



PUBLIC DISCLOSURE

August 11, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sunnyside FS&LA of Irvington
Charter Number 702397

56 Main St
Irvington, NY 10533-1549

Office of the Comptroller of the Currency

343 Thornall Street
Suite 610
Edison, NJ 08837

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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The major factors that support this rating include:

- Sunnyside Federal, by number and dollar amount, originated a majority of its home mortgage loans inside its assessment area.
- The distribution of loans to borrowers of different income levels is reasonable and is comparable to the performance of all lenders.
- The geographic distribution of loans performance criterion is not applicable as there are no low- or moderate-income geographies in the assessment area.

SCOPE OF EXAMINATION

The evaluation period covers July 15, 2009 through August 11, 2014, and represents the time period between the start of the bank's prior and current CRA Performance Evaluations. We evaluated the bank using the small bank performance criteria, which consists of a lending test. The lending test evaluates the bank's record of helping to meet the credit needs of its assessment area through its lending activities. The evaluation period for the lending test covered loans originated between January 1, 2012 and June 30, 2014. Based on a review of the number and dollar amount of loans originated, we determined that home mortgage loans were the bank's primary loan product during this time period. We used the bank's 2012, 2013, and 2014 Home Mortgage Disclosure Act (HMDA) data to conduct our analyses and form conclusions regarding the bank's lending performance with respect to home mortgage loans. The integrity of the bank's HMDA data was determined to be satisfactory in April 2014.

DESCRIPTION OF INSTITUTION

Sunnyside Federal was founded as a federal mutual savings association in 1930. In July 2013, the bank converted to a stock institution. Sunnyside Federal is headquartered and conducts business from its one office located in Irvington, New York. Irvington is a village in the town of Greenburgh, which is located in Westchester County approximately 25 miles north of New York City. There were no branches opened or closed during the evaluation period.

Sunnyside Federal is a full service community bank offering a standard range of products and services. Deposit products include certificate of deposit accounts, money market accounts, savings accounts, NOW accounts and individual retirement accounts. The bank offers online banking and has an ATM. With respect to loan products, Sunnyside Federal offers residential mortgage loans and commercial real estate loans, and to a much lesser extent, commercial and consumer loans, lending primarily in Westchester, Putnam and Rockland Counties, New York.

As of June 30, 2014, Sunnyside Federal had total assets of \$96 million, with \$82 million in total deposits and \$41 million in total loans. The loan portfolio consists of a little over \$37 million in residential real estate loans, predominantly mortgages on one-to-four family dwellings, \$2 million in nonresidential real estate loans, and less than \$2 million in commercial and consumer loans. During the review period, the primary focus of Sunnyside Federal’s lending was home mortgage loans.

There are no financial or legal impediments to hinder Sunnyside Federal’s ability to help meet the credit needs of the communities it serves. The bank received a “Satisfactory” rating on its prior CRA Performance Evaluation dated July 15, 2009.

DESCRIPTION OF ASSESSMENT AREA(S)

Sunnyside Federal has one assessment area, consisting of 16 contiguous census tracts that include portions of the towns of Greenburgh, Ossining, and Mount Pleasant in Westchester County, New York. These towns are bedroom communities for New York City. Irvington, where the bank is located, is an affluent suburban village in the town of Greenburgh. In 2012-2013, the assessment area was located in a Metropolitan Area defined as the New York-White Plains-Wayne, NY-NJ Metropolitan Division #35644. Demographics for the assessment area appear in the table below.

Demographic Information for Sunnyside Federal’s 2012-2013 Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	0.00	0.00	18.75	81.25	0.00
Population by Geography	79,231	0.00	0.00	21.20	78.80	0.00
Owner-Occupied Housing by Geography	18,836	0.00	0.00	10.83	89.17	0.00
Business by Geography	8,480	0.00	0.00	17.32	82.68	0.00
Farms by Geography	117	0.00	0.00	19.66	80.34	0.00
Family Distribution by Income Level	19,777	8.83	7.04	11.78	72.35	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,139	0.00	0.00	45.11	54.89	0.00
Median Family Income FFIEC Adjusted MFI for 2013 Households Below Poverty Level		64,171 66,000 5%	Median Housing Value Unemployment Rate (BLS-Dec 2013)		466,000 5.2%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2013 FFIEC updated MFI, Bureau of Labor Statistics, and National Association of Realtors 2013

The 2010 U.S. Census reported the total population of this assessment area at 79,231, living within 16 census tracts. Of the 16 census tracts, 18.75 percent are middle-income geographies, and 81.25 percent are upper-income geographies. There are no low- or moderate-income geographies in the assessment area.

The 2013 FFIEC adjusted median family income for the assessment area was \$66,000.

Within the assessment area, 8.83 percent of the families were low-income, earning a median income of \$32,340 or less; 7.04 percent were moderate-income, earning a median income of no more than \$52,140; and 5 percent of all households had incomes below the poverty level.

As of December 2013, the Bureau of Labor Statistics reported the unemployment rate in Westchester County as 5.2 percent, compared to the state rate of 7.0 percent and the national rate of 6.7 percent.¹

Due to its proximity to New York City, Sunnyside Federal operates in a highly competitive financial services market with competition from multi-national, regional, and local financial institutions. According to June 30, 2013 FDIC Summary of Deposit data, Sunnyside Federal ranked 30th out of 40 institutions competing within Westchester County, with a deposit market share of 0.17 percent. In regards to loan market share, Sunnyside Federal ranked 33rd out of 165 institutions with a residential mortgage loan market share of 0.52 percent for the calendar year 2012.

The Office of Management and Budget (OMB) revised the Metropolitan Area (MA) and census tract geographic definitions and boundaries in February 2013. Those revisions became effective for CRA purposes on January 1, 2014.² While the bank did not alter its assessment area during the evaluation period, demographic data and loan data for 2014 are presented separately in this evaluation because the OMB MA changes may have impacted the bank's assessment area delineation and/or HMDA reportable data geocoding.

¹ The unemployment rate for Westchester County is not seasonally adjusted. The national unemployment and the state unemployment rates are seasonally adjusted.

² The term Metropolitan Area includes Consolidated Statistical Areas (CSA), Metropolitan Statistical Areas (MSA), Metropolitan Divisions (MD), and Micropolitan areas. OMB revises both the boundaries of those areas, and the number, delineation and income levels of census tracts within those areas as appropriate based on each decennial census.

Following the OMB MA changes, the assessment area is now located in a Metropolitan Area defined as the New York-Jersey City-White Plains, NY-NJ Metropolitan Division #35614. Demographics for the assessment area in 2014 appear in the table below.

Demographic Information for Sunnyside Federal's 2014 Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	0.00	0.00	18.75	81.25	0.00
Population by Geography	79,231	0.00	0.00	21.20	78.80	0.00
Owner-Occupied Housing by Geography	18,836	0.00	0.00	10.83	89.17	0.00
Business by Geography	8,480	0.00	0.00	17.32	82.68	0.00
Farms by Geography	117	0.00	0.00	19.66	80.34	0.00
Family Distribution by Income Level	19,777	8.83	7.04	11.78	72.35	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,139	0.00	0.00	45.11	54.89	0.00
Median Family Income FFIEC Adjusted MFI for 2014 Households Below Poverty Level		68,006 68,900 5%		Median Housing Value Unemployment Rate (BLS-July 2014)		466,000 5.5%

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2014 FFIEC updated MFI, Bureau of Labor Statistics, and National Association of Realtors 2nd qtr. preliminary data

As of July 2014, the Bureau of Labor Statistics reported the unemployment rate in Westchester County as 5.5 percent, compared to the state rate of 6.6 percent and the national rate of 6.2 percent.³

During the evaluation period, OCC representatives met with two community organizations operating in the assessment area. The contacts identified financing for start-up businesses and financing for the construction of affordable housing projects as current community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Sunnyside Federal's average loan-to-deposit ratio is less than reasonable. The bank's average loan-to-deposit ratio over the twenty quarters since the last CRA examination was 47.29 percent. During this period, the bank's performance ranged from a low of 39.92 percent on September 30, 2009 to a high of 52.91 percent on June 30, 2011.

³ The unemployment rate for Westchester County is not seasonally adjusted. The national unemployment and the state unemployment rates are seasonally adjusted.

Sunnyside Federal’s average loan-to-deposit ratio does not compare favorably to the average for three similarly situated banks over the same time period. The loan-to-deposit ratios for the three other banks averaged 81.78 percent. While Sunnyside Federal’s average loan-to-deposit ratio has improved from the 38 percent ratio at the previous CRA evaluation, the bank does not meet the standard for satisfactory performance under this criterion.

Lending in Assessment Area

For the full evaluation period, Sunnyside Federal originated a majority of its HMDA reportable loans inside its assessment area. The following tables detail the bank’s lending in the assessment area by number and dollar amount of loans. Based on HMDA data for 2012 and 2013, 50.00 percent of the loans by number and 53.23 percent by dollar volume were within the bank’s assessment area. The HMDA data for the first half of 2014 indicates that 85.71 percent by number and 63.52 percent by dollar volume were within the bank’s assessment area. The data for 2014 is presented separately due to Metropolitan Area boundary changes. When the HMDA data for all years in the evaluation period is combined, a clear majority of the loan originations were inside the assessment area. Sunnyside Federal meets the standard for satisfactory performance under this criterion.

2012-2013 Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	2	20.00	8	80.00	10	\$315	11.64	\$2,392	88.36	\$2,707
Refinancing	9	69.23	4	30.77	13	\$3,538	72.68	\$1,330	27.32	\$4,868
Home Improvement	3	60.00	2	40.00	5	\$850	67.46	\$410	32.54	\$1,260
Total HMDA Loans	14	50.00	14	50.00	28	\$4,703	53.23	\$4,132	46.77	\$8,835

Source: 2012 and 2013 HMDA Data; 2010 U.S. Census Data

January 1 - June 30, 2014 Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	1	100.00	0	0	1	\$225	100.00	\$0	0	\$225
Refinancing	5	83.33	1	16.67	6	\$1,516	60.25	\$1,000	39.75	\$2,516
Home Improvement	0	0	0	0	0	\$0	0	\$0	0	\$0
Total HMDA Loans	6	85.71	1	14.29	7	\$1,741	63.52	\$1,000	36.48	\$2,741

Source: 2014 HMDA Data; 2010 U.S. Census Data with OMB MA updates

Lending to Borrowers of Different Incomes

The table below shows the distribution of HMDA loans among borrowers of different income levels for the period of January 1, 2012 through December 31, 2013, as compared to the percentage of families in each income category as well as the aggregate peer performance in 2012, the most recent year for which data is available. The bank did not make any loans to low- and moderate-income borrowers, and for all lenders, the percentage is only 2.18 percent. During 2012, in this assessment area, all lenders (165) made seven loans to low-income borrowers and 31 loans to moderate-income borrowers.

The opportunity to lend to low- and moderate-income borrowers is limited in this assessment area. Only 15.87 percent of the families are low- or moderate-income. In addition, the high cost of housing in this marketplace makes homeownership difficult for most low- and moderate-income borrowers. Data from the National Association of Realtors indicates that the 2012 median sales price of an existing single family home for the Metropolitan Area where the assessment area is located was \$445 thousand. The 2012 median family income for the area indicates that a moderate-income family earned less than \$54 thousand, making it difficult for low- and moderate-income borrowers to afford homes in this area.

Furthermore, competition is extreme in this marketplace. In 2012, 165 lenders, including all of the national money center banks, originated loans in this assessment area.

Based on the bank's size, limited lending opportunities, extreme level of competition, and as Sunnyside Federal's performance is comparable to the performance of all lenders, the bank meets the standard for satisfactory performance under this criterion.

2012-2013 Distribution of HMDA Loans By Borrower Income Level in the Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	0.00	0.00	8.83	0.40
Moderate	0.00	0.00	7.04	1.78
Middle	7.14	1.38	11.78	6.43
Upper	85.71	86.92	72.35	82.33
N/A	7.14	11.69	0.00	9.06
Total # and \$	14	\$4,703 (000)	19,777	1,743

Source: 2012 and 2013 HMDA Data

As noted above, 2012 is the most recent year for which aggregate lending performance data is available. Therefore, the borrower distribution of loans was not evaluated for 2014.

Geographic Distribution of Loans

The lending test includes an evaluation of the bank’s lending activity by census tract income levels within the assessment area. As there are no low- or moderate-income geographies in the assessment area, this performance criterion did not represent a meaningful part of this CRA evaluation.

2012-2013 Distribution of HMDA Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate
Low	0.00	0.00	0.00	0.00
Moderate	0.00	0.00	0.00	0.00
Middle	7.14	1.38	10.83	9.75
Upper	92.86	98.62	89.17	90.25
Total # or \$	14	\$4,703 (000)	18,836	1,743

Source: 2012 and 2013 HMDA Data

Responses to Complaints

Sunnyside Federal did not receive any CRA complaints during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.