

PUBLIC DISCLOSURE

April 11, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Beacon Federal
6611 Manlius Center Road
East Syracuse, NY 13057
Docket #: 15220**

**Office of Thrift Supervision
Northeast Region
Harborside Financial Center Plaza Five, Suite 1600
Jersey City, NJ 07311**

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.



Office of Thrift Supervision
Department of the Treasury

Northeast Region

Jersey City Regional Office • Phone Number: (201) 413-1000 • Fax: (201) 413-7543
Harborside Financial Center Plaza Five, Suite 1600 Jersey City, NJ 07311

July 7, 2011

Board of Directors
Beacon Federal
6611 Manlius Center Road
East Syracuse, NY 13057

Member of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of April 11, 2011.

In accordance with 12 C.F.R. 563e, your institution must make this written CRA Performance Evaluation available to the public within 30 business days of receiving it. You must place the evaluation in your CRA public file at your home office and at each branch within this time frame. You may not alter or abridge the evaluation in any manner. At your discretion, you may retain previous written CRA Performance Evaluation(s) with the most recent evaluation in your CRA public file.

Your institution may prepare a response to the evaluation. You may place the response in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to make this evaluation available to the public. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution.

Sincerely,

Patricia A. Cecconi
Assistant Director - Compliance

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions 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 Beacon Federal. The Office of Thrift Supervision (OTS) prepared the evaluation as of April 11, 2011. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: **Satisfactory**
The Lending Test is rated: **Satisfactory**
The Community Development Test is rated: **Satisfactory**

Beacon Federal (“Beacon” or the “institution”) has an overall satisfactory record of meeting the credit needs of its community. The loan-to-deposit ratio was strong, and a majority of lending is in the assessment area. During the review period, lending volume increased for Home Mortgage Disclosure Act (HMDA) reportable residential mortgage loans and consumer loans but decreased for small business loans.

The percentage distribution of HMDA loans to low- and moderate-income (LMI) borrowers was satisfactory and strong for consumer loans. The percentage distribution of HMDA and consumer loans in LMI geographies was adequate. The percentage distribution of lending to small businesses of various sizes by loan amount and to business with revenues of less than \$1 million was reasonable, as was the percentage distribution of lending in LMI geographies. With all but two of the institution’s branch offices located in middle- and upper-income, the geographic distribution of loans reflects an adequate dispersion throughout the combined assessment area.

Beacon helped to contribute to community credit needs by its reasonable performance in providing community development loans, qualified investments and contributions, as well as community development services.

Scope of Examination

This evaluation utilized the OTS Intermediate Small Savings Association Examination Procedures. We reviewed the 36-month period from January 1, 2008 through December 31, 2010. The evaluation included a review of HMDA-reportable residential mortgage loans. Management requested a review of consumer and small business loans. In addition, community development loans, qualified investments and community development services were included as part of the evaluation. The Syracuse Metropolitan Statistical Area (MSA) represented the greatest volume of lending and deposits, and received the greatest weight in determining the overall rating.

Institution (continued)

Description of Institution

Beacon is a federally chartered stock-owned institution headquartered in East Syracuse, Onondaga County, New York with assets totaling \$1.03 billion as of December 31, 2010. This new branch office and headquarters, located in a moderate-income geography, opened during the review period. The institution operates eight branch offices with deposit-taking ATMs in four states; New York, Massachusetts, Tennessee and Texas. The hours of operation are substantially similar in each location. The institution also operates ATMs outside of the branch locations within the assessment areas of New York and Tennessee. One branch in Chelmsford, Massachusetts relocated a short distance to Westford, Massachusetts in July, 2010. Both the prior and current locations are in middle-income geographies.

As of December 31, 2010, the total loan portfolio equaled \$807.7 million. Table 1 indicates the dollar amount, percentage to total loans, and percentage to total assets of each loan category.

Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$311,663	38.5%	30.1%
Nonresidential Mortgage	158,063	19.6%	15.3%
Commercial Nonmortgage	85,259	10.6%	8.3%
Consumer	252,757	31.3%	24.5%
Total	\$807,742	100.0%	78.2%

The total loan portfolio increased 12.7 percent from the previous evaluation. For residential mortgages, this represented a decrease of 9.2 percent; for nonresidential mortgages, an increase of 85.1 percent; for commercial non-mortgages, an increase of 21.4 percent; and for consumer loans, an increase of 16 percent. These changes reflected management consideration of market conditions, a weakened economy, and increased competition for loans in the assessment areas.

Beacon has the financial capacity to meet the credit needs of the community based on its size, and apparent absence of financial or legal impediments. The previous CRA Performance Evaluation dated February 12, 2008 resulted in a rating of "Satisfactory."

Institution (continued)

Description of Combined Assessment Area

Based on the location of its branches, as well as the surrounding geographies in which the institution has originated or purchased a substantial portion of its loans, Beacon delineates six assessment areas (AAs). These AAs are comprised of Combined Statistical Areas (CSA), Metropolitan Statistical Areas or Non-MSA counties. Collectively, the six AAs are referred to as the Combined AA. Table 2 illustrates demographic data on population, families, and housing units within the Combined AA.

Demographic Data	2000 Census
Population	2,895,554
Total Families	736,069
1-4 Family Units	928,369
Multi-family Units	199,001
% Owner-Occupied Units	61%
% Rental-Occupied Units	33%
% Vacant Housing Units	6%
Weighted Average Median Housing	\$169,959

Table 3 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	49	7.4%	24,960	3.4%	32,733	3.5%
Moderate	136	20.5%	127,992	17.4%	171,692	18.5%
Middle	328	49.4%	404,990	55.0%	503,671	54.3%
Upper	150	22.6%	178,127	24.2%	220,271	23.7%
Income NA	1	0.1%	0	0.0%	2	0.0%
Total	664	100.0%	736,069	100.0%	928,369	100.0%

According to 2000 census data, 37.7 percent of the families in the Combined AA are low- to moderate-income, with 6.8 percent of the families reporting income below the poverty level. Table 4 shows the distribution of families in each income range of the Combined AA.

Institution (continued)

Table 4 - Distribution of Families Combined Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	143,613	19.5%
Moderate (50% - 79%)	134,125	18.2%
Middle (80% - 119%)	166,013	22.6%
Upper (>= 120%)	292,318	39.7%
Total	736,069	100.0%

A more detailed description of the individual assessment areas, and the performance levels within those areas, is included after the overall performance analysis.

Conclusions With Respect To Performance Tests in Combined AA

Loan-to-Deposit Ratio

The loan-to-deposit ratio reflected a high volume of lending and exceeded the standard for a satisfactory performance.

Beacon’s loan-to-deposit (LTD) ratio for the eight quarters ended December 31, 2010, was 116.9 percent. The ratio ranged from 114.3 percent to 120.3 percent during the eight-quarter period. The ratio slightly exceeded the 116.2 percent noted in the previous evaluation. Beacon exceeded the peer group ratio of 92.2 percent at December 31, 2010 for the two other OTS regulated institutions headquartered in the Syracuse, NY MSA.

During the review period, the loan portfolio increased 12.7 percent from \$716 million to \$808 million while deposits increased 25.8 percent from \$546 million to \$687 million.

Lending in the Combined Assessment Area

The overall volume of lending increased from the prior evaluation, particularly for consumer loans. The percentage distribution of lending within the assessment area was strong and similar to that of the prior evaluation. This level of lending met the standard for satisfactory performance.

Table 5 illustrates the total number and dollar amount of HMDA-reportable loans (home purchase, refinance and home improvement loans), consumer loans, and small business loans collectively originated in and outside the Combined AA during the 36-month review period ended December 31, 2010.

Institution (continued)

Table 5- Concentration of HMDA, Consumer, and Small Business Loans *					
1/1/2008-12/31/2010					
(Dollars in thousands)					
Period By Year	In Combined Assessment Area		Outside Combined Assessment Area		Total Loans
By Number:	#	%	#	%	#
2008	4,934	80.2%	1,221	19.8%	6,155
2009	5,966	79.4%	1,547	20.6%	7,513
2010	4,791	80.9%	1,129	19.1%	5,920
Total	15,691	80.1%	3,897	19.9%	19,588
By \$ Amount:	\$ Amt	%	\$ Amt	%	\$ Amt
2008	\$158,523	65.5%	\$83,380	34.5%	\$241,903
2009	184,577	66.0%	94,979	34.0%	279,556
2010	140,244	70.5%	58,633	29.5%	198,877
Total	\$483,344	67.1%	\$236,992	32.9%	\$720,336

* Percents are based on total loans originated during applicable year

Table 5 shows that the majority of lending for all loan products originated inside the Combined Assessment Area, 80.1 percent by number, and 67.1 percent by dollar amount. This level of lending represented a 20.8 percent increase by number and a 0.1 percent increase by dollar amount on an annualized basis in comparison to the prior evaluation.

Table 6 illustrates the total number and dollar amount of HMDA-reportable loans originated in and outside the Combined AA during the review period. For comparison purposes, the table reflects lending activity by each appropriate year during the review period.

Table 6- Concentration of HMDA-reportable Loans *					
1/1/2008-12/31/2010					
(Dollars in thousands)					
Period By Year	In Combined Assessment Area		Outside Combined Assessment Area		Total HMDA Loans
By Number:	#	%	#	%	#
2008	649	70.4%	273	29.6%	922
2009	833	68.8%	378	31.2%	1,211
2010	709	76.9%	213	23.1%	922
Total	2,191	71.7%	864	28.3%	3,055
By \$ Amount:	\$ Amt	%	\$ Amt	%	\$ Amt
2008	\$59,805	54.7%	\$49,593	45.3%	\$109,398
2009	80,478	57.4%	59,755	42.6%	140,233
2010	57,639	60.5%	37,592	39.5%	95,231
Total	\$197,922	57.4%	\$146,940	42.6%	\$344,862

* Percents are based on total loans originated during applicable year

Institution (continued)

Table 6 shows that the majority of HMDA mortgage loans originated inside the Combined AA. At the previous evaluation, 81.4 percent originated within this area. The decrease in percentage of loans originated in this area was primarily due to a broker relationship outside of the Syracuse, NY Assessment Area, which ceased for 2010 with the resulting increase in assessment area lending for that year.

The overall level of HMDA reportable mortgage lending represents a 14.7 percent increase by number and a six percent increase by dollar amount on an annualized basis in comparison to the prior evaluation. This level of lending is strong and highlights management’s commitment to its communities.

Table 7 provides a more detailed picture of the distribution of HMDA-reportable loans within the six assessment areas.

Assessment Area	2008	2009	2010	Review Period	% Of Comb AA
By Number:					
AA #1 – Syracuse, NY MSA	458	568	490	1,516	69.2%
AA #2 – Utica-Rome, NY MSA	51	63	63	177	8.1%
AA #3 – Nashville, TN MSA	15	18	19	52	2.4%
AA #4 – Non-MSA, TN	55	71	63	189	8.6%
AA #5 – Cambridge, MA MSA	33	70	29	132	6.0%
AA #6 – Tyler-Jacksonville, TX CSA	37	43	45	125	5.7%
Total	649	833	709	2,191	100.0%
By Dollar Amount:					
AA #1 – Syracuse, NY MSA	\$37,880	\$53,739	\$40,594	\$132,213	66.8%
AA #2 – Utica-Rome, NY MSA	2,395	3,492	3,195	9,082	4.6%
AA #3 – Nashville, TN MSA	1,327	1,860	2,045	5,232	2.6%
AA #4 – Non-MSA, TN	2,621	3,233	2,692	8,546	4.3%
AA #5 – Cambridge, MA MSA	12,975	13,662	5,365	32,002	16.2%
AA #6 – Tyler-Jacksonville, TX CSA	2,607	4,492	3,748	10,847	5.5%
Total	\$59,805	\$80,478	\$57,639	\$197,922	100.0%

The vast majority of HMDA-reportable mortgage loans originated in the Syracuse, New York Assessment Area, followed by the Utica-Rome Assessment Area, and the five counties in the Non-MSA Tennessee Assessment Area.

With 833 HMDA loans originated in 2009, Beacon’s ranked 27th, with an overall market share in the combined Assessment Area of 0.89 percent. The top five lenders, who originated 23 percent of the HMDA loans, were super regional banks.

Institution (continued)

Table 8 illustrates the total number and dollar amount of consumer loans originated in and outside the Combined AA during the review period.

Table 8- Concentration of Consumer Loans *					
1/1/2008-12/31/2010					
(Dollars in thousands)					
Period By Year	In Combined Assessment Area		Outside Combined Assessment Area		Total Cons. Loans
	#	%	#	%	#
By Number:					
2008	4,160	82.3%	892	17.7%	5,052
2009	5,040	81.8%	1,124	18.2%	6,164
2010	3,988	81.5%	904	18.5%	4,892
Total	13,188	81.9%	2,920	18.1%	16,108
By \$ Amount:	\$ Amt	%	\$ Amt	%	\$ Amt
2008	\$71,108	78.3%	\$19,724	21.7%	\$90,832
2009	79,994	78.9%	21,425	21.1%	101,419
2010	62,272	78.8%	16,791	21.2%	79,063
Total	\$213,374	78.6%	\$57,940	21.4%	\$271,314

* Percents are based on total loans originated during applicable year

Table 8 shows that the vast majority of consumer lending occurred within the combined Assessment Area. The percentage distribution is comparable to that of the prior evaluation (82.6 percent). By type, the greatest contribution was automobile loans (82 percent), followed by secured and unsecured personal loans and other loans (15 percent), and home equity loans (three percent).

The level of consumer lending represents a 23.8 percent increase by number and a five percent increase by dollar amount on an annualized basis in comparison to the prior evaluation. This level of lending is strong and highlights management’s commitment to its communities.

Table 9 illustrates the distribution of consumer loans within the six assessment areas.

Institution (continued)

Table 9 - Distribution of Consumer Loans By Individual Assessment Area (Dollars in thousands)					
Assessment Area By Number:	2008	2009	2010	Review Period	% Of Comb AA
AA #1 – Syracuse, NY MSA	3,007	4,016	3,130	10,153	77.0%
AA #2 – Utica-Rome, NY MSA	621	554	450	1,625	12.3%
AA #3 – Nashville, TN MSA	41	49	26	116	0.9%
AA #4 – Non-MSA, TN	329	288	278	895	6.8%
AA #5 – Cambridge, MA MSA	12	17	10	39	0.3%
AA #6 – Tyler-Jacksonville, TX CSA	150	116	94	360	2.7%
Total	4,160	5,040	3,988	13,188	100.0%
By Dollar Amount:					
AA #1 – Syracuse, NY MSA	\$53,602	\$65,184	\$50,905	\$169,691	79.5%
AA #2 – Utica-Rome, NY MSA	9,279	7,833	6,800	23,912	11.2%
AA #3 – Nashville, TN MSA	840	1,006	292	2,138	1.0%
AA #4 – Non-MSA, TN	4,373	3,143	2,893	10,409	4.9%
AA #5 – Cambridge, MA MSA	476	833	153	1,462	0.7%
AA #6 – Tyler-Jacksonville, TX CSA	2,538	1,995	1,229	5,762	2.7%
Total	\$71,108	\$79,994	\$62,272	\$213,374	100.0%

The vast majority of consumer loans originated in the Syracuse, New York Assessment Area, followed by the Utica-Rome Assessment Area, and the five counties in the Non-MSA Tennessee Assessment Area. This distribution is similar to that of the HMDA-reportable mortgage loans.

Table 10 illustrates the total number and dollar amount of small business loans originated in and outside the combined AA during the review period.

Table 10- Concentration of Small Business Loans *					
1/1/2008-12/31/2010 (Dollars in thousands)					
Period By Year	In Combined Assessment Area		Outside Combined Assessment Area		Total Small Business Lns
By Number:	#	%	#	%	#
2008	125	69.1%	56	30.9%	181
2009	93	67.4%	45	32.6%	138
2010	94	88.7%	12	11.3%	106
Total	312	73.4%	113	26.6%	425
By \$ Amount:	\$ Amt	%	\$ Amt	%	\$ Amt
2008	\$27,610	66.3%	\$14,063	33.7%	\$41,673
2009	24,105	63.6%	13,799	36.4%	37,904
2010	20,333	82.7%	4,250	17.3%	24,583
Total	\$72,048	69.2%	\$32,112	30.8%	\$104,160

* Percents are based on total loans originated during applicable year

Institution (continued)

There was a decrease in small business loan originations from the prior evaluation. This area of lending trails that of the consumer and HMDA-reportable mortgage lending. The level of small business lending represents a 27 percent decrease by number and a 22 percent decrease by dollar amount on an annualized basis in comparison to the prior evaluation. The lower level of performance for this product was attributed to the weakened economy and demand for business loans.

Table 11 provides the distribution of small business loans within the six assessment areas.

Table 11 - Distribution of Small Business Loans By Individual Assessment Area (Dollars in thousands)					
Assessment Area	2008	2009	2010	Review Period	% Of Comb AA
By Number:					
AA #1 – Syracuse, NY MSA	102	81	81	264	84.6%
AA #2 – Utica-Rome, NY MSA	6	4	5	15	4.8%
AA #3 – Nashville, TN MSA	1	0	0	1	0.3%
AA #4 – Non-MSA, TN	10	4	2	16	5.1%
AA #5 – Cambridge, MA MSA	5	4	4	13	4.2%
AA #6 – Tyler-Jacksonville, TX CSA	1	0	2	3	1.0%
Total	125	93	94	312	100.0%
By Dollar Amount:					
AA #1 – Syracuse, NY MSA	\$22,755	\$22,262	\$18,341	\$63,358	87.8%
AA #2 – Utica-Rome, NY MSA	1,515	333	750	2,598	3.6%
AA #3 – Nashville, TN MSA	47	0	0	47	0.1%
AA #4 – Non-MSA, TN	1,780	229	421	2,430	3.4%
AA #5 – Cambridge, MA MSA	1,388	1,281	621	3,290	4.6%
AA #6 – Tyler-Jacksonville, TX CSA	125	0	200	325	0.5%
Total	\$27,610	\$24,105	\$20,333	\$72,048	100.0%

The overwhelming majority of small business loans originated in the Syracuse, New York Assessment Area, followed by the Utica-Rome Assessment Area, the five counties in the Non-MSA Tennessee Assessment Area, and the Cambridge, MA MSA.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of loans among borrowers of different income levels, and to businesses of different sizes, was reasonable for all loan products, and met the standard for a satisfactory performance.

Part of the review includes an analysis of Beacon’s distribution of loans among borrowers of different income levels within the Combined AA. Table 12 illustrates loan originations, categorized by borrower income level, reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Institution (continued)

Table 12 - Distribution of Beacon Federal's HMDA-Reportable Loans By Borrower Income Level in Combined Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Low	39	6.0%	37	4.4%	38	5.4%	114	5.2%	7.3%	7.3%
Moderate	106	16.3%	148	17.8%	128	18.1%	382	17.4%	20.2%	19.5%
Middle	170	26.2%	222	26.7%	187	26.4%	579	26.4%	26.7%	26.7%
Upper	321	49.5%	421	50.5%	335	47.2%	1,077	49.2%	42.6%	41.9%
Income NA	13	2.0%	5	0.6%	21	2.9%	39	1.8%	3.2%	4.6%
Total	649	100.0%	833	100.0%	709	100.0%	2,191	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$1,975	3.3%	\$1,578	2.0%	\$1,131	2.0%	\$4,684	2.4%	3.3%	3.7%
Moderate	5,035	8.4%	8,417	10.5%	4,862	8.4%	18,314	9.3%	13.8%	14.0%
Middle	10,056	16.8%	16,242	20.2%	11,391	19.8%	37,689	19.0%	23.8%	24.8%
Upper	34,762	58.2%	53,133	66.0%	37,175	64.5%	125,070	63.2%	52.7%	51.8%
Income NA	7,977	13.3%	1,108	1.3%	3,080	5.3%	12,165	6.1%	6.4%	5.7%
Total	\$59,805	100.0%	\$80,478	100.0%	\$57,639	100.0%	\$197,922	100.0%	100.0%	100.0%

The institution granted 22.6 percent of its total number and 11.7 percent of total dollar volume of HMDA loans to low- and moderate-income borrowers during the review period. The comparative percentage distribution of lending to LMI borrowers for 2008 and 2009 was slightly less than the aggregate reporters by both number and dollar volume. The institution's LMI percentage distribution improved over that of the prior evaluation of 20.4 percent by number, and 7.3 percent by dollar amount.

During 2009, 548 HMDA reporters granted 21 thousand loans, totaling \$3.3 billion, to LMI borrowers in the combined AA. With 172 loans, Beacon ranked 28th with 0.82 percent market share. This performance in the LMI borrower-income distribution is consistent with Beacon's position in its overall market share, and represents management's willingness to invest in its community.

Table 13 reflects Beacon's borrower distribution of consumer loans within the combined AA. Aggregate data is not available on consumer loans.

Institution (continued)

Table 13 - Distribution of Beacon Federal's Consumer Loans By Borrower Income Level in Combined Assessment Area (Dollars in thousands)								
Borrower Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	579	13.9%	708	14.0%	710	17.8%	1,997	15.1%
Moderate	1,011	24.3%	1,430	28.4%	1,132	28.4%	3,573	27.1%
Middle	1,143	27.5%	1,402	27.8%	1,069	26.8%	3,614	27.4%
Upper	1,375	33.1%	1,436	28.5%	995	24.9%	3,806	28.9%
Income NA	52	1.2%	64	1.3%	82	2.1%	198	1.5%
Total	4,160	100.0%	5,040	100.0%	3,988	100.0%	13,188	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$7,132	10.0%	\$9,052	11.3%	\$9,237	14.8%	\$25,421	11.9%
Moderate	14,399	20.2%	20,687	25.9%	17,085	27.4%	52,171	24.5%
Middle	18,946	26.6%	22,006	27.5%	16,406	26.3%	57,358	26.9%
Upper	29,488	41.6%	27,595	34.5%	19,012	30.6%	76,095	35.7%
Income NA	1,143	1.6%	654	0.8%	532	0.9%	2,329	1.0%
Total	\$71,108	100.0%	\$79,994	100.0%	\$62,272	100.0%	\$213,374	100.0%

The number and dollar amount of the institution's consumer lending to LMI borrowers for the review period totaled 32.2 percent and 36.4 percent, respectively. The percentage distribution by number was similar to the prior evaluation, but exceeded that of the dollar amount. In comparison to the demographic characteristics of the community, the percentage distribution of lending to LMI borrowers exceeded that of families classified as LMI. The level of consumer lending to LMI borrowers is reflective of the institution's strong response to the needs of borrowers in its assessment area.

Table 14 provides an analysis of Beacon's small business activity, based on loan origination amount, for the review period, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Institution (continued)

Table 14 - Distribution of Beacon Federal's Small Business Loans By Loan Origination Amount in Combined Assessment Area (Dollars in thousands)										
Loan Amount At Origination	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
≤ \$100,000	54	43.2%	41	44.1%	43	45.7%	138	44.2%	95.4%	91.7%
\$100,001-\$250,000	32	25.6%	21	22.6%	23	24.5%	76	24.4%	2.3%	4.0%
\$250,001-\$1 mill.	39	31.2%	31	33.3%	28	29.8%	98	31.4%	2.3%	4.3%
Total	125	100.0%	93	100.0%	94	100.0%	312	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
≤ \$100,000	\$2,465	8.9%	\$2,030	8.4%	\$1,723	8.5%	\$6,218	8.6%	37.9%	27.5%
\$100,001-\$250,000	5,996	21.7%	3,854	16.0%	4,300	21.1%	14,150	19.6%	15.2%	17.0%
\$250,001-\$1 mill.	19,149	69.4%	18,221	75.6%	14,310	70.4%	51,680	71.8%	46.9%	55.5%
Total	\$27,610	100.0%	\$24,105	100.0%	\$20,333	100.0%	\$72,048	100.0%	100.0%	100.0%

Table 14 shows that over 44 percent of the small business loans the institution originated were in amounts of \$100 thousand or less for the review period. The aggregate lenders have a much higher percentage of loans granted in amounts of \$100 thousand or less for 2008 and 2009 in comparison to the institution. Included in the aggregate numbers are credit card advances, which are almost entirely for relatively small dollar amounts. Beacon does not offer this type of product, therefore the difference in the ratios is less meaningful. The volume of lending declined by year based on the weakened economy, however, the percentage distribution of lending by loan size was similar to the prior evaluation.

Table 15 illustrates small business loan originations, based on company's annual revenue, for the review period, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Institution (continued)

Company's Rev. Category	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
Rev. < \$1 million	54	43.2%	36	38.7%	54	57.5%	144	46.2%	29.2%	29.5%
Rev. > \$1 million	64	51.2%	51	54.8%	38	40.4%	153	49.0%	NA	NA
Revenue NA	7	5.6%	6	6.5%	2	2.1%	15	4.8%	70.8%	70.5%
Total	125	100.0%	93	100.0%	94	100.0%	312	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Rev. < \$1 million	\$8,563	31.0%	\$6,374	26.4%	\$9,961	49.0%	\$24,898	34.6%	32.7%	31.9%
Rev. > \$1 million	17,691	64.1%	16,544	68.7%	10,117	49.8%	44,351	61.5%	NA	NA
Revenue NA	1,356	4.9%	1,187	4.9%	255	1.2%	2,799	3.9%	67.3%	68.1%
Total	\$27,610	100.0%	\$24,105	100.0%	\$20,333	100.0%	\$72,048	100.0%	100.0%	100.0%

* Aggregate data for loans to companies with revenue greater than \$1 million is not available. As a result, all loans originated to companies that are not less than \$1 million in annual revenue are placed in the "Revenue Unknown" category.

Table 15 shows the institution granted small business loans to both revenue categories. The percentage distribution of loans to businesses with annual revenue less \$1 million slightly exceeded that of the aggregate reporters. This level of activity shows a willingness to lend to smaller sized business in the assessment area.

Geographic Distribution of Loans

The percentage of Beacon's home mortgage lending in LMI geographies was less than aggregate lenders. Consumer lending and small business lending in these geographies has increased over the review period, and small business lending levels are similar to aggregate numbers. On balance, the institution's performance under this criterion was adequate, and met the standard for a satisfactory performance.

Part of the review includes an analysis of Beacon's distribution of loans among geographic areas of different income levels within the Combined AA. Table 16 illustrates loan originations, categorized by geography income level, reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Institution (continued)

Table 16 - Distribution of Beacon Federal's HMDA-Reportable Loans By Geography Income Level in Combined Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	7	1.1%	8	1.0%	8	1.1%	23	1.0%	1.3%	0.8%
Moderate	50	7.7%	55	6.6%	50	7.1%	155	7.1%	13.2%	10.7%
Middle	337	51.9%	441	52.9%	372	52.4%	1,150	52.5%	59.9%	57.5%
Upper	255	39.3%	329	39.5%	279	39.4%	863	39.4%	25.6%	31.0%
Total	649	100.0%	833	100.0%	709	100.0%	2,191	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$875	1.5%	\$236	0.3%	\$422	0.7%	\$1,533	0.8%	0.8%	0.5%
Moderate	2,940	4.9%	3,621	4.5%	2,877	5.0%	9,438	4.8%	11.5%	9.0%
Middle	27,337	45.7%	36,052	44.8%	26,264	45.6%	89,653	45.3%	53.0%	51.1%
Upper	28,653	47.9%	40,569	50.4%	28,076	48.7%	97,298	49.1%	34.7%	39.4%
Total	\$59,805	100.0%	\$80,478	100.0%	\$57,639	100.0%	\$197,922	100.0%	100.0%	100.0%

The institution originated 8.1 percent of its total HMDA-reportable loans granted in the combined AA during the review period to LMI geographies. The aggregate lenders attained a distribution equal to 14.5 percent and 11.5 percent to the LMI areas for 2008 and 2009, respectively. The institution's performance in LMI areas was significantly less than that of aggregate lenders. The percentage distribution in low-income geographies was comparable to the aggregate lenders; however, the percentage distribution in moderate-income geographies was significantly less than the aggregate lenders.

During 2009, 431 HMDA reporters originated 9.4 thousand loans totaling \$1.8 billion in LMI geographies in the combined AA. The top five percent of the lenders granted 24.3 percent of the loans and included super-regional banks and thrifts. Beacon was ranked 36th with a 0.65 percent market share. The institution's LMI geographic market share position was lower than the overall market share position.

Table 17 reflects Beacon's geographic distribution of consumer loans within the Combined AA.

Institution (continued)

Table 17 - Distribution of Beacon Federal's Consumer Loans By Geography Income Level in Combined Assessment Area (Dollars in thousands)								
Geography Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	109	2.6%	138	2.7%	109	2.7%	356	2.7%
Moderate	401	9.6%	454	9.0%	482	12.1%	1,337	10.1%
Middle	2,451	59.0%	2,880	57.2%	2,287	57.4%	7,618	57.8%
Upper	1,199	28.8%	1,568	31.1%	1,110	27.8%	3,877	29.4%
Total	4,160	100.0%	5,040	100.0%	3,988	100.0%	13,188	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$1,602	2.3%	\$1,977	2.5%	\$1,538	2.5%	\$5,117	2.4%
Moderate	5,906	8.3%	6,731	8.4%	7,138	11.5%	19,775	9.3%
Middle	40,071	56.3%	44,414	55.5%	34,872	56.0%	119,357	55.9%
Upper	23,529	33.1%	26,872	33.6%	18,724	30.0%	69,125	32.4%
Total	\$71,108	100.0%	\$79,994	100.0%	\$62,272	100.0%	\$213,374	100.0%

Beacon originated 12.8 percent of its consumer loans in LMI geographies during the review period. In comparison to the demographic characteristics of the community, the percentage distribution of lending in LMI geographies was less than the geographies classified as LMI. The distribution of consumer loans to LMI areas of the assessment area increased in the three years in the review period, with 2010 achieving a LMI distribution of 14.8 percent. The actual number of loans and the percentage distribution were greater than the prior evaluation.

Table 18 reflects Beacon's geographic distribution of small business loans within the Combined AA, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Table 18 - Distribution of Beacon Federal's Small Business Loans By Geography Income Level in Combined Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	15	12.0%	14	15.1%	6	6.4%	35	11.2%	4.0%	4.1%
Moderate	11	8.8%	5	5.4%	8	8.5%	24	7.7%	14.9%	14.6%
Middle	44	35.2%	51	54.8%	35	37.2%	130	41.7%	52.8%	52.9%
Upper	55	44.0%	23	24.7%	45	47.9%	123	39.4%	28.3%	28.4%
Total	125	100.0%	93	100.0%	94	100.0%	312	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$4,826	17.5%	\$2,971	12.3%	\$2,288	11.3%	\$10,085	14.0%	5.9%	5.9%
Moderate	3,379	12.2%	2,182	9.1%	836	4.1%	6,397	8.9%	16.7%	15.4%
Middle	8,259	29.9%	10,907	45.2%	9,627	47.3%	28,793	40.0%	53.0%	53.7%
Upper	11,145	40.4%	8,045	33.4%	7,582	37.3%	26,772	37.1%	24.4%	25.0%
Total	\$27,609	100.0%	\$24,105	100.0%	\$20,333	100.0%	\$72,047	100.0%	100.0%	100.0%

Institution (continued)

Table 18 shows that Beacon granted 18.9 percent of its total small business loans in LMI geographies in the review period. Institution performance in 2008 and 2009 compares favorably with the aggregate lenders who originated 18.9 and 18.7 of the total small business loans to these geographies for 2008 and 2009, respectively. The institution's percentage distribution improved from the prior evaluation, and shows management's willingness to help meet the credit needs of the communities.

Response to Complaints

During the review period, the institution received no known written complaints pertaining to its performance in helping to meet the credit needs within the assessment area.

Community Development

Beacon's performance under the community development test within the combined assessment area was reasonable for loans, qualified investments and/or community development services, and met the standard for satisfactory performance.

Community Development Lending

Beacon responded positively to community development needs through its assessment area lending efforts. The institution provided almost \$18 million in community development loans for affordable housing for LMI families, food and medical services for LMI populations, and economic development funds to maintain jobs and promote the revitalization and stabilization of lower income communities. Details are summarized in the Community Development section within the appropriate assessment areas.

Community Development Investments

Beacon made a reasonable response to assessment area community development needs through its CRA qualified investments, and qualified community development contributions. The institution made a total of \$5.4 million in qualified investments and \$78.2 thousand in qualified community development contributions. Details are summarized in the Community Development section within the appropriate assessment areas.

Community Development Services

Beacon demonstrated a reasonable response to assessment area credit needs based on its active participation in community development services. Qualified services included organizations that

Institution (continued)

support affordable housing initiatives, neighborhood revitalization, community services and outreach programs for LMI residents including senior citizens, housing counseling and support services for special needs population. Details are summarized in the Community Development section within the appropriate assessment areas.

Fair Lending or Other Illegal Credit Practices Review

An evaluation of compliance with consumer laws and regulations was performed during the prior comprehensive examination of the institution. No violations of the substantive provisions of the laws and regulations prohibiting discrimination or other illegal credit practices were identified during that examination.

State

Summary

CRA Rating for New York

CRA RATING^a:

Satisfactory

The Lending Test is rated:

Satisfactory

The Community Development Test is rated:

Satisfactory

A majority of the institution's lending and community development activities occurred in this state. Beacon achieved the lending test result through a strong volume of lending, and a reasonable lending distribution to borrowers of different incomes and throughout the various income levels of the geographies in the assessment areas.

The number and dollar amount of community development loans, the level of qualified community development investments and contributions, and community development services was reasonable.

Scope of Examination

OTS evaluated the institution's performance in the two New York assessment areas using full scope examination procedures. The review period was the 36-months from January 1, 2008 through December 31, 2010. In assigning an overall rating, the performance in this assessment area was given the most weight as it included most of the lending activity.

Description of Institution's Operations in New York

Within the New York assessment area, Beacon has four full service branch offices, and an administrative office. There are four deposit-taking ATMs at the branch offices, as well as three deposit-taking ATMs at other locations. In addition, there are 16 non-deposit ATMs reasonably disbursed in the assessment area. The New York assessment area has 87.6 percent of the institution's lending and 70.6 percent of its deposits.

The first, and largest, assessment area consists of the Syracuse, NY MSA #45060 and all its three counties, Madison, Onondaga and Oswego. The second assessment area is Oneida County in the Utica-Rome, NY MSA #46540. Within the New York State assessment area, Syracuse AA represents 87 percent of all loans and 88 percent of all deposits, and carries the greatest weight in this evaluation.

^a For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Conclusions with Respect to Performance Tests in New York

Lending in the State of New York

Table 19 illustrates the institution’s lending activity in the NY AA during the review period.

Table 19 - Loan Originations within the New York Assessment Area						
1/1/2008 – 12/31/2010						
(Dollars in thousands)						
Loan Type	Combined AA	NY AA		Combined AA	NY AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,191	1,693	77.3%	\$197,922	\$141,295	71.4%
Consumer	13,188	11,778	89.3%	213,374	193,603	90.7%
Small Business	312	279	89.4%	72,048	65,956	91.5%
Total	15,691	13,750	87.6%	\$483,344	\$400,854	82.9%

The New York AA generated the largest percentage of lending with 87.6 percent by number and 82.9 percent by dollar amount of all lending. Lending increased by number, on an annualized basis; 11.3 percent for HMDA reportable mortgage loans, 50.2 percent for consumer loans, and three percent for small business loans. The lower level of small-business lending was a direct result of the weakened economy.

This is a highly competitive area for deposits and loans. There are 27 FDIC-insured financial institutions in this area, with 262 deposit taking branch offices. Total deposits in these financial institutions were \$14 billion at June 30, 2010. There were over 195 HMDA reporting lenders operating in this area during 2009.

Lending to Borrowers of Different Incomes

The institution achieved a reasonable distribution of loans to borrowers of different income levels in New York.

Beacon originated 21.7 percent by number and 10.3 percent by dollar amount of the HMDA loans to LMI borrowers. The aggregate HMDA reporters provided 29.2 percent by number and 18.5 percent by dollar amount of HMDA loans to LMI borrowers in 2008, and 29 percent by number and 18.8 percent by dollar amount to LMI borrowers in 2009.

Beacon originated 11.8 thousand consumer loans totaling \$194 million, and achieved a substantial distribution percentage of consumer loans to LMI borrowers in this area. The institution originated 43.6 percent of total consumer loans by number and 37.9 percent by dollar amount to LMI borrowers. This represents a strong performance, as the percentage of the number of loans surpasses the percentage of LMI families living in the assessment areas.

Beacon originated 279 small business loans totaling \$66 million. The institution had a reasonable distribution of small business loans to businesses of different sizes. Loans granted to small businesses in the amount of \$100 thousand or less represented 43.7 percent of the small business loans in this AA. In addition, 44.4 percent of the small business loans originated to companies with gross revenues under \$1 million.

Geographic Distribution of Loans

Beacon attained an adequate distribution of HMDA loans in LMI geographies in this AA. Beacon originated 7.4 percent by number and 3.5 percent by dollar amount of the HMDA loans in LMI geographies. Aggregate HMDA reporters provided 11.9 percent by number and 7.0 percent by dollar amount of HMDA loans in LMI geographies in 2008, and 9.7 percent by number and 5.9 percent by dollar amount in 2009.

Beacon's distribution of consumer loans to LMI geographies was reasonable at 13.7 percent by number and 12.4 percent by dollar amount of lending. In comparison to the demographic characteristics of the AA, the percentage distribution of lending in LMI geographies was less than geographies classified as LMI.

Beacon also had a reasonable distribution of small business loans to businesses in LMI geographies. Beacon was able to grant 19.7 percent of the small business loans to LMI geographies: this closely approximates the 21.1 percent attained by the aggregate small business lenders in 2008 and 2009.

Community Development Test

A majority of Beacon's community development lending, qualified investments, and community development services occurred in the New York AA. Beacon's performance under community development activities was reasonable.

Community Development Lending

Beacon made a good effort to help meet community credit needs by providing community development purpose loans to various businesses located within the New York AA. Most of the business financing was provided for the revitalization and stabilization of the LMI areas it serves. These activities are detailed in the individual assessment area evaluations.

Community Development Investments

The institution made a satisfactory response to community credit needs in the New York AA through contributions for various community development projects and programs. These contributions are detailed in the individual assessment area evaluations.

Community Development Services

Beacon provided a reasonable level of community development services through participation with various organizations dedicated to community development, particularly in the Syracuse assessment area. These services are detailed in the individual assessment area evaluations.

State Metropolitan Area & State Reviewed

(for metropolitan areas with some or all assessment areas reviewed using full-scope review)

Description of Institution’s Operations in Syracuse, NY MSA

The institution opened a new main office and administrative headquarters in East Syracuse, New York in June 2009. Within the Syracuse, NY MSA assessment area, the institution provided banking services via two full-service branch offices, including two deposit-taking ATMs, and the administrative headquarters. Both facilities are located in East Syracuse, New York; the main office and headquarters are located in a moderate-income geography and the branch in a middle-income geography. There are three deposit-taking ATMs located elsewhere in the assessment area, one in a low-income geographic area. In addition, there are 15 additional ATMS located throughout the assessment area, one in a low-income area, and two in moderate-income areas.

A total of 76 percent by number and 75.6 percent by dollar amount of HMDA-reportable, small business, and consumer loans originated within the combined AA during the review period were located in the Syracuse assessment area. The branch offices in the Syracuse area contained 62 percent of Beacon’s total deposits.

This is a highly competitive area for deposits and loans. There are 23 FDIC-insured financial institutions in this area with 197 deposit taking branch offices. These institutions hold \$10.9 billion in deposits. There were 173 HMDA reporting lenders operating in this area during 2009.

Description of Syracuse, NY MSA Assessment Area

This assessment area consists of Madison, Onondaga and Oswego Counties, NY. The AA, which comprises the entire Syracuse, NY MSA #45060, contains 189 geographies. Table 20 illustrates demographic data on population, families, and housing units within the Syracuse AA.

Table 20 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	650,154
Total Families	165,007
1-4 Family Units	220,213
Multi-family Units	42,362
% Owner-Occupied Units	61%
% Rental-Occupied Units	30%
% Vacant Housing Units	9%
Weighted Average Median Housing	\$81,507

Table 21 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Table 21 - Distribution of Geographies, Families and Housing Units Syracuse, NY MSA Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	21	11.1%	9,346	5.7%	13,213	6.0%
Moderate	34	18.0%	23,572	14.3%	35,054	15.9%
Middle	85	45.0%	85,139	51.5%	111,579	50.7%
Upper	49	25.9%	46,950	28.5%	60,367	27.4%
Total	189	100.0%	165,007	100.0%	220,213	100.0%

According to 2000 census data, 38.6 percent of the families in the Syracuse AA are low- to moderate-income, with 8.6 percent of the families reporting income below the poverty level. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 census data to update the income levels. The adjusted figures are used in the Lending to Borrowers of Different Incomes section of this Performance Evaluation. Table 22(a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 22(b) reflects the updated HUD median family income for each year during the review period; and table 22(c) shows the distribution of families in each income range of the AA.

Table 22(a) - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$32,149
Moderate (50% - 79%)	\$32,150	\$51,439
Middle (80% - 119%)	\$51,440	\$77,159
Upper (>= 120%)	\$77,160	+

Table 22(b) - Annual HUD Median Family Income	
Year	Amount
2008	\$61,000
2009	\$63,700
2010	\$64,300

* Based on HUD 2010 Median Family Income of the MSA

Table 22(c)- Distribution of Families Syracuse, NY MSA Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	33,454	20.3%
Moderate (50% - 79%)	30,195	18.3%
Middle (80% - 119%)	36,041	21.8%
Upper (>= 120%)	65,317	39.6%
Total	165,007	100.0%

Conclusions with Respect to Performance Tests in Syracuse, NY MSA Assessment Area

Lending in the Syracuse, NY MSA Assessment Area

Table 23 illustrates the institution’s lending activity in the Syracuse AA during the review period.

Table 23 - Loan Originations within the Syracuse, NY MSA Assessment Area						
1/1/2008 – 12/31/2010						
(Dollars in thousands)						
Loan Type	Combined AA	Syracuse, NY AA		Combined AA	Syracuse, NY AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,191	1,516	69.2%	\$197,922	\$132,213	66.8%
Consumer	13,188	10,153	77.0%	213,374	169,691	79.5%
Small Business	312	264	84.6%	72,048	63,358	87.9%
Total	15,691	11,933	76.0%	\$483,344	\$365,262	75.6%

The level of consumer lending is especially strong in this assessment area, followed by HMDA reportable mortgage loans and small business loans by dollar amount granted.

The Syracuse AA ranked first for total HMDA, consumer and small business loan production with 76 percent by number and dollar amount for all assessment area lending. Lending increased by number, on an annualized basis, 5.6 percent for HMDA reportable loans, 46.7 percent for consumer loans, and five percent for small business loans. In total, this represented an annualized increase of 38.6 percent by number, and 4.6 percent by dollar amount.

Competition for loans is strong, with 173 HMDA reporters granting over 10 thousand loans in 2009. The institution granted 495 HMDA reportable residential mortgage loans in 2009 and ranked 6th with a 4.7 percent market share. Larger financial institutions ranked below Beacon in market penetration.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Part of the review includes an analysis of Beacon’s distribution of loans among borrowers of different income levels within the Syracuse AA. Table 24 illustrates loan originations, categorized by borrower income level, reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Table 24 - Distribution of Beacon Federal's HMDA-Reportable Loans By Borrower Income Level in the Syracuse, NY MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Low	28	6.1%	24	4.2%	23	4.7%	75	4.9%	8.2%	7.7%
Moderate	70	15.3%	92	16.2%	93	19.0%	255	16.8%	21.6%	21.7%
Middle	109	23.8%	148	26.1%	115	23.5%	372	24.5%	26.8%	27.3%
Upper	244	53.3%	301	53.0%	242	49.4%	787	52.0%	41.1%	39.9%
Income NA	7	1.5%	3	0.5%	17	3.4%	27	1.8%	2.3%	3.4%
Total	458	100.0%	568	100.0%	490	100.0%	1,516	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$1,051	2.8%	\$934	1.7%	\$571	1.4%	\$2,556	1.9%	4.0%	4.0%
Moderate	3,321	8.8%	4,383	8.2%	3,388	8.3%	11,092	8.4%	14.7%	15.1%
Middle	6,255	16.5%	10,979	20.4%	6,541	16.1%	23,775	18.0%	22.5%	23.8%
Upper	25,857	68.3%	36,822	68.5%	28,056	69.2%	90,735	68.6%	49.5%	52.8%
Income NA	1,396	3.6%	621	1.2%	2,038	5.0%	4,055	3.1%	9.3%	4.3%
Total	\$37,880	100.0%	\$53,739	100.0%	\$40,594	100.0%	\$132,213	100.0%	100.0%	100.0%

By number, the institution originated 21.7 percent of HMDA reportable mortgage loans to LMI borrowers, which exceeded the 20.2 percent noted in the previous evaluation. In addition, the institution originated 10.3 percent by dollar amount for the review period, and exceeded that of 7.1 percent of the previous evaluation.

HMDA aggregate reporters originated 29.8 percent and 29.4 percent by number of loans to LMI borrowers in 2008 and 2009, respectively, and 18.7 percent and 19.1 percent by dollar volume in 2008 and 2009, respectively. The institution ranked somewhat lower by number of loans to LMI borrowers, and much lower by dollar volume, than aggregate lenders during those years. In 2009, Beacon ranked 5th out of the 112 HMDA lenders that granted loans to LMI borrowers in the assessment area, with a 3.9 percent market share.

Table 25 reflects Beacon’s borrower distribution of consumer loans within the Syracuse AA.

Table 25 - Distribution of Beacon Federal’s Consumer Loans By Borrower Income Level in the Syracuse, NY MSA Assessment Area (Dollars in thousands)								
Borrower Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	446	14.8%	589	14.7%	621	19.8%	1,656	16.3%
Moderate	748	24.9%	1,168	29.1%	903	28.8%	2,819	27.8%
Middle	817	27.2%	1,079	26.9%	794	25.4%	2,690	26.5%
Upper	955	31.8%	1,136	28.3%	747	23.9%	2,838	28.0%
Income NA	41	1.3%	44	1.0%	65	2.1%	150	1.4%
Total	3,007	100.0%	4,016	100.0%	3,130	100.0%	10,153	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$5,905	11.0%	\$7,686	11.8%	\$8,303	16.3%	\$21,894	12.9%
Moderate	11,200	20.9%	17,586	27.0%	14,278	28.0%	43,064	25.4%
Middle	14,099	26.3%	17,646	27.1%	12,904	25.3%	44,649	26.3%
Upper	21,315	39.8%	21,875	33.6%	15,064	29.7%	58,254	34.3%
Income NA	1,083	2.0%	391	0.5%	356	0.7%	1,830	1.1%
Total	\$53,602	100.0%	\$65,184	100.0%	\$50,905	100.0%	\$169,691	100.0%

The institution originated 44.1 percent of total consumer loans to LMI borrowers in this assessment area during the review period, and exceeded the 36.4 percent LMI distribution of the prior evaluation. As there is no aggregate data for consumer loans, income data obtained from the 2000 Census was used as a proxy to measure this performance. The assessment area has 30 percent of the population identified as either LMI families or below the poverty level. Based on this comparison, the institution’s LMI percentage distribution of consumer lending is strong.

Table 26 provides an analysis of Beacon’s small business activity, based on loan origination amount, for the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Table 26 - Distribution of Beacon Federal’s Small Business Loans By Loan Origination Amount in the Syracuse, NY MSA Assessment Area (Dollars in thousands)										
Loan Amount At Origination	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
≤ \$100,000	43	42.1%	34	42.0%	37	45.6%	114	43.2%	94.4%	90.8%
\$100,001-\$250,000	27	26.5%	19	23.5%	19	23.5%	65	24.6%	2.8%	4.5%
\$250,001-\$1 mill.	32	31.4%	28	34.5%	25	30.9%	85	32.2%	2.8%	4.7%
Total	102	100.0%	81	100.0%	81	100.0%	264	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
≤ \$100,000	\$1,913	8.4%	\$1,712	7.7%	\$1,512	8.2%	\$5,137	8.1%	33.7%	25.9%
\$100,001-\$250,000	5,106	22.4%	3,510	15.8%	3,569	19.5%	12,185	19.2%	16.7%	17.8%
\$250,001-\$1 mill.	15,736	69.2%	17,040	76.5%	13,260	72.3%	46,036	72.7%	49.6%	56.3%
Total	\$22,755	100.0%	\$22,262	100.0%	\$18,341	100.0%	\$63,358	100.0%	100.0%	100.0%

The distribution of loans showed that the institution made a reasonable number of loans for under \$100 thousand compared to the 2008 and 2009 CRA aggregate lenders. Even though the institution's percentage distribution was less than the previous evaluation, the actual number of loans granted was greater.

Table 27 illustrates small business loan originations, based on company's annual revenue, for the review period, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Table 27 - Distribution of Beacon Federal's Small Business Loans By Company's Revenue Category in the Syracuse, NY MSA Assessment Area (Dollars in thousands)										
Company's Rev. Category	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Rev. < \$1 million	42	41.2%	30	37.0%	46	56.8%	118	44.7%	32.1%	28.0%
Rev. > \$1 million	55	53.9%	46	56.8%	33	40.7%	134	50.8%	NA	NA
Revenue NA	5	4.9%	5	6.2%	2	2.5%	12	4.5%	67.9%	72.0%
Total	102	100.0%	81	100.0%	81	100.0%	264	100.0%	100.0%	100.0%
By \$ Amount:										
Rev. < \$1 million	\$6,642	29.2%	\$5,425	24.4%	\$9,235	50.3%	\$21,302	33.6%	31.7%	29.0%
Rev. > \$1 million	14,830	65.2%	15,675	70.4%	8,851	48.3%	39,356	62.1%	NA	NA
Revenue NA	1,284	5.6%	1,162	5.2%	255	1.4%	2,701	4.3%	68.3%	71.0%
Total	\$22,756	100.0%	\$22,262	100.0%	\$18,341	100.0%	\$63,359	100.0%	100.0%	100.0%

* Aggregate data for loans to companies with revenue greater than \$1 million is not available. As a result, all loans originated to companies that are not less than \$1 million in annual revenue are placed in the "Revenue Unknown" category.

The institution's penetration of lending to companies with revenues less than \$1 million was good throughout the review period and exceeded that of the CRA aggregate reporters by number and dollar amount. Even though the institution's percentage distribution was less than the previous evaluation, so was that of the CRA aggregate reporters for 2008 and 2009. On balance, the lending performance shows a good responsiveness to the small businesses in their assessment area.

Geographic Distribution of Loans

Part of the review includes an analysis of Beacon's distribution of loans among geographic areas of different income levels within the Syracuse AA. Table 28 illustrates loan originations, categorized by geography income level, reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Table 28 - Distribution of Beacon Federal's HMDA-Reportable Loans By Geography Income Level in the Syracuse, NY MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	4	0.9%	8	1.4%	5	1.0%	17	1.1%	1.6%	1.3%
Moderate	24	5.2%	25	4.4%	35	7.1%	84	5.5%	10.4%	8.5%
Middle	223	48.7%	273	48.1%	233	47.6%	729	48.1%	55.4%	53.5%
Upper	207	45.2%	262	46.1%	217	44.3%	686	45.3%	32.6%	36.7%
Total	458	100.0%	568	100.0%	490	100.0%	1,516	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$262	0.7%	\$236	0.4%	\$293	0.7%	\$791	0.6%	1.2%	1.0%
Moderate	1,083	2.9%	1,047	1.9%	1,193	2.9%	3,323	2.5%	6.0%	5.1%
Middle	15,633	41.3%	20,900	38.9%	15,915	39.2%	52,448	39.7%	51.5%	47.1%
Upper	20,902	55.1%	31,556	58.8%	23,193	57.2%	75,651	57.2%	41.3%	46.8%
Total	\$37,880	100.0%	\$53,739	100.0%	\$40,594	100.0%	\$132,213	100.0%	100.0%	100.0%

The institution originated 6.6 percent of its total HMDA-reportable loans in the Syracuse AA during the review period in LMI geographies.

The aggregate lenders attained a distribution equal to 12 percent and 9.8 percent in LMI geographies for 2008 and 2009, respectively. The institution's performance in LMI geographies was significantly less than that of the reporting lenders for 2008 and 2009. The percentage distribution in low-income geographies was reasonable; however, the percentage distribution in moderate-income geographies was significantly less than the aggregate lenders. Overall, the institution's performance in LMI geographies was significantly less than that of other reporting lenders, and less than the previous evaluation.

In 2009, Beacon ranked 9th in lending in LMI geographies in this assessment area out of 82 HMDA aggregate reporters in LMI areas. This ranking was higher than some larger financial institutions.

Table 29 reflects Beacon's geographic distribution of consumer loans within the Syracuse AA.

Table 29 - Distribution of Beacon Federal's Consumer Loans By Geography Income Level in the Syracuse, NY MSA Assessment Area (Dollars in thousands)								
Geography Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	86	2.9%	117	2.9%	100	3.2%	303	3.0%
Moderate	312	10.4%	369	9.2%	393	12.6%	1,074	10.6%
Middle	1,682	55.9%	2,221	55.3%	1,706	54.5%	5,609	55.2%
Upper	927	30.8%	1,309	32.6%	931	29.7%	3,167	31.2%
Total	3,007	100.0%	4,016	100.0%	3,130	100.0%	10,153	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$1,365	2.5%	\$1,663	2.6%	\$1,423	2.8%	\$4,451	2.6%
Moderate	4,823	9.0%	5,668	8.7%	5,951	11.7%	16,442	9.7%
Middle	28,290	52.8%	34,979	53.6%	27,189	53.4%	90,458	53.3%
Upper	19,124	35.7%	22,874	35.1%	16,342	32.1%	58,340	34.4%
Total	\$53,602	100.0%	\$65,184	100.0%	\$50,905	100.0%	\$169,691	100.0%

The institution originated 13.6 percent of total consumer loans in LMI geographies in the Syracuse AA during the review period, and exceeded the 11.7 percent LMI distribution of the prior evaluation. Beacon increased the volume each year, particularly for 2010 with a 15.8 percentage distribution in LMI areas.

Table 30 reflects Beacon's geographic distribution of small business loans within the Syracuse AA, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Table 30 - Distribution of Beacon Federal's Small Business Loans By Geography Income Level in the Syracuse, NY MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	15	14.7%	14	17.3%	6	7.4%	35	13.3%	10.5%	10.4%
Moderate	9	8.8%	5	6.2%	5	6.2%	19	7.2%	10.3%	10.1%
Middle	32	31.4%	43	53.0%	28	34.6%	103	39.0%	50.1%	49.8%
Upper	46	45.1%	19	23.5%	42	51.8%	107	40.5%	29.1%	29.7%
Total	102	100.0%	81	100.0%	81	100.0%	264	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$4,826	21.2%	\$2,971	13.3%	\$2,288	12.5%	\$10,085	15.9%	14.5%	15.2%
Moderate	2,824	12.4%	2,182	9.8%	525	2.9%	5,531	8.7%	12.2%	10.5%
Middle	5,302	23.3%	9,903	44.5%	8,076	44.0%	23,281	36.7%	49.7%	48.6%
Upper	9,803	43.1%	7,206	32.4%	7,452	40.6%	24,461	38.7%	23.6%	25.7%
Total	\$22,755	100.0%	\$22,262	100.0%	\$18,341	100.0%	\$63,358	100.0%	100.0%	100.0%

During the review period, the institution originated 20.5 percent of its total small business loans in LMI geographies in the Syracuse AA, which exceeded that of the previous evaluation.

The CRA aggregate lenders attained a distribution equal to 20.8 percent and 20.5 percent in the LMI areas for 2008 and 2009, respectively. The institution's 2008 and 2009 performance in LMI geographies was slightly better than aggregate reporters by number of loans.

Community Development

Community Development Lending

Beacon made a reasonable effort to meet community credit needs by providing community development purpose commercial loans to various businesses located within the Syracuse, NY MSA AA. There were a total of 11 loan relationships for \$16.7 million. Most of the business financing was provided for the revitalization and stabilization of the LMI areas.

The bank granted a loan to Home Headquarters, Inc, an organization that provides financing to low-income families, and Spanish Action League of Onondaga County, which serves the needs of Spanish-language populations with career and housing counseling as well as family service programs.

Some other significant community development loans included:

- Multiple loans for purchase and renovation of buildings to house a downtown Syracuse medical/surgical center located in a low income geography;
- Purchase and renovation of commercial buildings in a state- sponsored development zone low- income geography in Syracuse;
- Purchase and working capital for a downtown restaurant contributing to neighborhood revitalization;
- Purchase of multiple dwelling unit apartments providing affordable rents in an LMI area;
- Financing for a developer specializing in rehabilitating distressed properties for affordable housing; and
- Conversion of a downtown Syracuse armory building into office space under a neighborhood revitalization program;

Community Development Investments

Beacon invested a total of \$1.1 million in qualified investments and contributions during the review period. This activity reflected a reasonable level of responsiveness to community and economic development needs in the Syracuse, NY MSA AA.

Qualified community development investment consisted of \$976 thousand to Senior Crimestoppers, a program operated by the Senior Housing Crime Prevention Foundation which provides crime preventive services and systems for elderly residents of long term care and senior housing

communities. Beacon also provided qualified community development contributions to a range of organizations during the review period for affordable housing for LMI families, food and medical services for LMI populations, and economic development funds to maintain jobs and promote the revitalization and stabilization of lower income communities.

Table 31 lists some of the major community development contributions from the institution during the review period.

Table 31 - Syracuse, NY MSA AA - Community Development Contributions			
Type of Entity	Type	Location	Description
St. Joseph's Hospital Foundation	Contribution	Syracuse, NY MSA AA	Funds and maintains primary care centers to provide medical care to uninsured and underserved families located in Syracuse area.
Vera House	Contribution	Syracuse, NY MSA AA	Provides services to victims of domestic violence; emphasizes service to low to moderate income populations.
The Samaritan Center	Contribution	Syracuse, NY MSA AA	Interfaith community organization providing food services for populations in need in Central New York.
Rescue Mission	Contribution	Syracuse, NY MSA AA	Community service organization that provides funds, food and services to low-income and homeless populations low-income and homeless populations
Food Bank of CNY	Contribution	Syracuse, NY MSA AA	Provides food and personal care items to emergency feeding programs serving low-income and homeless populations.

Community Development Services

Beacon demonstrated a reasonable response to assessment area credit needs based on its participation in community development services. Qualified community development services included: The Samaritan Center, an organization that supports food service programs for the homeless and other populations in need; Vera House, a domestic violence crisis center; Greater Syracuse Business Development Corporation; and, first- time home buyers seminars focused at LMI populations.

In addition, members of management and staff are involved in making periodic visits to local businesses and organizations to provide financial counseling for employees including; applying for loans, account management skills, improving credit scores or personal finance strategies. These activities are performed throughout the assessment area and demonstrate a positive response to assessment area credit needs.

State Metropolitan Area & State Reviewed

(for each metropolitan area where no assessment areas were reviewed using full-scope review)

Description of Institution’s Operations in Utica-Rome, NY MSA

The institution provides banking services via two full-service branch offices, including two deposit-taking ATMs, both in Oneida County. One facility is located in Marcy, in a moderate-income geography, and the second branch is located in Rome in a middle-income geography. There is one additional ATM located in Oneida, New York, in a middle-income geography.

HMDA-reportable, small business, and consumer loans originated within this AA represented 11.6 percent by number and 7.4 percent by dollar amount of the combined AA loans. The branch offices in the Utica area contained 8.6 percent of Beacon’s total deposits.

This is a highly competitive area for deposits and loans. There are 17 FDIC-insured financial institutions in this area with 65 deposit taking branch offices. These institutions hold \$3.1 billion in deposits. There were 116 HMDA reporting lenders operating in this area during 2009.

Description of Utica-Rome, NY MSA Assessment Area

This AA consists of Oneida County, NY. The AA, which is located in the Utica-Rome, NY MSA #46540, contains 73 geographies. Table 32 illustrates demographic data on population, families, and housing units within the Utica-Rome AA.

Table 32 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	235,469
Total Families	59,378
1-4 Family Units	85,016
Multi-family Units	10,892
% Owner-Occupied Units	59%
% Rental-Occupied Units	29%
% Vacant Housing Units	12%
Weighted Average Median Housing	\$68,797

Table 33 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Table 33 - Distribution of Geographies, Families and Housing Units Utica-Rome, NY MSA Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	10	13.7%	3,873	6.5%	7,938	9.3%
Moderate	14	19.2%	8,173	13.8%	13,206	15.5%
Middle	32	43.8%	31,608	53.2%	43,266	51.0%
Upper	16	21.9%	15,724	26.5%	20,604	24.2%
Income NA	1	1.4%	0	0.0%	2	0.0%
Total	73	100.0%	59,378	100.0%	85,016	100.0%

According to 2000 census data, 37.1 percent of the families in the AA are low- to moderate-income, with 9.8 percent of the families reporting income below the poverty level. Table 34(a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 34(b) reflects the updated HUD median family income for each year during the review period; and table 34(c) shows the distribution of families in each income range of the Utica-Rome AA.

Table 34(a) - Median Family Income Ranges (*)			
Income Category (As % of MSA Median)		Income Ranges	
		From	To
Low	(< 50%)	\$1	\$28,199
Moderate	(50% - 79%)	\$28,200	\$45,119
Middle	(80% - 119%)	\$45,120	\$67,679
Upper	(>= 120%)	\$67,680	+

Table 34(b) - Annual HUD Median Family Income	
Year	Amount
2008	\$52,700
2009	\$55,800
2010	\$56,400

* Based on HUD 2010 Median Family Income of the MSA

Table 34(c)- Distribution of Families Utica-Rome, NY MSA Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	11,573	19.5%
Moderate (50% - 79%)	10,451	17.6%
Middle (80% - 119%)	13,330	22.4%
Upper (>= 120%)	24,024	40.5%
Total	59,378	100.0%

Conclusions with Respect to Performance Tests in Utica-Rome, NY MSA Assessment Area

Lending in the Utica-Rome, NY MSA Assessment Area

Table 35 illustrates the institution’s lending activity in the Utica, NY AA during the review period.

Table 35 - Loan Originations within the Utica-Rome, NY MSA Assessment Area						
1/1/2008 – 12/31/2010						
(Dollars in thousands)						
Loan Type	Combined AA	Utica, NY MSA AA		Combined AA	Utica, NY MSA AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,191	177	8.1%	\$197,922	\$9,082	4.6%
Consumer	13,188	1,625	12.3%	213,374	23,912	11.2%
Small Business	312	15	4.8%	72,048	2,598	3.6%
Total	15,691	1,817	11.6%	\$483,344	\$35,592	7.4%

The Utica-Rome AA ranked second for total HMDA, consumer and small business loan production with 11.6 percent by number and 7.4 percent by dollar amount for all assessment area lending. Lending increased by number, on an annualized basis, 105.8 percent for HMDA reportable loans, 76.8 percent for consumer loans, and decreased 25 percent for small business loans. In total, this represents an annualized percent increase of 77.3 percent by number, and 48.3 percent increase by dollar amount.

Competition for loans is strong, with 116 HMDA reporters granting over three thousand loans in 2009. The institution granted 63 HMDA reportable residential mortgage loans in 2009 and ranked 13th with a 1.8 percent market share.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

HMDA-Reportable Loans:

Table 36 - Distribution of Beacon Federal's HMDA-Reportable Loans By Borrower Income Level in the Utica-Rome, NY MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	0	0.0%	0	0.0%	3	4.8%	3	1.7%	6.4%	6.1%
Moderate	9	17.6%	14	22.2%	11	17.5%	34	19.2%	20.8%	21.6%
Middle	21	41.2%	19	30.2%	23	36.5%	63	35.6%	23.1%	25.9%
Upper	21	41.2%	29	46.0%	25	39.7%	75	42.4%	47.7%	43.2%
Income NA	0	0.0%	1	1.6%	1	1.5%	2	1.1%	2.0%	3.2%
Total	51	100.0%	63	100.0%	63	100.0%	177	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$0	0.0%	\$0	0.0%	\$19	0.6%	\$19	0.2%	3.1%	3.1%
Moderate	187	7.8%	419	12.0%	278	8.7%	884	9.7%	14.8%	14.5%
Middle	489	20.4%	894	25.6%	936	29.3%	2,319	25.5%	20.2%	22.9%
Upper	1,719	71.8%	2,104	60.3%	1,957	61.3%	5,780	63.7%	55.5%	55.1%
Income NA	0	0.0%	75	2.1%	5	0.1%	80	0.9%	6.4%	4.4%
Total	\$2,395	100.0%	\$3,492	100.0%	\$3,195	100.0%	\$9,082	100.0%	100.0%	100.0%

By number, the institution originated 20.9 percent of HMDA reportable mortgage loans to LMI borrowers, which is slightly less than that noted in the previous evaluation. In addition, the institution originated 9.9 percent by dollar amount for the review period, and exceeded that of 8.3 percent of the previous evaluation.

The HMDA aggregate reporters originated 27.2 percent and 27.7 percent of AA HMDA lending to LMI borrowers in 2008 and 2009, respectively, by number of loans, and 17.9 percent and 17.6 percent by dollar volume to LMI borrowers in 2008 and 2009, respectively. The institution's LMI borrower percentage distribution by number is slightly less than aggregate lenders in 2008 and 2009. Beacon did not make any loans to low-income borrowers in those years. The percentage by dollar volume significantly lagged HMDA aggregate reporters. Compared to the previous evaluation, Beacon's LMI borrower loans increased to 37 from 19.

In 2009, Beacon ranked 16th out of the 61 HMDA lenders that granted loans to LMI borrowers in the assessment area, with a 1.7 percent market share.

Consumer Loans:

Table 37 - Distribution of Beacon Federal's Consumer Loans By Borrower Income Level in the Utica-Rome, NY MSA Assessment Area (Dollars in thousands)								
Borrower Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	82	13.2%	68	12.3%	54	12.0%	204	12.6%
Moderate	160	25.8%	161	29.1%	132	29.3%	453	27.9%
Middle	183	29.5%	177	31.9%	136	30.3%	496	30.5%
Upper	189	30.4%	143	25.8%	119	26.4%	451	27.8%
Income NA	7	1.1%	5	0.9%	9	2.0%	21	1.2%
Total	621	100.0%	554	100.0%	450	100.0%	1,625	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$849	9.1%	\$829	10.6%	\$723	10.6%	\$2,401	10.0%
Moderate	2,056	22.2%	2,182	27.9%	1,931	28.4%	6,169	25.8%
Middle	2,772	29.9%	2,432	31.0%	2,128	31.3%	7,332	30.7%
Upper	3,569	38.5%	2,367	30.2%	1,963	28.9%	7,899	33.0%
Income NA	33	0.3%	23	0.3%	55	0.8%	111	0.5%
Total	\$9,279	100.0%	\$7,833	100.0%	\$6,800	100.0%	\$23,912	100.0%

The institution originated 40.5 percent of total consumer loans to LMI borrowers in this assessment area during the review period, and exceeded the 34.5 percent LMI distribution of the prior evaluation. The assessment area has 27.3 percent of the population identified as either LMI families or below the poverty level. Based on this comparison, the institution's LMI percentage distribution of consumer lending is strong.

Small Business Loans:

Only 15 small business loans totaling \$2.6 million originated in this assessment area. This low volume does not significantly impact the institution's performance in this factor, and therefore detailed analysis was not provided.

Geographic Distribution of Loans

HMDA-Reportable Loans:

Table 38 - Distribution of Beacon Federal's HMDA-Reportable Loans By Geography Income Level in the Utica-Rome, NY MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	2	3.9%	0	0.0%	1	1.6%	3	1.7%	2.4%	1.6%
Moderate	10	19.6%	9	14.3%	2	3.2%	21	11.9%	9.4%	7.7%
Middle	21	41.2%	34	54.0%	41	65.0%	96	54.2%	58.3%	54.9%
Upper	18	35.3%	20	31.7%	19	30.2%	57	32.2%	29.9%	35.8%
Total	51	100.0%	63	100.0%	63	100.0%	177	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$14	0.6%	\$0	0.0%	\$11	0.3%	\$25	0.3%	1.0%	0.6%
Moderate	435	18.2%	358	10.3%	9	0.3%	802	8.8%	5.7%	4.8%
Middle	665	27.8%	1,548	44.3%	2,009	62.9%	4,222	46.5%	52.0%	50.1%
Upper	1,281	53.4%	1,586	45.4%	1,166	36.5%	4,033	44.4%	41.3%	44.5%
Total	\$2,395	100.0%	\$3,492	100.0%	\$3,195	100.0%	\$9,082	100.0%	100.0%	100.0%

The institution originated 13.6 percent of the number of HMDA reportable loans in LMI geographies during the review period. In addition, the institution originated 9.1 percent by dollar amount in LMI geographies.

HMDA aggregate reporters granted 11.8 percent and 9.3 percent of their AA loans in LMI geographies for 2008 and 2009, respectively, and 6.7 percent and 5.4 percent for 2008 and 2009, respectively, by dollar volume. The institution's performance exceeded that of the HMDA aggregate reporters for both years.

Beacon ranked 8th in lending in LMI geographies in this assessment area out of 38 HMDA aggregate reporters in 2009. This ranking was higher than some larger financial institutions. The performance in this area is strong, and improved from the previous evaluation.

Consumer Loans:

Table 39 - Distribution of Beacon Federal's Consumer Loans By Geography Income Level in the Utica-Rome, NY MSA Assessment Area (Dollars in thousands)								
Geography Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	21	3.4%	21	3.8%	7	1.6%	49	3.0%
Moderate	68	11.0%	58	10.5%	59	13.1%	185	11.4%
Middle	371	59.7%	321	57.9%	273	60.6%	965	59.4%
Upper	161	25.9%	154	27.8%	111	24.7%	426	26.2%
Total	621	100.0%	554	100.0%	450	100.0%	1,625	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$233	2.5%	\$314	4.0%	\$93	1.4%	\$640	2.7%
Moderate	863	9.3%	755	9.6%	924	13.6%	2,542	10.6%
Middle	5,546	59.8%	4,746	60.6%	4,215	62.0%	14,507	60.7%
Upper	2,637	28.4%	2,018	25.8%	1,568	23.0%	6,223	26.0%
Total	\$9,279	100.0%	\$7,833	100.0%	\$6,800	100.0%	\$23,912	100.0%

The institution originated 14.4 percent of total consumer loans in LMI geographies in the AA during the review period, and exceeded the 13.4 percent LMI consumer loan distribution of the prior evaluation. Beacon maintained this volume each year and ended with a 14.7 percent distribution for 2010 within LMI areas.

Small Business Loans:

Due to the limited number of small business loans, a detailed analysis was not conducted for this activity. This low volume does not significantly impact the institution's performance in this factor.

Community Development Test

Beacon's performance under community development activities within the Utica-Rome, NY MSA Assessment Area was adequate and met the standard for a satisfactory performance.

Community Development Lending

Beacon did not have any community development loans in the AA during the review period.

Community Development Investments

Beacon invested \$3.5 thousand in community development contributions, which reflected an adequate level of responsiveness to community and economic development needs in the Utica-Rome, NY MSA AA. These included: Hope House, Food Bank of Central New York, and Welcome Hall Community Center providing food and shelter to low- income populations.

Community Development Services

The institution's performance in providing community development services was adequate with participation in the Rome Home Show to promote mortgage services. Members of management and staff are involved in making periodic visits to local businesses and organizations to provide financial counseling for the entities employees.

State

Summary

CRA Rating for Tennessee

CRA RATING^b:

Satisfactory

The Lending Test is rated:

Satisfactory

The Community Development Test is rated:

Satisfactory

Beacon's performance in the lending and community development tests in Tennessee was satisfactory.

The percentage distribution of lending in LMI geographies was less than aggregate lenders and the demographics of the assessment area. There are only nine LMI geographies in the assessment area, with no branch offices located near LMI geographies. Even though lending was weak in LMI geographies, the institution's volume of lending, and borrower-income distribution was good.

The number and dollar amount of community development loans was adequate, as was the performance in community development services. The performance level was reasonable for qualified community development investments.

Scope of Examination

OTS evaluated the institution's performance in the two Tennessee assessment areas using the full examination procedures.

Description of Institution's Operations in Tennessee

Within the Tennessee (TN) assessment area, Beacon has two full service branch offices. There are two deposit-taking ATMs at the branch offices, as well as one deposit-taking ATM at another location. In addition, there is one non-deposit ATM located elsewhere in the assessment area. The Tennessee assessment area has approximately 8.1 percent of the institution's lending and 8.4 percent of its deposits.

There are 33 FDIC insured institutions in this area with 141 deposit taking branches, and hold \$5.3 billion in deposits

^b For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

The Tennessee assessment area consists of Rutherford County, one of the 13 counties located in the Nashville-Davidson-Murfreesboro, TN MSA#34980, and five contiguous counties, Coffee, DeKalb, Grundy, Warren, and White, all located in non-MSA areas of Tennessee. The non-MSA AA represents 87 percent of all loans and 68 percent of all deposits.

Conclusions with Respect to Performance Tests in Tennessee

Table 40 illustrates the institution’s lending activity in the TN during the review period.

Table 40 - Loan Originations within the Tennessee Assessment Area						
1/1/2008 – 12/31/2010						
(Dollars in thousands)						
Loan Type	Combined AA	TN AA		Combined AA	TN AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,191	241	11.0%	\$197,922	\$13,778	7.0%
Consumer	13,188	1,011	7.7%	213,374	12,547	5.9%
Small Business	312	17	5.4%	72,048	2,477	3.4%
Total	15,691	1,269	8.1%	\$483,344	\$28,802	6.0%

The Tennessee assessment area generated 8.1 percent by number and six percent by dollar amount of combined AA lending. Lending increased 33 percent by number, on an annualized basis, for HMDA reportable mortgage loans, decreased 42 percent for consumer loans, and decreased 75 percent for small business loans. During the review period, 17 small business loans totaling \$2.5 million originated in the assessment area. This limited volume does not significantly impact the institution’s performance in this factor. The lower level of small business lending was a direct result of the weakened economy.

This is a highly competitive area for deposits and loans. There are 33 FDIC-insured financial institutions in this area, with 141 deposit taking branch offices. Total deposits in these financial institutions were \$5.3 billion at June 30, 2010. There were 256 HMDA reporting lenders operating in this area during 2009.

Lending to Borrowers of Different Incomes

The institution achieved a reasonable distribution of HMDA loans to borrowers of different incomes in Tennessee. Beacon originated 31.1 percent by number and 22.5 percent by dollar amount of its HMDA loans to LMI borrowers. The aggregate HMDA reporters provided 32.4 percent by number and 23.8 percent by dollar amount of HMDA loans to LMI borrowers in 2008, and 35.4 percent by number and 26.8 percent by dollar amount in 2009.

Beacon originated 1,011 consumer loans totaling \$12.5 million, and achieved a high distribution of consumer loans to LMI borrowers in this area. The institution originated 32.5 percent of the total

consumer loans by number and 24.5 percent by dollar amount to LMI borrowers. This represents a strong performance, as the percentage of number of loans attained by Beacon surpasses the percentage of LMI families living in the TN AA.

Geographic Distribution of Loans

Beacon originated 7.1 percent by number and 6.8 percent by dollar amount of the HMDA loans in LMI geographies. The aggregate HMDA reporters provided 8.9 percent by number and 5.4 percent by dollar amount of HMDA loans in LMI geographies in these areas in 2008, and 7.6 percent by number and 4.4 percent by dollar amount in 2009.

Beacon's distribution of consumer loans to LMI geographies was weak at 2.7 percent by number and 3.1 percent by dollar amount of lending. In comparison to the demographic characteristics of the AA, the percentage distribution of lending in LMI geographies was less than those geographies classified as LMI.

Community Development Test

A reasonable level of Beacon's community development lending, and community development services occurred in the Tennessee AAs. In addition, the institution's performance in providing qualified investments was strong. These efforts are described in greater detail under each of the individual assessment area analyses. The overall community development performance was satisfactory and met the standard for a satisfactory performance.

Community Development Lending

The institution made a reasonable response to community credit needs in the Tennessee CSA assessment areas, through community development lending projects and programs. These activities are detailed in the individual assessment area evaluations.

Community Development Investments

The institution made a significant response to community credit needs in the Tennessee combined assessment areas, through contributions for various community development projects and programs. These contributions are detailed in the individual assessment area evaluations.

Community Development Services

The institution made a reasonable response in providing community development services through participation with various organizations dedicated to community development. These services are detailed in the individual assessment area evaluations.

State Metropolitan Area & State Reviewed

(for each metropolitan area where no assessment areas were reviewed using full-scope review)

Description of Institution’s Operations in Nashville-Davidson-Murfreesboro, TN MSA

The institution provided banking services via one full-service branch office, including a deposit-taking ATM, in Smyrna, TN, Rutherford County, a middle-income geography.

Of the 15.7 thousand HMDA-reportable, small business, and consumer loans originated within the Combined Assessment Area during the review period, 1.1 percent by number and 1.5 percent by dollar amount were located in the Nashville assessment area. The branch office in the Nashville area contained 2.7 percent of Beacon’s total deposits.

This is a highly competitive area for deposits and loans. There are 18 FDIC-insured financial institutions in this area with 78 deposit taking branch offices. These institutions hold three billion in deposits. There were 211 HMDA reporting lenders operating in this area during 2009.

Description of Nashville-Davidson-Murfreesboro, TN MSA Assessment Area

This AA consists of Rutherford County, TN. The AA, which is located in the Nashville-Davidson-Murfreesboro, TN MSA #34980 (“Nashville MSA”), contains 26 geographies. Table 41 illustrates demographic data on population, families, and housing units within the Nashville MSA AA.

Demographic Data	2000 Census
Population	182,023
Total Families	47,740
1-4 Family Units	54,942
Multi-family Units	10,898
% Owner-Occupied Units	66%
% Rental-Occupied Units	28%
% Vacant Housing Units	6%
Weighted Average Median Housing	\$109,762

Table 42 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Table 42 - Distribution of Geographies, Families and Housing Units Nashville-Davidson-Murfreesboro, TN MSA Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	1	3.8%	895	1.9%	1,079	2.0%
Moderate	4	15.4%	4,612	9.7%	6,666	12.1%
Middle	19	73.1%	39,170	82.0%	43,609	79.4%
Upper	2	7.7%	3,063	6.4%	3,588	6.5%
Total	26	100.0%	47,740	100.0%	54,942	100.0%

According to 2000 census data, 33.7 percent of the families in the AA are low- to moderate-income, with 5.8 percent of the families reporting income below the poverty level. Table 43(a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 43(b) reflects the updated HUD median family income for each year during the review period; and table 43(c) shows the distribution of families in each income range of the Nashville AA.

Table 43(a) - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$32,599
Moderate (50% - 79%)	\$32,600	\$52,159
Middle (80% - 119%)	\$52,160	\$78,239
Upper (>= 120%)	\$78,240	+

Table 43(b) - Annual HUD Median Family Income	
Year	Amount
2008	\$63,200
2009	\$64,900
2010	\$65,200

* Based on HUD 2010 Median Family Income of the MSA

Table 43(c)- Distribution of Families Nashville, TN MSA Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	7,579	15.9%
Moderate (50% - 79%)	8,531	17.9%
Middle (80% - 119%)	12,672	26.5%
Upper (>= 120%)	18,958	39.7%
Total	47,740	100.0%

Conclusions with Respect to Performance Tests in Nashville-Davidson-Murfreesboro, TN MSA Assessment Area

Lending in the Nashville-Davidson-Murfreesboro, TN MSA Assessment Area

Table 44 illustrates the institution’s lending activity in the Nashville MSA AA during the review period.

Table 44 - Loan Originations within the Nashville, TN MSA Assessment Area						
1/1/2008 – 12/31/2010						
(Dollars in thousands)						
Loan Type	Combined AA	Nashville, TN AA		Combined AA	Nashville, TN AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,191	52	2.4%	\$197,922	\$5,232	2.6%
Consumer	13,188	116	0.9%	213,374	2,138	1.0%
Small Business	312	1	0.3%	72,048	47	0.1%
Total	15,691	169	1.1%	\$483,344	\$7,417	1.5%

There was minimal lending in this assessment area, which represented one percent by number and 1.5 percent by dollar amount of combined assessment area lending. On an annualized basis, HMDA reportable mortgage loans increased by 52.9 percent by number and 67.7 percent by dollar amount. Consumer loans decreased on an annualized basis 47.7 percent by number and 62.4 percent by dollar amount. There was one small business loan totaling \$47 thousand. In total, this represented an annualized decrease of 36 percent by number, and 29.6 percent by dollar amount. Competition for loans was strong, as there were 211 lenders reporting HMDA loan originations during 2009 in this assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

HMDA-Reportable Loans:

Table 45 - Distribution of Beacon Federal's HMDA-Reportable Loans By Borrower Income Level in the Nashville, TN MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	2	13.3%	1	5.6%	3	15.8%	6	11.5%	8.3%	11.6%
Moderate	7	46.7%	4	22.2%	2	10.5%	13	25.0%	24.7%	24.6%
Middle	2	13.3%	5	27.8%	4	21.1%	11	21.2%	27.8%	23.6%
Upper	4	26.7%	8	44.4%	10	52.6%	22	42.3%	33.6%	27.8%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5.6%	12.4%
Total	15	100.0%	18	100.0%	19	100.0%	52	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$148	11.2%	\$121	6.5%	\$274	13.4%	\$543	10.4%	5.2%	8.0%
Moderate	567	42.7%	421	22.6%	26	1.3%	1,014	19.4%	19.9%	20.1%
Middle	119	9.0%	200	10.8%	650	31.8%	969	18.5%	26.2%	23.0%
Upper	493	37.1%	1,118	60.1%	1,095	53.5%	2,706	51.7%	39.6%	35.2%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	9.1%	13.7%
Total	\$1,327	100.0%	\$1,860	100.0%	\$2,045	100.0%	\$5,232	100.0%	100.0%	100.0%

The institution originated 36.5 percent of AA HMDA reportable mortgage loans to LMI borrowers, which exceeded the 17.6 percent noted in the previous evaluation. In addition, the institution originated 29.8 percent by dollar amount to LMI borrowers for the review period, exceeding the 11.1 percent reported at the previous evaluation. The HMDA aggregate reporters originated 33 percent and 36.2 percent of total HMDA lending to LMI borrowers in 2008 and 2009, respectively, by number of loans, and 25.1 percent and 28.1 percent to LMI borrowers in 2008 and 2009, respectively, by dollar volume. In 2009, Beacon ranked 44th of 131 HMDA lenders that granted loans to LMI borrowers in the assessment area, with a 0.3 percent market share.

Consumer Loans:

Table 46 - Distribution of Beacon Federal's Consumer Loans By Borrower Income Level in the Nashville, TN MSA Assessment Area (Dollars in thousands)								
Borrower Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	9	22.0%	9	18.4%	4	15.4%	22	19.0%
Moderate	7	17.1%	16	32.7%	9	34.6%	32	27.6%
Middle	13	31.7%	14	28.6%	5	19.2%	32	27.6%
Upper	11	26.8%	9	18.4%	7	27.0%	27	23.3%
Income NA	1	2.4%	1	1.9%	1	3.8%	3	2.5%
Total	41	100.0%	49	100.0%	26	100.0%	116	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$68	8.1%	\$181	18.0%	\$13	4.5%	\$262	12.3%
Moderate	111	13.2%	111	11.0%	83	28.4%	305	14.3%
Middle	294	35.0%	371	36.9%	40	13.7%	705	33.0%
Upper	365	43.5%	267	26.5%	129	44.2%	761	35.6%
Income NA	2	0.2%	76	7.6%	27	9.2%	105	4.8%
Total	\$840	100.0%	\$1,006	100.0%	\$292	100.0%	\$2,138	100.0%

The institution originated 46.6 percent of total consumer loans to LMI borrowers in this assessment area during the review period, and exceeded the 30.2 percent LMI distribution of the prior evaluation. This exceeded the 28 percent of the population identified as either LMI families or below the poverty level.

Small Business Loans:

During the review period, only one small business loans totaling \$47 thousand was originated in this assessment area. This does not significantly impact the institution's performance in this factor.

Geographic Distribution of Loans

HMDA-Reportable Loans:

Table 47 - Distribution of Beacon Federal's HMDA-Reportable Loans By Geography Income Level in the Nashville, TN MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.5%	0.3%
Moderate	3	20.0%	0	0.0%	1	5.3%	4	7.7%	4.8%	4.3%
Middle	12	80.0%	18	100.0%	18	94.7%	48	92.3%	91.2%	90.6%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3.5%	4.8%
Total	15	100.0%	18	100.0%	19	100.0%	52	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	0.4%	0.2%
Moderate	244	18.4%	0	0.0%	86	4.2%	330	6.3%	3.8%	3.3%
Middle	1,083	81.6%	1,860	100.0%	1,959	95.8%	4,902	93.7%	92.0%	91.2%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3.8%	5.3%
Total	\$1,327	100.0%	\$1,860	100.0%	\$2,045	100.0%	\$5,232	100.0%	100.0%	100.0%

The institution originated only four loans, or 7.7 percent by number of total HMDA-reportable loans, in moderate- income geographies in the Nashville AA during the review period. This limited sample is not statistically meaningful for comparison of performance to HMDA aggregate reporters.

Consumer Loans:

Table 48 - Distribution of Beacon Federal's Consumer Loans By Geography Income Level in the Nashville, TN MSA Assessment Area (Dollars in thousands)									
Geography Inc. Level	2008		2009		2010		Review Period		
	#	%	#	%	#	%	#	%	
Moderate	0	0.0%	1	2.0%	1	3.8%	2	1.7%	
Middle	40	97.6%	42	85.8%	24	92.4%	106	91.4%	
Upper	1	2.4%	6	12.2%	1	3.8%	8	6.9%	
Total	41	100.0%	49	100.0%	26	100.0%	116	100.0%	
	\$	%	\$	%	\$	%	\$	%	
Moderate	0	0.0%	5	0.5%	9	3.1%	14	0.7%	
Middle	835	99.4%	889	88.4%	279	95.5%	2,003	93.6%	
Upper	5	0.6%	112	11.1%	4	1.4%	121	5.7%	
Total	\$840	100.0%	\$1,006	100.0%	\$292	100.0%	\$2,138	100.0%	

The institution originated 1.7 percent of total consumer loans in moderate- income geographies in the Nashville AA during the review period, and was comparable to the 1.8 percent LMI distribution of the prior evaluation. This is significantly below the percentage of LMI geographies and families living in those geographies.

Small Business Loans:

During the review period, one small business loan totaling \$47 thousand originated in this assessment area in an upper-income geography. This low volume does not significantly impact the institution's performance in this factor.

Community Development Test

Beacon's performance under community development activities within the Nashville, TN MSA Assessment Area was reasonable.

Community Development Lending

Beacon made an adequate effort to meet community credit needs by financing Nashville Cares, a provider of health care services to low to moderate income families.

Community Development Investments

Beacon had a reasonable level of responsiveness to community and economic development needs in the Nashville TN MSA AA. The institution made one community development investment in a \$1.3 million targeted mortgage backed security comprised of mortgage loans granted to LMI borrowers. In addition, the institution granted two qualified community development contributions for a total of \$3.7 thousand, including: Habitat for Humanity, an affordable housing provider; and, Meals on Wheels.

Community Development Services

The institution made a reasonable response in providing community development services through participation in the Nashville Cares program and serving on the Dickson County Housing Authority. Members of management and staff are involved in making periodic visits to local businesses and organizations to provide financial counseling for the entities employees.

State Nonmetropolitan Area & State Reviewed^c

(if some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

Description of Institution’s Operations in Tennessee Non-MSA

The institution provided banking services via one full-service branch office which includes a deposit-taking ATM. The office in Morrison is located in an upper-income geography in Warren County. In addition, there are two additional ATMs in the assessment area.

Of the 15.7 thousand HMDA-reportable, small business, and consumer loans originated within the combined Assessment Area during the review period, seven percent by number and 4.4 percent by dollar amount were located in the Tennessee Non-MSA assessment area. The branch office in the Tennessee Non-MSA area contained 5.7 percent of Beacon’s total deposits.

This is a highly competitive area for deposits and loans. There are 23 FDIC-insured financial institutions in this area with 63 deposit taking branch offices. These institutions hold \$2.3 billion in deposits. There were 126 HMDA reporting lenders operating in this area during 2009.

Description of Tennessee Non-MSA Assessment Area

This AA consists of Coffee, DeKalb, Grundy, Warren and White Counties, TN. This area of contiguous counties contains 32 geographies. Table 49 illustrates demographic data on population, families, and housing units within the TN Non-MSA AA.

Table 49 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	141,147
Total Families	40,519
1-4 Family Units	48,843
Multi-family Units	2,715
% Owner-Occupied Units	67%
% Rental-Occupied Units	23%
% Vacant Housing Units	10%
Weighted Average Median Housing	\$74,818

^c The discussion of an institution’s CRA performance within a nonmetropolitan statewide area is only required for institutions with branches in two or more states. A separate discussion of CRA performance within a nonmetropolitan statewide area for intrastate banks that have branches in metropolitan and nonmetropolitan areas is optional because the examiner has reviewed and discussed the performance in the nonmetropolitan areas in the overall evaluation of the institution. However, for intrastate institutions with branches in both metropolitan and nonmetropolitan areas, or for intrastate banks with branches in only nonmetropolitan areas, the examiner may wish to discuss in greater detail the assessment areas within nonmetropolitan areas that were reviewed using a full-scope review.

Table 50 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies. There are no low-income geographies in the AA.

Table 50 - Distribution of Geographies, Families and Housing Units Tennessee Non-MSA Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Moderate	4	12.5%	4,749	11.7%	5,289	10.8%
Middle	26	81.2%	31,393	77.5%	38,449	78.7%
Upper	2	6.3%	4,377	10.8%	5,105	10.5%
Total	32	100.0%	40,519	100.0%	48,843	100.0%

According to 2000 census data, 39.1 percent of the families in the AA are low- to moderate-income, with 12.8 percent of the families reporting income below the poverty level. Table 51(a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 51(b) reflects the updated HUD median family income for each year during the review period; and table 51(c) shows the distribution of families in each income range of the TN Non-MSA AA.

Table 51(a) - Median Family Income Ranges (*)		
Income Category (% of NonMSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$23,199
Moderate (50% - 79%)	\$23,200	\$37,119
Middle (80% - 119%)	\$37,120	\$55,679
Upper (>= 120%)	\$55,680	+

Table 51(b) - Annual HUD Median Family Income	
Year	Amount
2008	\$44,400
2009	\$46,300
2010	\$46,400

* Based on HUD 2010 Median Family Income of the Non-MSA

Table 51(c)- Distribution of Families Tennessee Non-MSA Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	8,595	21.2%
Moderate (50% - 79%)	7,243	17.9%
Middle (80% - 119%)	8,709	21.5%
Upper (>= 120%)	15,972	39.4%
Total	40,519	100.0%

Conclusions with Respect to Performance Tests in Tennessee Non-MSA Assessment Area

Lending in the Tennessee Non-MSA Assessment Area

Table 52 illustrates the institution’s lending activity in the TN Non-MSA AA during the review period.

Table 52 - Loan Originations within the Tennessee Non-MSA Assessment Area						
1/1/2008 – 12/31/2010						
(Dollars in thousands)						
Loan Type	Combined AA	TN Non-MSA AA		Combined AA	TN Non-MSA AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,191	189	8.6%	\$197,922	\$8,546	4.3%
Consumer	13,188	895	6.8%	213,374	10,409	4.9%
Small Business	312	16	5.1%	72,048	2,430	3.4%
Total	15,691	1,100	7.0%	\$483,344	\$21,385	4.4%

The Tennessee Non-MSA AA ranked third for total HMDA, consumer and small business loan production with 7.0 percent by number and 4.4 percent by dollar amount for all assessment area lending. Lending increased on an annualized basis, 28.6 percent by number and 11.5 percent by dollar amount for HMDA reportable loans. However, consumer lending decreased 40.7 percent by number and 52.6 percent by dollar amount. Small business lending decreased 74 percent by number and 53 percent by dollar amount. In total, this represents a 36 percent decrease by number and a 38.5 percent decrease by dollar amount for this AA lending in the review period.

Competition for loans was strong, as there were 126 lenders reporting HMDA loan originations during 2009 in this assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Part of the review includes an analysis of Beacon’s distribution of loans among borrowers of different income levels within the TN Non-MSA AA. Table 53 illustrates loan originations, categorized by borrower income level, reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Table 53 - Distribution of Beacon Federal's HMDA-Reportable Loans By Borrower Income Level in the Tennessee Non-MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Low	6	10.9%	8	11.3%	7	11.1%	21	11.1%	11.7%	12.1%
Moderate	11	20.0%	12	16.9%	12	19.0%	35	18.5%	19.2%	21.1%
Middle	20	36.4%	27	38.0%	24	38.2%	71	37.6%	25.4%	23.1%
Upper	17	30.9%	24	33.8%	20	31.7%	61	32.3%	41.6%	37.0%
Income NA	1	1.8%	0	0.0%	0	0.0%	1	0.5%	2.1%	6.7%
Total	55	100.0%	71	100.0%	63	100.0%	189	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$384	14.7%	\$212	6.6%	\$176	6.5%	\$772	9.0%	4.7%	5.1%
Moderate	227	8.7%	268	8.3%	279	10.4%	774	9.1%	13.3%	14.7%
Middle	465	17.7%	1,052	32.5%	760	28.2%	2,277	26.6%	22.7%	20.2%
Upper	608	23.2%	1,701	52.6%	1,477	54.9%	3,786	44.3%	55.9%	50.0%
Income NA	937	35.7%	0	0.0%	0	0.0%	937	11.0%	3.4%	10.0%
Total	\$2,621	100.0%	\$3,233	100.0%	\$2,692	100.0%	\$8,546	100.0%	100.0%	100.0%

By number, the institution originated 29.6 percent of HMDA reportable mortgage loans to LMI borrowers, which exceeded the 24.5 percent noted in the previous evaluation. In addition, the institution originated 18.1 percent by dollar amount, which exceeded the 7.9 percent noted in the previous evaluation.

The HMDA aggregate reporters originated 30.9 percent and 33.2 percent of total HMDA lending to LMI borrowers in 2008 and 2009, respectively, by number of loans, and 18.0 percent and 19.8 percent by dollar volume in 2008 and 2009, respectively. In 2009, Beacon ranked 10th out of the 58 HMDA lenders that granted loans to LMI borrowers in the assessment area, with a 2.7 percent market share.

Table 54 reflects Beacon's borrower distribution of consumer loans within the TN Non-MSA AA.

Table 54 - Distribution of Beacon Federal's Consumer Loans By Borrower Income Level in the Tennessee Non-MSA Assessment Area (Dollars in thousands)								
Borrower Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	30	9.1%	28	9.7%	22	7.9%	80	8.9%
Moderate	68	20.7%	63	21.9%	63	22.7%	194	21.7%
Middle	96	29.2%	97	33.7%	105	37.8%	298	33.3%
Upper	134	40.7%	92	31.9%	83	29.9%	309	34.5%
Income NA	1	0.3%	8	2.8%	5	1.7%	14	1.6%
Total	329	100.0%	288	100.0%	278	100.0%	895	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$205	4.7%	\$195	6.2%	\$145	5.0%	\$545	5.2%
Moderate	767	17.5%	621	19.8%	576	19.9%	1,964	18.9%
Middle	1,191	27.2%	1,061	33.8%	1,073	37.1%	3,325	32.0%
Upper	2,204	50.5%	1,164	37.0%	1,029	35.6%	4,397	42.2%
Income NA	6	0.1%	102	3.2%	70	2.4%	178	1.7%
Total	\$4,373	100.0%	\$3,143	100.0%	\$2,893	100.0%	\$10,409	100.0%

The institution originated 30.6 percent of total consumer loans to LMI borrowers in this assessment area during the review period, which was greater than the 29 percent LMI distribution of the prior evaluation. The assessment area has 26.3 percent of the population identified as either LMI families or below the poverty level. Based on this comparison, the institution's LMI percentage distribution of consumer lending is strong.

Small Business Loans:

During the review period, only 16 small business loans totaling \$2.4 million, originated in this assessment area. This limited volume does not significantly impact the institution's performance in this factor.

Geographic Distribution of Loans

Part of the review includes an analysis of Beacon's distribution of loans among geographic areas of different income levels within the TN Non-MSA AA. Table 55 illustrates loan originations, categorized by geography income level, reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Table 55 - Distribution of Beacon Federal's HMDA-Reportable Loans By Geography Income Level in the Tennessee Non-MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Moderate	5	9.1%	5	7.0%	3	4.8%	13	6.9%	18.7%	17.1%
Middle	38	69.1%	54	76.1%	42	66.6%	134	70.9%	73.3%	74.3%
Upper	12	21.8%	12	16.9%	18	28.6%	42	22.2%	8.0%	8.6%
Total	55	100.0%	71	100.0%	63	100.0%	189	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Moderate	\$198	7.6%	\$294	9.1%	\$110	4.1%	\$602	7.0%	10.7%	9.1%
Middle	1,349	51.4%	2,529	78.2%	1,949	72.4%	5,827	68.2%	79.2%	80.1%
Upper	1,074	41.0%	410	12.7%	633	23.5%	2,117	24.8%	10.1%	10.8%
Total	\$2,621	100.0%	\$3,233	100.0%	\$2,692	100.0%	\$8,546	100.0%	100.0%	100.0%

The institution originated 6.9 percent of its total HMDA-reportable loans, by number of loans, and seven percent by dollar amount in moderate- income geographies in the Tennessee Non-MSA AA during the review period.

Performance in 2008 and 2009 was well below the HMDA aggregate reporters of 18.7 percent and 17.1 percent for 2008 and 2009, respectively, based on the number of loans. It was less than that of the HMDA aggregate reporters 10.7 percent in 2009, based on dollar volume, and equal to the 9.1 percent in 2009. While the LMI percentage distribution is less than the HMDA aggregate reporters, the performance improved from the previous evaluation. Beacon was ranked 7th in lending in LMI geographies in this assessment area out of 37 HMDA aggregate reporters in LMI areas in 2009. This ranking was higher than some larger financial institutions.

Table 56 reflects Beacon's geographic distribution of consumer loans within the TN Non-MSA AA.

Table 56 - Distribution of Beacon Federal's Consumer Loans By Geography Income Level in the Tennessee Non-MSA Assessment Area (Dollars in thousands)									
Geography Inc. Level	2008		2009		2010		Review Period		
	#	%	#	%	#	%	#	%	
Moderate	8	2.4%	8	2.8%	9	3.2%	25	2.8%	
Middle	250	76.0%	215	74.6%	217	78.1%	682	76.2%	
Upper	71	21.6%	65	22.6%	52	18.7%	188	21.0%	
Total	329	100.0%	288	100.0%	278	100.0%	895	100.0%	
	\$	%	\$	%	\$	%	\$	%	
Moderate	\$120	2.7%	\$174	5.5%	\$82	2.8%	\$376	3.6%	
Middle	3,461	79.2%	2,243	71.4%	2,245	77.6%	7,949	76.4%	
Upper	792	18.1%	726	23.1%	566	19.6%	2,084	20.0%	
Total	\$4,373	100.0%	\$3,143	100.0%	\$2,893	100.0%	\$10,409	100.0%	

The institution originated 2.8 percent of total consumer loans in LMI geographies in the Non-MSA, TN AA during the review period, consistent with the 2.4 percent LMI distribution of the previous evaluation. Beacon improved this volume each year and ended with a 3.2 percent distribution for 2010 within LMI geographies.

Small Business Loans:

During the review period, sixteen small business loans totaling \$2.4 million, originated in this assessment area. This limited volume does not significantly impact the institution's performance in this factor.

Community Development

Community Development Test

Beacon's performance under community development activities within the TN Non-MSA Assessment Area is adequate, and met the standard for a satisfactory performance.

Community Development Lending

Beacon made an adequate effort to meet community credit needs by providing funding to a Madison, TN church focused on offering services to LMI families.

Community Development Investments

The community development activities reflected a reasonable level of responsiveness to community and economic development needs in the TN Non-MSA AA. Beacon made a qualified community development investment of \$1.0 million to Senior Crimestoppers, a program operated by the Senior Housing Crime Prevention Foundation which provides crime preventive services and systems for elderly residents of long term care and senior housing communities. Beacon also provided a total of three qualified community development contributions for a total of \$3.6 thousand, including: Meals on Wheels; Families in Crisis, providing shelter for domestic violence victims in Grundy County; and, Habitat for Humanity of Warren County.

Community Development Services

The institution's performance in providing community development services was adequate, with employees volunteering to provide food services to the elderly through the Meals on Wheels program. Members of management and staff are involved in making periodic visits to local businesses and organizations to provide financial counseling for the entities employees.

State

Summary

CRA Rating for Massachusetts

CRA RATING^d:	Satisfactory
The Lending Test is rated:	Satisfactory
The Community Development Test is rated:	Satisfactory

Less than two percent of the number and almost eight percent of the dollar amount of loans originated in the Massachusetts assessment area. The lending volume increased substantially for HMDA loans, and decreased for consumer and small business lending. The percentage distribution of lending to LMI borrowers exceeded that of the 2009 aggregate reporters, and for consumer loans, exceeded the percentage of LMI families in the assessment area. The geographic distribution for HMDA loans was strong, and reasonable for consumer loans. The level of lending for small business loans was low and not a factor in the analysis.

Beacon did not make any community development loans in this AA. Performance in community development services and qualified community development investments was adequate.

Scope of Examination

OTS evaluated the institution's performance in the this assessment areas using the full scope examination procedures.

^d For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

State Metropolitan Area & State Reviewed

(for metropolitan areas with some or all assessment areas reviewed using full-scope review)

Description of Institution’s Operations in Cambridge-Newton-Framingham, MA MSA

Beacon has one full service branch office with one deposit taking ATM. The office is located in an upper-income geography in Chelmsford, Massachusetts. The Massachusetts assessment area has approximately 1.2 percent by number and 7.6 percent by dollar amount of the institution’s lending and 9.1 percent of its deposits.

As of June, 2010, there were 55 FDIC insured financial institutions in Middlesex County with 510 branch offices with total deposits of \$39.2 billion. This Beacon branch office has \$64.2 million in deposits.

Description of Cambridge-Newton-Framingham, MA MSA Assessment Area

This AA consists of Middlesex County, MA. The AA, which comprises the entire Cambridge-Newton-Framingham, MA MSA #15764 (Cambridge MSA), contains 297 geographies. Table 57 illustrates demographic data on population, families, and housing units within the Cambridge MSA AA.

Table 57 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	1,465,396
Total Families	363,933
1-4 Family Units	450,918
Multi-family Units	123,247
% Owner-Occupied Units	60%
% Rental-Occupied Units	37%
% Vacant Housing Units	3%
Weighted Average Median Housing	\$263,274

Table 58 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Table 58 - Distribution of Geographies, Families and Housing Units Cambridge-Newton-Framingham, MA MSA Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	15	5.1%	9,646	2.7%	8,413	1.9%
Moderate	67	22.6%	74,710	20.5%	96,600	21.4%
Middle	143	48.1%	182,895	50.2%	229,027	50.8%
Upper	72	24.2%	96,682	26.6%	116,878	25.9%
Total	297	100.0%	363,933	100.0%	450,918	100.0%

According to 2000 census data, 37.6 percent of the families in the AA are low- to moderate-income, with 4.3 percent of the families reporting income below the poverty level. The Table 59(a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 59(b) reflects the updated HUD median family income for each year during the review period; and table 59(c) shows the distribution of families in each income range of the Cambridge MSA AA.

Table 59(a) - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$49,349
Moderate (50% - 79%)	\$49,350	\$78,959
Middle (80% - 119%)	\$78,960	\$118,439
Upper (>= 120%)	\$118,440	+

Table 59(b) - Annual HUD Median Family Income	
Year	Amount
2008	\$93,000
2009	\$97,100
2010	\$98,700

* Based on HUD 2010 Median Family Income of the MSA

Table 59(c)- Distribution of Families Cambridge, MA MSA Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	70,300	19.3%
Moderate (50% - 79%)	66,440	18.3%
Middle (80% - 119%)	82,757	22.7%
Upper (>= 120%)	144,436	39.7%
Total	363,933	100.0%

Conclusions with Respect to Performance Tests in Cambridge-Newton-Framingham, MA MSA Assessment Area

Lending in the Cambridge-Newton-Framingham, MA MSA Assessment Area

Table 60 illustrates the institution’s lending activity in the Cambridge MSA AA during the review period.

Table 60 - Loan Originations within the Cambridge, MA MSA Assessment Area 1/1/2008 – 12/31/2010 (Dollars in thousands)						
Loan Type	Combined AA	Cambridge MSA AA		Combined AA	Cambridge MSA AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,191	132	6.0%	\$197,922	\$32,002	16.2%
Consumer	13,188	39	0.3%	213,374	1,462	0.7%
Small Business	312	13	4.2%	72,048	3,290	4.6%
Total	15,691	184	1.2%	\$483,344	\$36,754	7.6%

The Cambridge, MA AA ranked fifth by number of HMDA, consumer and small business loans amongst the AAs with 1.2 percent, and second by dollar amount at 7.6 percent for all assessment area lending. This was due to the increased volume of HMDA reportable mortgage lending, particularly by dollar amount. Lending increased on an annualized basis, 207 percent by number and 127.4 percent by dollar amount for HMDA reportable loans. However, consumer lending decreased 52.4 percent by number and 59.3 percent by dollar amount. Small business lending decreased 77 percent by number and 78 percent by dollar amount. In total, this represents a 1.1 percent increase by number, and a 11.6 percent increase by dollar amount, for this AA in the review period. Competition for loans was strong, as there were 497 lenders reporting HMDA loan originations during 2009 in this assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Part of the review includes an analysis of Beacon’s distribution of loans among borrowers of different income levels within the Cambridge AA. Table 61 illustrates loan originations, categorized by borrower income level, reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Table 61 - Distribution of Beacon Federal's HMDA-Reportable Loans By Borrower Income Level in the Cambridge, MA MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Low	2	6.1%	2	2.9%	0	0.0%	4	3.0%	6.8%	6.6%
Moderate	4	12.1%	20	28.6%	7	24.1%	31	23.5%	19.5%	18.4%
Middle	11	33.3%	13	18.6%	10	34.5%	34	25.8%	27.8%	27.8%
Upper	11	33.3%	34	48.6%	10	34.5%	55	41.7%	42.8%	43.7%
Income NA	5	15.2%	1	1.3%	2	6.9%	8	6.0%	3.1%	3.5%
Total	33	100.0%	70	100.0%	29	100.0%	132	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$308	2.4%	\$238	1.7%	\$0	0.0%	\$546	1.7%	3.0%	3.4%
Moderate	622	4.8%	2,639	19.3%	748	13.9%	4,009	12.5%	13.3%	13.6%
Middle	2,328	17.9%	2,574	18.8%	2,025	37.8%	6,927	21.6%	24.4%	25.6%
Upper	4,073	31.4%	7,799	57.2%	2,027	37.8%	13,899	43.5%	53.5%	52.4%
Income NA	5,644	43.5%	412	3.0%	565	10.5%	6,621	20.7%	5.8%	5.0%
Total	\$12,975	100.0%	\$13,662	100.0%	\$5,365	100.0%	\$32,002	100.0%	100.0%	100.0%

By number, the institution originated 26.5 percent of HMDA reportable mortgage loans to LMI borrowers, which exceeded the 18.6 percent noted in the previous evaluation. In addition, the institution originated 14.2 percent by dollar amount for the review period, and exceeded the 7.4 percent noted in the previous evaluation.

The HMDA aggregate reporters originated 26.3 percent and 25 percent of total HMDA lending to LMI borrowers in 2008 and 2009, respectively, by number of loans, and 16.3 percent and 17 percent by dollar volume to LMI borrowers in 2008 and 2009, respectively. The institution did not perform as well as aggregate lenders in 2008 but, exceeded the performance of aggregate lenders in 2009.

In 2009, Beacon ranked 102nd out of the 327 HMDA lenders that granted loans to LMI borrowers in the assessment area, with a 0.2 percent market share.

Table 62 reflects Beacon's borrower distribution of consumer loans within the Cambridge MSA AA.

Table 62 - Distribution of Beacon Federal's Consumer Loans By Borrower Income Level in the Cambridge, MA MSA Assessment Area (Dollars in thousands)								
Borrower Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	2	16.7%	3	17.6%	0	0.0%	5	12.8%
Moderate	3	25.0%	4	23.5%	3	30.0%	10	25.6%
Middle	1	8.3%	3	17.6%	3	30.0%	7	17.9%
Upper	6	50.0%	7	41.3%	4	40.0%	17	43.7%
Total	12	100.0%	17	100.0%	10	100.0%	39	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$12	2.5%	\$29	3.5%	\$0	0.0%	\$41	2.8%
Moderate	62	13.0%	48	5.8%	25	16.3%	135	9.2%
Middle	200	42.1%	45	5.4%	45	29.4%	290	19.8%
Upper	202	42.4%	711	85.3%	83	54.3%	996	68.2%
Total	\$476	100.0%	\$833	100.0%	\$153	100.0%	\$1,462	100.0%

The institution originated 38.4 percent of total consumer loans to LMI borrowers in this assessment area during the review period, which exceeded that of the 37.8 percent LMI distribution of the prior evaluation. The assessment area has 33.3 percent of the population identified as either LMI families or below the poverty level. Although the volume of consumer loans was low, penetration of LMI borrowers exceeded the demographic characteristics of the AA.

Small Business Loans:

During the review period, only 13 small business loans totaling \$3.3 million, originated in this assessment area. This limited volume does not significantly impact the institution's performance in this factor.

Geographic Distribution of Loans

Part of the review includes an analysis of Beacon's distribution of loans among geographic areas of different income levels within the Cambridge MSA AA. Table 63 illustrates loan originations, categorized by geography income level, reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Table 63 - Distribution of Beacon Federal's HMDA-Reportable Loans By Geography Income Level in the Cambridge, MA MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	1	3.0%	0	0.0%	2	6.9%	3	2.3%	1.4%	0.8%
Moderate	6	18.2%	13	18.6%	4	13.8%	23	17.4%	16.6%	12.3%
Middle	17	51.5%	35	50.0%	14	48.3%	66	50.0%	53.3%	52.3%
Upper	9	27.3%	22	31.4%	9	31.0%	40	30.3%	28.7%	34.6%
Total	33	100.0%	70	100.0%	29	100.0%	132	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$599	4.6%	\$0	0.0%	\$118	2.2%	\$717	2.2%	0.8%	0.5%
Moderate	927	7.1%	1,907	14.0%	931	17.4%	3,765	11.8%	13.6%	10.1%
Middle	6,716	51.8%	6,386	46.7%	2,463	45.9%	15,565	48.6%	47.7%	47.4%
Upper	4,733	36.5%	5,369	39.3%	1,853	34.5%	11,955	37.4%	37.9%	42.0%
Total	\$12,975	100.0%	\$13,662	100.0%	\$5,365	100.0%	\$32,002	100.0%	100.0%	100.0%

The institution originated 19.7 percent by number of its total HMDA-reportable loans in LMI geographies in the Cambridge AA during the review period. In addition, the institution originated 14 percent by dollar amount in LMI geographies.

The institution's performance, by number of loans exceeded that of the HMDA aggregate reporters' 18 percent and 13.1 percent for 2008 and 2009, respectively. Based on dollar volume, the institution was lower than HMDA aggregate reporters' 14.4 percent for 2008, and exceeded that of the HMDA aggregate reporters' 10.6 percent for 2009.

Beacon was ranked 95th in lending in LMI geographies in this assessment area out of 284 HMDA aggregate reporters in 2009. This ranking was higher than some larger financial institutions.

Table 64 reflects Beacon's geographic distribution of consumer loans within the Cambridge MSA AA.

Table 64 - Distribution of Beacon Federal's Consumer Loans By Geography Income Level in the Cambridge, MA MSA Assessment Area (Dollars in thousands)								
Geography Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Moderate	0	0.0%	3	17.6%	0	0.0%	3	7.7%
Middle	6	50.0%	6	35.3%	5	50.0%	17	43.6%
Upper	6	50.0%	8	47.1%	5	50.0%	19	48.7%
Total	12	100.0%	17	100.0%	10	100.0%	39	100.0%
	\$	%	\$	%	\$	%	\$	%
Moderate	0	0.0%	56	6.7%	0	0.0%	56	3.8%
Middle	274	57.6%	145	17.4%	53	34.6%	472	32.3%
Upper	202	42.4%	632	75.9%	100	65.4%	934	63.9%
Total	\$476	100.0%	\$833	100.0%	\$153	100.0%	\$1,462	100.0%

The institution did not grant any loans in low- income geographies. Beacon originated 7.7 percent of total consumer loans in moderate- income geographies in the Cambridge AA during the review period, and exceeded the 6.1 percent LMI distribution of the prior evaluation.

Small Business Loans:

During the review period, thirteen small business loans totaling \$3.3 million, originated in this assessment area. This limited volume does not significantly impact the institution's performance in this factor.

Community Development

Community Development Test

Beacon made an adequate effort to meet community credit needs through provision of qualified investments, community development contributions and services.

Community Development Investments

Beacon made a qualified community development investment through a MBS purchase totaling \$1.2 million in July 2010 comprised of mortgage loans to LMI borrowers. Beacon invested \$1.8 thousand dollars in community development contributions, which reflected an adequate level of responsiveness to community and economic development needs in the Massachusetts AA. These included: House of Hope, providing shelter to homeless families; Merrimack Valley Food Bank, providing emergency food programs to low- income populations; and, Merrimack Valley Housing Partnership, promoting affordable housing opportunities for LMI families.

Community Development Services

Beacon provided a reasonable level of community development services through an officer's efforts to provide financial counseling for business start-ups, referrals of prospective business owners to non-profit business services organizations, and business development efforts of the Lowell Chamber of Commerce. Members of management and staff are involved in making periodic visits to local businesses and organizations to provide financial counseling for the entities employees.

State

Summary

CRA Rating for Texas

CRA RATING^e:

Satisfactory

The Lending Test is rated:

Satisfactory

The Community Development Test is rated:

Satisfactory

Three percent by number and almost four percent by dollar amount of lending was in the Texas assessment area. The lending volume decreased for all loan products, particularly consumer and small business loans. The percentage distribution of lending to LMI borrowers reasonably compared to the 2009 aggregate reporters, and for consumer loans to the percentage of LMI families in the assessment area. The level of lending for small business loans was low and not a factor in the analysis.

The performance level for community development lending and qualified investments and contributions was reasonable, while the level of community development services was adequate.

Scope of Examination

OTS evaluated the institution's performance in the Texas assessment area using full scope examination procedures.

^e For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

State Metropolitan Area & State Reviewed

(for metropolitan areas with some or all assessment areas reviewed using full-scope review)

Description of Institution's Operations in Tyler-Jacksonville, TX Combined Statistical Area

Within the Tyler, Texas assessment area, Beacon has one full service branch office with a deposit taking ATM, which is located in a middle-income geography in Smith County. The Tyler, Texas assessment area has approximately 3.1 percent by number of the institution's loans and 11.9 percent of its deposits.

There are 28 FDIC insured financial institutions in Smith and Cherokee County that have 100 branch offices. As of June 2010, these institutions had deposits totaling \$4.7 billion, and the institution had \$83.8 million. There were 202 HMDA aggregate reporters operating in this area in 2009.

Description of Tyler-Jacksonville, TX CSA Assessment Area

This AA consists of Smith and Cherokee Counties, TX. Smith County is located in the Tyler, TX MSA #30980, and Cherokee County is located in a Non-MSA area of the state. These contiguous areas comprise the entire Tyler-Jacksonville, TX Combined Statistical Area (CSA) #540 (Tyler CSA). The AA contains 47 geographies. Table 65 illustrates demographic data on population, families, and housing units within the Tyler CSA AA.

Table 65 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	221,365
Total Families	59,492
1-4 Family Units	68,437
Multi-family Units	8,887
% Owner-Occupied Units	64%
% Rental-Occupied Units	27%
% Vacant Housing Units	9%
Weighted Average Median Housing	\$74,954

Table 66 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Table 66 - Distribution of Geographies, Families and Housing Units Tyler-Jacksonville, TX CSA Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	2	4.3%	1,200	2.0%	2,090	3.1%
Moderate	13	27.7%	12,176	20.5%	14,877	21.7%
Middle	23	48.9%	34,785	58.5%	37,741	55.1%
Upper	9	19.1%	11,331	19.0%	13,729	20.1%
Total	47	100.0%	59,492	100.0%	68,437	100.0%

According to 2000 census data, 39.3 percent of the families in the AA are low- to moderate-income, with 10.9 percent of the families reporting income below the poverty level. Table 67(a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 67(b) reflects the updated HUD median family income for each year during the review period; and table 67(c) shows the distribution of families in each income range of the assessment area.

67(a) - Median Family Income Ranges (*)				
Income Category (As % of MSA/Non-MSA Median)	Tyler, TX MSA (#30980)		TX Non-MSA (#99999)	
	From	To	From	To
Low (< 50%)	\$1	\$28,099	\$1	\$23,249
Moderate (50% - 79%)	\$28,100	\$44,959	\$23,250	\$37,199
Middle (80% - 119%)	\$44,960	\$67,439	\$37,200	\$55,799
Upper (>= 120%)	\$67,440	+	\$55,800	+

* Based on HUD 2010 Median Family Income of the MSA/Non-MSA

Table 67(b) - Annual HUD Median Family Income		
Year	Tyler, TX MSA	TX Non-MSA
	Amount	Amount
2008	\$53,000	\$43,600
2009	\$55,300	\$45,600
2010	\$56,200	\$46,500

Table 67(c) - Distribution of Families Tyler-Jacksonville, TX CSA Assessment Area		
Family Income Category (As a % of MD Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	12,112	20.4%
Moderate (50% - 79%)	11,265	18.9%
Middle (80% - 119%)	12,504	21.0%
Upper (>= 120%)	23,611	39.7%
Total	59,492	100.0%

Conclusions with Respect to Performance Tests in Tyler-Jacksonville, TX CSA Assessment Area

Lending in the Tyler-Jacksonville, TX CSA Assessment Area

Table 68 illustrates the institution’s lending activity in the Tyler CSA AA during the review period.

Table 68 - Loan Originations within the Tyler-Jacksonville, TX CSA Assessment Area						
1/1/2008 – 12/31/2010						
(Dollars in thousands)						
Loan Type	Combined AA	Tyler CSA AA		Combined AA	Tyler CSA AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,191	125	5.7%	\$197,922	\$10,847	5.5%
Consumer	13,188	360	2.7%	213,374	5,762	2.7%
Small Business	312	3	1.0%	72,048	325	0.5%
Total	15,691	488	3.1%	\$483,344	\$16,934	3.5%

The Tyler TX AA ranked fourth by number and fifth by dollar amount of total HMDA, consumer and small business loans with 3.1 percent at 3.5 percent, respectively, for all assessment area lending. Lending in this assessment area decreased 59.2 percent by number and 45.8 percent by dollar volume compared to the last evaluation. Competition for loans was strong, as there were 202 lenders reporting HMDA loan originations during 2009 in this assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Part of the review includes an analysis of Beacon’s distribution of loans among borrowers of different income levels within the Tyler AA. Table 69 illustrates loan originations, categorized by borrower income level, that were reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Table 69 - Distribution of Beacon Federal's HMDA-Reportable Loans By Borrower Income Level in the Tyler-Jacksonville, TX CSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Low	1	2.7%	2	4.7%	2	4.4%	5	4.0%	4.4%	4.1%
Moderate	5	13.5%	6	14.0%	3	6.7%	14	11.2%	13.9%	13.4%
Middle	7	18.9%	10	23.3%	11	24.4%	28	22.4%	20.5%	20.1%
Upper	24	64.9%	25	58.0%	28	62.3%	77	61.6%	57.3%	55.5%
Income NA	0	0.0%	0	0.0%	1	2.2%	1	0.8%	3.9%	6.9%
Total	37	100.0%	43	100.0%	45	100.0%	125	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$84	3.2%	\$73	1.6%	\$91	2.4%	\$248	2.3%	1.7%	1.8%
Moderate	111	4.3%	287	6.4%	143	3.8%	541	5.0%	8.0%	7.6%
Middle	400	15.3%	543	12.1%	479	12.8%	1,422	13.1%	15.0%	14.8%
Upper	2,012	77.2%	3,589	79.9%	2,563	68.4%	8,164	75.3%	68.7%	67.0%
Income NA	0	0.0%	0	0.0%	472	12.6%	472	4.3%	6.6%	8.8%
Total	\$2,607	100.0%	\$4,492	100.0%	\$3,748	100.0%	\$10,847	100.0%	100.0%	100.0%

By number, the institution originated 15.2 percent of HMDA reportable mortgage loans to LMI borrowers, which was less than the 18.1 percent noted in the previous evaluation. In addition, the institution originated 7.3 percent by dollar amount for the review period, which was less than the 8.7 percent of the previous evaluation.

The HMDA aggregate reporters originated 18.3 percent and 17.5 percent of total HMDA lending to LMI borrowers in 2008 and 2009, respectively, by number of loans, and 9.7 percent and 9.4 percent by dollar volume to LMI borrowers in 2008 and 2009, respectively. In 2009, Beacon ranked 23rd out of the 89 HMDA lenders that granted loans to LMI borrowers in the assessment area, with a 1.2 percent market share.

Table 70 reflects Beacon’s borrower distribution of consumer loans within the Tyler CSA AA.

Table 70 - Distribution of Beacon Federal’s Consumer Loans By Borrower Income Level in the Tyler-Jacksonville, TX CSA Assessment Area (Dollars in thousands)								
Borrower Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	10	6.7%	11	9.5%	9	9.6%	30	8.3%
Moderate	25	16.7%	18	15.5%	22	23.4%	65	18.1%
Middle	33	22.0%	32	27.6%	26	27.7%	91	25.3%
Upper	80	53.3%	49	42.2%	35	37.2%	164	45.6%
Income NA	2	1.3%	6	5.2%	2	2.1%	10	2.7%
Total	150	100.0%	116	100.0%	94	100.0%	360	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$93	3.7%	\$132	6.6%	\$53	4.3%	\$278	4.8%
Moderate	203	8.0%	139	7.0%	192	15.6%	534	9.3%
Middle	390	15.4%	451	22.6%	216	17.6%	1,057	18.3%
Upper	1,833	72.2%	1,211	60.7%	744	60.5%	3,788	65.8%
Income NA	19	0.7%	62	3.1%	24	2.0%	105	1.8%
Total	\$2,538	100.0%	\$1,995	100.0%	\$1,229	100.0%	\$5,762	100.0%

The institution originated 26.4 percent of total consumer loans to LMI borrowers in this assessment area during the review period, which exceeded the 24.7 percent LMI borrower distribution of the prior evaluation. The assessment area has 27.6 percent of the population identified as either LMI or below the poverty level. Based on this comparison, the institution’s LMI percentage distribution of consumer lending is reasonable.

Small Business Loans:

During the review period, only three small business loans totaling \$325 thousand, originated in this assessment area. This limited volume does not significantly impact the institution’s performance in this factor.

Geographic Distribution of Loans

Part of the review includes an analysis of Beacon’s distribution of loans among geographic areas of different income levels within the Tyler AA. Table 71 illustrates loan originations, categorized by geography income level, reported by Beacon during each year of the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Table 71 - Distribution of Beacon Federal's HMDA-Reportable Loans By Geography Income Level in the Tyler-Jacksonville, TX CSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.9%	0.5%
Moderate	2	5.4%	3	7.0%	5	11.1%	10	8.0%	10.7%	8.6%
Middle	26	70.3%	27	62.8%	24	53.3%	77	61.6%	59.9%	59.4%
Upper	9	24.3%	13	30.2%	16	35.6%	38	30.4%	28.5%	31.5%
Total	37	100.0%	43	100.0%	45	100.0%	125	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	0.3%	0.2%
Moderate	53	2.0%	15	0.3%	548	14.6%	616	5.7%	6.9%	5.5%
Middle	1,891	72.6%	2,829	63.0%	1,969	52.6%	6,689	61.6%	57.0%	55.4%
Upper	663	25.4%	1,648	36.7%	1,231	32.8%	3,542	32.7%	35.8%	38.9%
Total	\$2,607	100.0%	\$4,492	100.0%	\$3,748	100.0%	\$10,847	100.0%	100.0%	100.0%

The institution did not originate any loans in low- income geographies. Eight percent by number, and 5.7 percent by dollar amount were originated in moderate- income geographies during the review period.

The institution's performance in moderate- income geographies in 2008 lagged substantially by number of loans and dollar volume compared to aggregate lenders, as did the dollar volume in both 2008 and 2009. HMDA aggregate reporters' granted 11.6 percent and 9.1 percent of the number of their loans for 2008 and 2009, respectively, in LMI geographies. A positive trend in lending in moderate- income geographies was noted for 2010.

Beacon was ranked 33rd in lending in LMI geographies in this assessment area out of 76 HMDA aggregate reporters in LMI areas in 2009. This ranking was higher than some larger financial institutions. The institution's performance declined from the previous evaluation, as did that of the HMDA aggregate reporters.

Table 72 reflects Beacon’s geographic distribution of consumer loans within the Tyler AA.

Table 72 - Distribution of Beacon Federal’s Consumer Loans By Geography Income Level in the Tyler-Jacksonville, TX CSA Assessment Area (Dollars in thousands)								
Geography Inc. Level	2008		2009		2010		Review Period	
	#	%	#	%	#	%	#	%
Low	2	1.3%	0	0.0%	2	2.1%	4	1.1%
Moderate	13	8.7%	15	12.9%	20	21.3%	48	13.3%
Middle	102	68.0%	75	64.7%	62	66.0%	239	66.4%
Upper	33	22.0%	26	22.4%	10	10.6%	69	19.2%
Total	150	100.0%	116	100.0%	94	100.0%	360	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$4	0.2%	\$0	0.0%	\$22	1.8%	\$26	0.5%
Moderate	100	3.9%	73	3.7%	172	14.0%	345	6.0%
Middle	1,665	65.6%	1,412	70.7%	891	72.5%	3,968	68.8%
Upper	769	30.3%	510	25.6%	144	11.7%	1,423	24.7%
Total	\$2,538	100.0%	\$1,995	100.0%	\$1,229	100.0%	\$5,762	100.0%

The institution originated 14.4 percent of total consumer loans in LMI geographies in the Tyler AA during the review period, and exceeded the 13.9 percent LMI distribution of the prior evaluation. Beacon’s volume improved each year and ended with a 23.4 percent distribution for 2010 within LMI geographies.

Small Business Loans:

During the review period, only three small business loans totaling \$325 thousand, originated in this assessment area. This limited volume does not significantly impact the institution’s performance in this factor.

Community Development

Community Development Test

Beacon’s performance under community development activities within the Tyler-Jacksonville TX CSA Assessment Area was adequate.

Community Development Lending

Beacon made a reasonable effort to meet community credit needs by providing three community development purpose commercial loans to a developer who renovates housing units located in low to moderate income areas that meet affordable housing guidelines.

Community Development Investments

Beacon provided various qualified community development investments and contributions that reflect a reasonable level of responsiveness to community and economic development needs in the assessment area. Beacon made a qualified community development investment of \$981 thousand to Senior Crimestoppers, a program operated by the Senior Housing Crime Prevention Foundation which provides crime preventive services and systems for elderly residents of long term care and senior housing communities. The institution also provided a total of two qualified community development contributions for a total of \$3.5 thousand to the East Texas Food Bank and the Tyler Food Bank, both providing emergency food programs for lower income families and other populations in need.

Community Development Services

The institution's performance was adequate in providing community development services, with a staff member serving on the Board of a local women's shelter. Members of management and staff are involved in making periodic visits to local businesses and organizations to provide financial counseling for the entities employees

CRA Rating Definitions

There are five separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the intermediate small institution test for intermediate small savings associations; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

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."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, service, and community development opportunities in the assessment area(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.