	100	100

Source: Bank Records

* Remaining 3% of census tracts are N/A

Borrower's Profile

The table that follows indicates that the bank has a good record of lending to borrowers with different income levels in the MSA considering the percentage of owner occupied housing and the bank's 2% market share. The number of HMDA loans to LMI borrowers averaged 34% of the total loans originated during the review period while 36% of the families are within those income levels.

Distribution by Borrower Income - MSA 2281- Review Period		
Borrower Income Level	% Families in MSA	Average % HMDA Loans
Low	17	12
Moderate	19	22
Middle	28	33
Upper	36	33
Totals	100	100

Source: Bank Records

Small Business Loans:

The bank's lending to small businesses in the Dutchess MSA is good. During the review period, the bank made a total of 873 business loans during the exam period and is broken down by revenue as follows: 688 (79%) were to businesses with revenues of \$1 million or less and 185 (21%) were to businesses with revenues greater than \$1 million. A breakdown by loan size indicates that during the review period, 759 (87%) of the loans originated were for \$100 thousand or less, 72 (8%) greater than \$100 thousand and less than or equal to \$250 thousand, and 42 (5%) were for amounts greater than \$250 thousand.

Community Development Loans:

Refer to the **Community Development Lending** section of this PE for details.

INVESTMENT TEST

FNBHV's investments are limited to grants and donations to affordable housing groups, youth programs and other organizations supporting activities essential to LMI individuals and/or geographies. Refer to the **Investment Test** section of this PE for details.

SERVICES TEST

The following table reflects that 13 of the total of 21 (63%) offices are located in this MSA. The distribution of offices provides reasonable access to that portion of the MSA in which the bank may be expected to serve.

Distribution of Delivery Systems			
Census Tract Characteristic	# of Branches	% of Total Branches	% of Geographies
Low	1	5	6
Moderate	6	29	15
Middle	6	29	66
Upper	0	0	10
Totals	13	63	97*

Source: Bank records

* Remaining 3% of CT's are not tracted.

Community Development Services

FNBHV's level of community development services in the Dutchess MSA is adequate. Services are consistent with those offered throughout the assessment area. For a more detailed listing and description of services offered, see **Community Development Services** portion of this PE.

Newburgh MSA (MSA 5660):

Description of Newburgh MSA 5660:

All of MSA 5660 is included in FNBHV’s assessment area and includes a total of 67 census tracts broken down as follows: 2 (3%) low income, 12 (18%) moderate income, 32 (48%) middle income, and 20 (30%) upper income tracts. The one remaining census tract is untraced. The median family income of the entire MSA is \$42,859. Major employment is provided by small businesses, several large shopping centers, health care providers, and college and universities.

Conclusions about Performance Tests in the Newburgh MSA

Based on the limited number of branches to serve this MSA, FNBHV’s performance in the Newburgh MSA (5660) is consistent with its overall performance in their assessment area.

Lending Test

The 66 HMDA related loan originations within MSA 5660 represents approximately 11% of the total number of HMDA related loans originated in the AA throughout the review period. This also represents \$4,485 thousand (12%) of the total dollar amount originated.

The following table reflects that FNBHV’s average level of mortgage lending in LMI geographies is less than the level of LMI tracts within the MSA. This is reasonable considering that it exceeds the banks 2% market share and the low percentage of owner occupied housing. The level of small business lending is good based on a comparison to the percentage of LMI tracts in the MSA.

Distribution of Loan Products - Review Period- MSA 5660				
CT Income Level	% Tracts in MSA	% of Small Business	% of HMDA Loans	% of Owner Occupied Housing
Low	3	7	3	1
Moderate	18	21	3	9
Middle	48	70	62	55
Upper	31	2	32	35
Total	100	100	100	100

Borrower’s Profile

FNBHV’s level of lending, as indicated by the following table, indicates that the bank has a reasonable record of lending to borrowers with different income levels in the MSA. The number of loans to LMI borrowers averaged 27% of the total loans originated during the review period while 35% of families are within those income levels.

Distribution by Borrower Income - MSA 5660		
Borrower Income Level	% Families in MSA	% HMDA Loans
Low	18	6
Moderate	17	21
Middle	25	30
Upper	40	43
Totals	100	100

Small Business Loans:

FNBHV originated 342 (18%) small business loans during the review period in this MSA of which 242 (71%) were to businesses with revenue \$1 million or less with the remaining 100 (29%) to businesses with revenues greater than \$1 million. A breakdown by loan size indicates that during the review period, 266 (78%) of the loans originated were for \$100 thousand or less, 42 (12%) greater than \$100 thousand and less than or equal to \$250 thousand, and 34 (10%) were for an amount greater than \$250 thousand.

Community Development Loans

Refer to the **Community Development Lending** section of this PE for details.

INVESTMENT TEST

FNBHV qualified investments are limited to grants and donations to affordable housing groups, youth programs and other organizations supporting activities essential to LMI individuals and/or geographies. Refer to the **Investment Test** section of this PE for more details.

SERVICE TEST

Four full service branches are located in this MSA portion of the assessment area. All four are located in middle income CT's. Services and products offered are consistent with overall performance. Limited community development services are offered within this area.

NEW YORK MSA (MSA 5600):

Description of New York MSA 5600

The portion of MSA 5600 included in FNBHV's assessment area is three upper income tracts. The median family income of the entire MSA is \$37,515. Full service banking is provided by one office of the bank located in Cold Spring. This office provides a full range of services including ATM access.

Conclusions about Performance Tests in the New York MSA

Based on the limited number of branches to serve this MSA and the limited number of census tracts included in the assessment area, FNBHV's performance in the New York MSA (5600) is consistent with its overall performance in their assessment area.

The overall lending within this MSA was minimal as evidenced by the total of 112 (5%) loans made during the review period. Forty-seven, 47, HMDA and 65 business loans comprised this total. No meaningful analysis can be derived from the small level of lending in these two products.

The 47 HMDA related loan originations within MSA 5600 represents approximately 8% of the total number of HMDA related loans originated in the AA throughout the review period. This also represents \$5,121 thousand (14%) of the total dollar amount originated. The 65 business loans originated within MSA 5600 represent 4% of the total business loans originated in the AA throughout the review period. Since there are no LMI tracts in this portion of the assessment area, there were no loans to LMI tracts in this MSA.

Borrower's Profile

FNBHV's level of lending to borrowers with different income levels in the MSA is indicated by the following table. The number of loans to LMI borrowers averaged 6% of the total loans originated during the review period while 17% of families are within those income levels. This is reasonable because of the limited lending in the MSA and the low percentage of owner occupied units in the MSA (31%). Also, this 6% exceeds the bank's market share of 2% in the assessment area.

Distribution by Borrower Income - MSA 5600		
Borrower Income Level	% Families in MSA	% HMDA Loans

Distribution by Borrower Income - MSA 5600		
Low	7	0
Moderate	10	6
Middle	19	26
Upper	64	68
Totals	100	100

Small Business Loans:

FNBHV originated 65 (4%) small business loans during the review period in this MSA of which 49 (75%) were to businesses with revenue \$1 million of less. A breakdown by loan size shows a reasonable penetration of loans of different sizes. The distribution of small business loans during the review period is; 51 (78%) of the loans originated were for \$100 thousand or less, 12 (18%) greater than \$100 thousand and less than or equal to \$250 thousand, and 2 (4%) were for an amount greater than \$250 thousand.

There were no community development loans or investments, other than grants and donations made within this MSA.

SCOPE OF EXAMINATION

Time Period Reviewed	January 1, 1995 to June 30, 1997		
Financial Institution First National Bank of the Hudson Valley LaGrangeville, New York			Products Reviewed Mortgage Loans and Small Business Loans
Affiliate(s)	Affiliate Relationship		Products Reviewed
None included in review			
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
Hudson Valley	On-Site	Administrative Offices	None