

# **PUBLIC DISCLOSURE**

April 21, 1997

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Family Bank  
06120546

Hallandale, Florida

Federal Reserve Bank of Atlanta  
104 Marietta Street, N.W.  
Atlanta, Georgia 30303

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Family Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of April 21, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

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

Family Bank was assigned a satisfactory rating based on its reasonable loan-to-deposit ratio and because the majority of the bank's loans are within the assessment area. Given the bank's resources, size, and location, loans reflect a reasonable penetration among individuals of different income levels and businesses of different sizes. Based on available resources, lending activities reflect a reasonable geographic distribution throughout the bank's assessment area, including low- and moderate-income census tracts.

**GENERAL INFORMATION (CONTINUED)**

The following table indicates the performance level of Family Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FAMILY BANK		
	PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio		X	
Lending in assessment area		X	
Lending to borrowers of different incomes and to businesses of different sizes		X	
Geographic distribution of loans		X	
Response to complaints	No complaints were received since the prior examination.		

## DESCRIPTION OF INSTITUTION

Family Bank has seven offices. The bank's competitors, which include both regional and large local banks, maintain branches in close proximity to the bank's offices. Some of the large regional banks represented are Barnett Bank, First Union, and Bank of America. Smaller banks such as American Bank, which has long-standing ties to the community, are also major competitors. Family Bank is a community banking institution that is primarily active in commercial and residential real estate lending. The bank also offers small business and consumer loans.

Total assets reported on the December 31, 1996 Consolidated Reports of Condition and Income were \$248.6 million. No legal or financial impediments preclude the bank from meeting the credit needs of its assessment area.

The composition of the loan portfolio according to the December 31, 1996 Consolidated Reports of Condition and Income is as follows:

<b>Loan Type</b>	<b>Percentage</b>
Construction and development	2.0%
Secured by one- to four-family dwellings	21.3%
Other real estate:	
Multifamily	12.0%
Nonfarm nonresidential	50.0%
Commercial and industrial	9.3%
Loans to individuals	5.0%
All other	0.4%
<b>TOTAL</b>	<b>100.0%</b>

The bank originates residential loans that typically would not qualify under the secondary market guidelines and documentation requirements. Most of the loans are adjustable rate mortgages and are retained in the bank's portfolio.

## **DESCRIPTION OF ASSESSMENT AREA: BROWARD COUNTY AND DADE COUNTY, FLORIDA**

The bank's assessment area includes most of Broward County and the northeast section of Dade County. The assessment area includes the Broward County cities of Hallandale, Hollywood, Dania, Davie, Pembroke Park, Pembroke Pines, Cooper City, Miramar, and Weston and the Dade County cities of North Miami Beach, Carol City, and Golden Beach. The bank has strategically placed its seven banking offices to serve these locations. The assessment area seems reasonable and does not arbitrarily exclude any low- and moderate-income neighborhoods.

The bank's assessment area can be divided into two sections having distinctly different demographic profiles. Those areas located along the Atlantic Ocean are populated mainly by affluent senior citizens residing in one- or two-person households. Residential neighborhoods lying to the west of those areas have a more diverse population regarding age, race, and income levels that range from upper-income to poverty level. The areas with greater minority representations are generally located to the east of the rapid development that is currently underway at the boundary between Broward and Dade counties. A large portion of the community west of the bank's Hollywood and Davie branches consists of recently developed residential and commercial areas with higher household incomes and a small minority representation.

The bank's assessment area consists of 84 census tracts. 56 of the census tracts are located in the Fort Lauderdale (Broward County) Metropolitan Statistical Area (MSA), and 28 census tracts are located in the Miami (Dade County) MSA. Two of the tracts are low-income, 14 are moderate-income, 48 are middle-income, and 20 are upper-income.

According to the 1990 Census, the assessment area had a population of 685,565. 1.7 percent of the population lived in low-income tracts, 12.4 percent lived in moderate-income tracts, 57.4 percent lived in middle-income tracts, and 28.5 percent lived in upper-income tracts. The median family income of the assessment area was \$37,428.

**DESCRIPTION OF ASSESSMENT AREA: BROWARD COUNTY AND DADE COUNTY, FLORIDA  
(CONTINUED)**

1993 Business Patterns information from the U.S. Census is shown in the following tables:<sup>1</sup>

**FORT LAUDERDALE-HOLLYWOOD-POMPANO BEACH, FLORIDA MSA**

Type of Industry	# of Employees	Total # of Establishments	1 to 49 Employees	50 to 499 Employees	500 or More Employees
Construction	32,022	3,829	3,731	97	1
Manufacturing	39,506	1,979	1,821	153	5
Transportation & public utilities	24,575	1,547	1,445	97	5
Wholesale trade	36,887	4,173	4,061	110	2
<b>Retail trade</b>	<b>124,487</b>	<b>9,528</b>	<b>9,003</b>	<b>523</b>	<b>2</b>
Finance, insurance, & real estate	39,352	4,720	4,610	108	2
<b>Services &amp; other</b>	<b>178,785</b>	<b>16,941</b>	<b>16,417</b>	<b>491</b>	<b>33</b>

<sup>1</sup>Tables show a count of business establishments and not an actual count of firms. An establishment is categorized by its size, not by the size of the business that owns it. Information is collected during only one month (March) of each year.

DESCRIPTION OF ASSESSMENT AREA: BROWARD COUNTY AND DADE COUNTY, FLORIDA  
(CONTINUED)

MIAMI-HIALEAH, FLORIDA MSA

Type of Industry	# of Employees	Total # of Establishments	1 to 49 Employees	50 to 499 Employees	500 or More Employees
Construction	38,977	4,490	4,377	113	0
Manufacturing	80,231	3,391	3,038	341	12
Transportation & public utilities	83,165	3,350	3,106	221	23
Wholesale trade	70,001	8,729	8,528	198	3
<b>Retail trade</b>	<b>163,785</b>	<b>13,433</b>	<b>12,779</b>	<b>643</b>	<b>11</b>
Finance, insurance, & real estate	61,970	6,605	6,404	197	4
<b>Services &amp; other</b>	<b>277,201</b>	<b>23,397</b>	<b>22,617</b>	<b>725</b>	<b>55</b>

As shown in the tables, workers in both MSAs are employed primarily in retail trade and the service industry. A large majority (96 percent) of establishments have fewer than 50 employees.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

**Loan-to-Deposit Ratio**

Family Bank's loan-to-deposit ratio is reasonable and meets standards for satisfactory performance. The average loan-to-deposit ratio for the five quarters since the previous examination was 75.4 percent. During this period of time, the loan-to-deposit ratio declined from 79.7 percent on December 31, 1995, to 72.0 percent on December 31, 1996.

The bank's loan-to-deposit ratio was compared to the loan-to-deposit ratios of three local banks with similar asset sizes. The loan-to-deposit ratios of the comparable banks ranged from 50.4 percent to 67.1 percent. Family Bank compares favorably with its competitors and meets the needs of the communities in its

---

**Family Bank**  
**Hallandale, Florida**  
**April 21, 1997**

---

assessment area.



**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(CONTINUED)**

**Loan-to-Deposit Ratio (Continued)**

The bank has many retired customers who need to invest retirement funds in interest-bearing accounts and demand deposit accounts. These customers do not require loans. According to the Uniform Bank Performance Report, demand deposit account balances increased from \$49.6 million on December 31, 1995, to \$58.1 million on December 31, 1996, and time deposits of \$100,000 or more increased from \$21 million to \$30.7 million. These increases demonstrate that the needs of this segment of the population are being met. Loans have also increased, but at a slower rate than deposits.

**Lending in Assessment Area**

A sample of 49 consumer motor vehicle loans and 65 small business loans was reviewed. These loan types were chosen because of the high volume of activity during the previous year. The table below shows the percentage of loans made inside as compared to outside the assessment area.

<b>Type of Loan</b>	<b>Percentage Inside Assessment Area</b>	<b>Percentage Outside Assessment Area</b>
Motor vehicle	78%	22%
Small business	80%	20%

A majority of the sampled loans are inside the assessment area. Motor vehicle loans outside the assessment area were referred by dealers. Small business loans outside the assessment area were referred by merchants and the local churches. The bank meets standards for satisfactory performance.

**Lending to Borrowers of Different Incomes and Businesses of Different Sizes**

The following table shows the distribution of the motor vehicle loans by the borrowers' income level compared to the distribution of families in the assessment area.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(CONTINUED)**

**Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)**

<b>Income Level</b>	<b>Percentage of Motor Vehicle Loans</b>	<b>Percentage of Families in Assessment Area</b>
Low	30%	17.6%
Moderate	32%	16.9%
Middle	22%	22.1%
Upper	16%	43.4%

The above table indicates that the bank is meeting the needs of the communities in its assessment area by providing loans to individuals of all income levels. The bank's penetration of low- and moderate-income individuals is particularly notable. The bank has made a smaller percentage of its loans to upper-income borrowers even though upper-income individuals are the largest group in the assessment area.

Because business revenues were not available, small business loans were analyzed by loan amount. The table below shows the distribution of the small business loans in the assessment area by loan amount.

<b>Loan Amount</b>	<b>Number of Loans</b>	<b>Percentage of Loans</b>
Less than \$100,000	38	84.5%
\$100,000 to \$250,000	2	4.5%
\$250,000 to \$1 million	5	11.0%

A large percentage of the small business loans were for less than \$100,000. Because small businesses typically borrow smaller amounts, it can be assumed that a large portion of the loans were made to small businesses. According to management, the small business loans accommodate the low- and moderate-income

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(CONTINUED)**

**Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)**

populations with funds for individual start-up loans. The loans offer the advantage of smaller loan amounts and smaller monthly payments for new businesses. Loans to minority churches also fulfill the needs of other segments of the population in these communities by providing the funds for services such as day-care and soup kitchens for the homeless.

**Geographic Distribution of Loans**

The table below shows the distribution of loans by census tract type compared to the percentage of the population living in the various types of census tracts in the assessment area.

<b>Census Tract Type</b>	<b>Percentage of Motor Vehicle Loans</b>	<b>Percentage of Small Business Loans</b>	<b>Percentage of Total Population</b>
Low-income	0%	10%	1.7%
Moderate-income	16%	38%	12.4%
Middle-income	50%	35%	57.4%
Upper-income	34%	17%	28.5%

None of the motor vehicle loans were made in low-income tracts, but only 1.7 percent of the population lives in low-income tracts. A greater percentage of the small business loans were in the low- and moderate-income tracts. Many of these loans were made to low- and moderate-income borrowers to start up small neighborhood businesses. Also, small business loans were made to minority churches referred by local merchants and other local financial institutions not involved in these types of loans. The geographic distribution of loans shows reasonable penetration of all types of census tracts. The bank meets the standard for satisfactory performance.

**Complaints**

No complaints relating to CRA performance have been filed against the bank since the previous

---

**Family Bank**  
**Hallandale, Florida**  
**April 21, 1997**

---

examination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(CONTINUED)

**Compliance with Antidiscrimination Laws**

No violations of the substantive provisions of the antidiscrimination laws and regulations were noted. Personnel involved in the lending process have a sufficient knowledge of fair lending. Comprehensive audits of documentation and internal review procedures have been beneficial. Also, through periodic employee training, the bank's policy on fair treatment of all customers has been effectively communicated from senior management to all staff members.