

PUBLIC DISCLOSURE

January 31, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Elkhart Community Bank
RSSD# 2808808

303 South Third Street
Elkhart, Indiana 46516

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, IL 60604-1413

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.

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INSTITUTION'S RATING

INSTITUTION'S CRA RATING: Elkhart Community Bank is rated **Satisfactory**.

The following table indicates the performance level of Elkhart Community Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Elkhart Community Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

*The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Elkhart Community Bank's Community Reinvestment Act (CRA) related lending efforts are consistent with its size and local competitors. Performance was considered in conjunction with the economic conditions in and around the bank's assessment area. The bank's loan-to-deposit ratio and overall lending within the assessment area are deemed satisfactory when evaluated within the performance of its local competitors. The geographic distribution of the Home Mortgage Disclosure Act (HMDA) and CRA reportable loans within low- and moderate-income (LMI) census tracts as well as among individuals of different income levels and businesses of different sizes also meet the standards for satisfactory performance. Community development investments and services were reviewed and meet the standards for a satisfactory performance. The examination revealed no patterns or practices intended to discriminate against or discourage applications from any member of a protected class. There were no CRA-related complaints received by either the institution or this Reserve Bank since the previous examination.

CRA performance was most recently evaluated as of December 4, 2000 using small bank examination procedures, at which time the bank was rated *Satisfactory*.

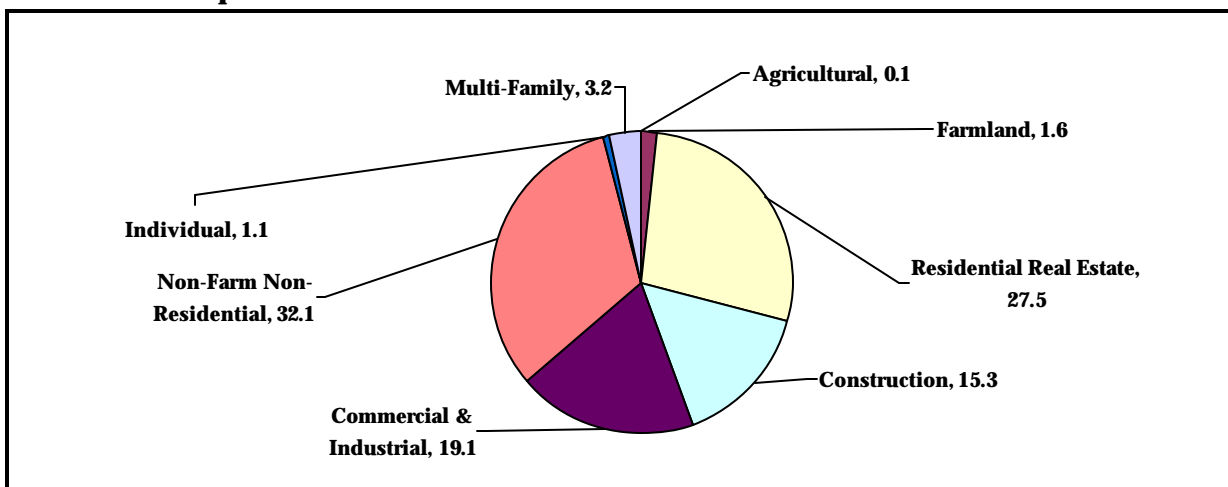
DESCRIPTION OF INSTITUTION

Elkhart Community Bank, Elkhart, Indiana with total assets of \$67.1 million as of December 31, 2004, is a subsidiary of a multi-bank holding company, Capitol Bancorp Limited (CBL) located in Lansing, Michigan. CBL has \$3.1 billion in total assets as of December 31, 2004. Elkhart Community Bank is being examined under large bank CRA performance standards for the first time based upon the \$1 billion asset threshold of its holding company.

Elkhart Community Bank offers a variety of deposit and credit products designed to meet the financial needs of its assessment area, but its primary focus is commercial lending. This focus is appropriate based upon the significant level of manufacturing in and around Elkhart County. A majority of its consumer mortgage loans are processed and closed by The Amera Mortgage Corporation, a subsidiary of CBL.

Elkhart Community Bank's loan portfolio is detailed in Exhibit 1, based on its December 31, 2004 Uniform Bank Performance Report (UBPR). The concentrations within the bank's loan portfolio lie within commercial loans (operating and real estate) at 51.2% and 1-4 family residential real estate loans at 27.5%.

Exhibit 1 – Composition of the Loan Portfolio



Elkhart Community Bank's assessment area consists of the entire Elkhart-Goshen Metropolitan Statistical Area (MSA #2330), which is Elkhart County in North Central Indiana. Appendix D illustrates the defined assessment area in map form. Elkhart Community Bank has one office and one automated teller machine (ATM) located in the downtown business district of the City of Elkhart, Elkhart County, Indiana. Both the office and ATM are located in a moderate-income census tract, based upon the 2000 U.S. Census Bureau data.

Exhibit 2 illustrates the net loan-to-deposit ratios of the bank, its national peers and a sample of local competitors. The bank's December 31, 2004 net loan-to-deposit ratio was 112.50% as compared to 79.37% for its national peer group. The national peer group is defined as all insured commercial banks having assets between \$50 million and \$100 million in a metropolitan area with two or fewer full service offices. The information detailed in Exhibit 2 reveals the bank's loan-to-deposit ratio is higher than all the local competitors and nationwide peer group, which is one indicator of the bank's dedicated willingness to meet the credit needs within its assessment area. The bank is ranked sixth out of 14 institutions in Elkhart County with a 2.62% deposit market share, compiled June 30, 2004 by the Federal Deposit Insurance Corporation (FDIC).

Exhibit 2 – Loan-to-Deposit Ratio Comparison

Institution	Total Assets at 12/31/2004 (000)	Loan-to-Deposit Ratio	
		12/31/2004	Eight-Quarter Average Ending 12/31/2004
Elkhart Community Bank	\$67,114	112.50%	107.35%
First State Bank of Middlebury	\$293,698	95.47%	93.14%
Lake City Bank	\$1,450,227	89.17%	88.39%
1 st Source Bank	\$3,471,747	79.63%	86.04%
National Peer	Not Applicable	79.37%	68.01%

Local demographics from 1990 and 2000 U.S. Census Bureau data are outlined in Exhibits 3 and 4, respectively. The bank's performance in 2002 is compared with 1990 census demographics while performance in 2003 is compared with the 2000 census demographics. The total number of census tracts declined from 33 to 28 between censuses due to a redistribution of area residents throughout the 1990s. Total population increased 17.0% from 156,198 in 1990 to 182,791 in 2000. The percentage of LMI families remained relatively stable from 1990 to 2000 at 35.4% and 35.6%, respectively.

The Elkhart-Goshen area continues to be heavily reliant upon the manufacturing sector for its economic viability. Unemployment rates in Elkhart County have remained stable over the past year, according to information collected by the Indiana Department of Workforce Development. The unemployment rate in the MSA only marginally increased from 4.2% in November 2003 to 4.4% in November 2004. Unemployment rates within the State of Indiana were slightly higher at 4.8% and 4.9% for the same two reporting periods. A sample of large local area employers includes the following: Bayer Corp; Coachman Industries; Elkhart General Hospital; Forest River; NIBCO; Patriot Homes; and the Skyline Corporation.

There are no apparent factors relating to the bank's financial condition, size, products offered, prior performance, legal impediments, or local economic conditions that would prevent the bank from meeting the credit needs of the community.

Exhibit 3 – Assessment Area Demographics

ASSESSMENT AREA DEMOGRAPHICS								
Based Upon 1990 U.S. Census Bureau Data								
Income Categories	Tract Distribution		Families by Tract Income		Families Below Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	3.0	110	0.3	29	26.4	6,154	14.7
Moderate-income	4	12.1	2,439	5.8	493	20.2	8,665	20.7
Middle-income	24	72.7	35,440	84.5	1,603	4.5	11,810	28.1
Upper-income	4	12.1	3,950	9.4	88	2.2	15,310	36.5
TOTALS	33	100.0	41,939	100.0	2,213	5.3	41,939	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	405	14	0.0	3.5	353	87.2	38	9.4
Moderate-income	4,413	1,635	4.0	37.0	2,293	52.0	485	11.0
Middle-income	50,304	35,162	86.3	69.9	12,486	24.8	2,656	5.3
Upper-income	5,060	3,934	9.7	77.7	836	16.5	290	5.7
TOTALS	60,182	40,745	100.0	67.7	15,968	26.5	3,469	5.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
				Under \$1 million		Over \$1 million		
		#	%	#	%	#	%	
Low-income	160	3.4	133	3.5	23	2.6		
Moderate-income	265	5.6	225	6.0	36	4.1		
Middle-income	3,996	84.6	3,157	84.3	750	85.9		
Upper-income	303	6.4	231	6.2	64	7.4		
TOTALS	4,724	100.0	3,746	100.0	873	100.0		
Percentage of Total Businesses:					79.3		18.5	
	Total Farms by Tract	Farms by Tract & Revenue Size						
				Under \$1 million		Over \$1 million		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0		
Moderate-income	0	0.0	0	0.0	0	0.0		
Middle-income	252	91.3	251	91.3	1	100.0		
Upper-income	24	8.7	24	8.7	0	0.0		
TOTALS	276	100.0	275	100.0	1	100.0		
Percentage of Total Farms:					99.6		0.4	

Exhibit 4 – Assessment Area Demographics

ASSESSMENT AREA DEMOGRAPHICS								
Based Upon 2000 U.S. Census Bureau Data								
Income Categories	Tract Distribution		Families by Tract Income		Families Below Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	3.6	134	0.3	30	22.4	7,797	16.2
Moderate-income	3	10.7	2,482	5.2	498	20.1	9,317	19.4
Middle-income	23	82.1	42,540	88.5	2,159	5.1	13,004	27.1
Upper-income	1	3.6	2,882	6.0	106	3.7	17,920	37.3
TOTALS	28	100.0	48,038	100.0	2,793	5.8	48,038	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	396	30	0.1	7.6	323	81.6	43	10.9
Moderate-income	4,292	1,396	2.9	32.5	2,403	56.0	493	11.5
Middle-income	60,926	43,288	90.6	71.1	14,734	24.2	2,904	4.8
Upper-income	4,177	3,078	6.4	73.7	902	21.6	197	4.7
TOTALS	69,791	47,792	100.0	68.5	18,362	26.3	3,637	5.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Under \$1 million			Over \$1 million			
		#	%	#	%	#	%	
Low-income	188	3.8	153	3.9	28	3.0		
Moderate-income	262	5.3	217	5.6	40	4.3		
Middle-income	4,314	87.2	3,400	87.2	807	87.0		
Upper-income	184	3.7	128	3.3	53	5.7		
TOTALS	4,948	100.0	3,898	100.0	928	100.0		
Percentage of Total Businesses:					78.8	18.8		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Under \$1 million			Over \$1 million			
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0		
Moderate-income	0	0.0	0	0.0	0	0.0		
Middle-income	292	99.3	289	99.3	3	100.0		
Upper-income	2	0.7	2	0.7	0	0.0		
TOTALS	294	100.0	291	100.0	3	100.0		
Percentage of Total Businesses:					99.0	1.0		

SCOPE OF EXAMINATION

The examination included a review of all lending, investment and service activities using full-scope CRA examination procedures. The examination scope specifically included the following:

- ***Lending in the Assessment Area*** – An analysis of the bank’s HMDA- and CRA-reportable loans from January 1, 2002 to December 31, 2003 was performed to evaluate the percentage of loans originated within the assessment area. Small Farm data lending activity was excluded from all analyses due to insufficient volume. In addition, 2003 optional consumer loan data (auto secured, unsecured, home-equity, and other secured loans) were reviewed to evaluate the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA- and CRA-reportable loans from January 1, 2002 through December 31, 2003 and 2003 consumer loan data were analyzed to evaluate the extent to which the bank is lending in census tracts of different income levels, particularly those designated as LMI. The bank’s lending in LMI census tracts was then compared to the aggregate of all reporting lenders, less this institution’s lending (aggregate) from the same year to further assess performance.
- ***Lending to Borrowers of Different Incomes and to Businesses and Farms of Different Sizes*** – 2002 and 2003 HMDA-reportable loans were analyzed to assess the distribution among borrowers of different income levels, with a focus on those considered LMI. The bank’s 2002 and 2003 CRA-reportable loans were analyzed and compared to aggregate lending levels to assess the bank’s performance based upon the original loan amount and the borrower’s gross annual revenues. Consumer loan data for 2003, originated within the assessment area, were reviewed to assess the bank’s lending to LMI borrowers.
- ***Community Development Lending*** – The volume and complexity of community development loans made by the bank from January 1, 2002 to December 31, 2004 were reviewed and evaluated.
- ***Innovative or Flexible Lending Practices*** – The degree to which the bank uses innovative or flexible lending practices to address the credit needs of LMI individuals was reviewed and evaluated.
- ***Investments*** – Investment and donation activity from January 1, 2002 to December 31, 2004 was reviewed and evaluated to determine the bank’s responsiveness to credit and community development needs throughout its assessment area.
- ***Services*** – The location of the bank’s branch office and ATM, its retail services offered, hours of operation, and availability of loan and deposit products were reviewed for range and

accessibility. Bank involvement in community development services from January 1, 2002 to December 31, 2004 was also reviewed and evaluated for innovativeness.

- **Response to Substantiated Complaints** – Neither Elkhart Community Bank nor this Reserve Bank has received any CRA-related complaints regarding this institution since the previous examination.

The bank's performance in small business lending was given the greatest weight during this evaluation based on the number of originations made during the review period. In addition to the above criteria, information obtained through discussions with two community representatives was also considered within this evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Elkhart Community Bank's lending, investment, and service test performance was evaluated under the context that this is the first examination under the large bank procedures. Results from the lending test were given greater consideration based upon the lack of community development related opportunities available during the review period. Lending data was evaluated using the 2002 and 2003 HMDA and CRA data while community development related material was evaluated using data collected from 2002 through the end of 2004.

LENDING TEST

Elkhart Community Bank's lending test performance is considered *low satisfactory*. Lending levels reflect an overall adequate responsiveness to the credit needs of the assessment area. Lending to small businesses in LMI areas is excellent but lending to businesses of different sizes is only considered adequate. Geographic and borrower distribution for HMDA-reportable lending is considerably better in 2003 than in 2002; however, this performance is not weighted as heavily in the overall evaluation because the bank is not considered to be a dominant residential real estate lender within this market. The level of community development loans originated during the review period is adequate considering the number of potential opportunities for such loans and the bank's relatively small asset size as compared to local competitors.

The facts and data used to evaluate the bank's performance in the assessment area are shown in Appendix C: FFIEC Core Tables. Lending activity is depicted in Table 1, Geographic Distribution in Tables 2 through 7, Borrower Distribution in Tables 8 through 12 and consumer loans in Table 13. It should be noted that the bank was given small business credit under the "Other secured lines/loans for the purpose of small business" category even though this information is not reflected within the Core Tables.

Assessment Area Concentration:

Exhibit 5 shows a majority of Elkhart Community Bank's HMDA, small business, small farm, and consumer lending originated within the assessment area. Overall, this performance is considered strong because 78.5% of loans by number and 75.3% by dollar amount were originated in the assessment area. Figures for both number and dollar volume remained consistent between 2002 and 2003, illustrating the bank's consistent commitment towards lending to individuals and businesses within the assessment area.

Exhibit 5 - Lending Inside and Outside the Assessment Area

Elkhart Community Bank HMDA, CRA, and Consumer Reportable Lending Within the Assessment Area⁽¹⁾ 2002 and 2003								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
2002 HMDA-Home Purchase	12	63.2	1,047	56.6	7	36.8	802	43.4
2003 HMDA-Home Purchase	17	85.0	1,697	94.6	3	15.0	97	5.4
2002 HMDA-Home Improvement	2	40.0	55	26.1	3	60.0	156	73.9
2003 HMDA-Home Improvement	8	72.7	164	58.8	3	27.3	115	41.2
2002 HMDA-Home Refinancing	17	89.5	1,787	93.9	2	10.5	116	6.1
2003 HMDA-Home Refinancing	13	86.7	1,696	84.0	2	13.3	323	16.0
2002 HMDA-Multifamily	0	0.0	0	0.0	0	0.0	0	0.0
2003 HMDA-Multifamily	5	100.0	436	100.0	0	0.0	0	0.0
Total HMDA Loans - 2002	31	72.1	2,889	72.9	12	27.9	1,074	27.1
Total HMDA Loans - 2003	43	84.3	3,993	88.2	8	15.7	535	11.8
2002 CRA-small business	104	81.2	12,468	73.2	24	18.8	4,558	26.8
2003 CRA-small business	198	79.8	26,337	78.4	50	20.2	7,264	21.6
2002 CRA-small farm	0	0.0	0	0.0	3	100.0	1,000	100.0
2003 CRA-small farm	1	33.3	130	25.9	2	66.7	371	74.1
Total CRA Loans - 2002	104	79.4	12,468	69.2	27	20.6	5,558	30.8
Total CRA Loans - 2003	199	79.3	26,467	77.6	52	20.7	7,635	22.4
2003 Consumer Loans	50	73.5	2,549	70.2	18	26.5	1,084	29.8
Total Consumer Loans - 2003	50	73.5	2,549	70.2	18	26.5	1,084	29.8
Totals								
Total Loans - 2002	135	77.6	15,357	69.8	39	22.4	6,632	30.2
Total Loans - 2003	292	78.9	33,009	78.1	78	21.1	9,254	21.9
Total Loans - Combined	427	78.5	48,366	75.3	117	21.5	15,886	24.7

(1) Affiliate loans are not included in this analysis.

Geographic Distribution:

Small business lending in LMI tracts in the assessment area is considered excellent. Competitive pressures impacted performance as approximately 60 different lenders reported at least one small business origination in the MSA in both 2002 and 2003. Nevertheless, the number of the bank's small business loans originated in LMI census tracts increased between 2002 and 2003. In 2002, 14.4% of the bank's 104 loans were originated to small businesses in LMI tracts; in comparison just 8.6% of the aggregate's 4,694 loans were in such tracts. In 2003, 13.6% of the bank's 198 small business loans were in LMI census tracts while 7.8% of the aggregate's 4,717 were to businesses in such tracts. The bank's performance compares favorably to the aggregate in both 2002 and 2003.

The geographic distribution of the bank's HMDA-reportable lending is considered excellent. The bank originated one, or 3.2%, HMDA-reportable loan in a LMI census tract in 2002 (1/31); however, eight or 18.6% of such loans were originated in LMI tracts in 2003 (8/43). Performance is strong considering the number of LMI census tracts contracted between the evaluation years from five (1990 census) to four (2000 census). This point illustrates that the bank had fewer targeted geographies to lend in during 2003 than it did in 2002 yet its performance still improved. Performance under this criterion is also strong when considering only 4.0% and 3.0% of the total owner-occupied housing units were located in LMI geographies in 1990 and 2000, respectively, thus potentially limiting the number of such units available for sale at any given time. Additionally, all five of the bank's multi-family loans were originated within LMI census tracts in 2003 further illustrating the commitment towards serving those areas with the greatest amount of need.

Of the bank's 50 consumer loans reported in 2003, four or 8.0% were originated in LMI areas. Performance under this criterion is considered relatively strong compared to 5.5% of assessment area families residing in LMI census tracts.

Distribution of Loans by Income Level of the Borrower:

An analysis of the bank's 2002 and 2003 small business data reflects an adequate level of lending to businesses of different sizes in the assessment area. A majority (65.1%) of the bank's lending in this category was in amounts of \$100,000 or less, amounts typically needed by small businesses. In comparison, the aggregate percentage of loans in amounts of \$100,000 or less was 87.6%. A total of 70.2% and 76.3% of the bank's small business loans were to entities with revenues of \$1 million or less, for 2002 and 2003, respectively. This performance is slightly below the percentage of businesses operating in the area with similar revenue streams, based upon both 1990 and 2000 census data. Performance here is, however, favorable when compared to aggregate as 32.6% in 2002 and 35.7% in 2003 of all small business loans were to entities with similar gross annual revenues.

The bank's HMDA lending to LMI borrowers within its assessment area is adequate. Approximately 16.0% (5/31) of the bank's 2002 HMDA-reportable loans were to LMI borrowers; this percentage marginally increased to 16.3% (7/43) in 2003. In comparison, 37.0% (3,972/10,732) of all HMDA-reportable loans originated or purchased in the aggregate were to LMI borrowers in 2002, and 32.3% (4,494/13,908) were to such borrowers in 2003. The bank's lending to LMI borrowers is below the local demographics with 35.6% designated as LMI families, based upon 2000 census data. However, approximately six percent of the designated LMI families have annual incomes that are below the poverty line, which would potentially limit their opportunities to obtain a mortgage loan due to more limited financial resources. Community contacts noted that the housing needs in the area are being met.

The bank originated 28.0% of its 50 consumer loans to LMI borrowers in 2003. Performance under this loan category is considered adequate when compared to 35.6% of LMI families in the assessment area. Local community contacts felt the credit needs of the community are being met by local financial institutions.

Community Development Lending:

Elkhart Community Bank makes an adequate level of community development loans based upon the number and type of opportunities available in its assessment area. This activity is based upon the bank's involvement through two organizations that promote innovative financing activities to LMI borrowers:

Elkhart Housing Partnership (EHP): This program seeks to improve residential neighborhoods, promote and facilitate affordable home ownership and provide affordable housing in the Elkhart area. EHP facilitates apartment rentals to lower-income families, home renovations, and various home education seminars. The bank originated four different loans totaling \$512,000 through this program during the review period.

Capital Access Program (CAP): This program allows banks to lend to businesses that might not otherwise qualify under criteria set by the Small Business Administration (SBA). The borrower pays a percentage of the loan amount as a fee that is placed into an account under the control of the Indiana Development Finance Authority (IDFA). The IDFA will then match those funds and place them in a separate account as a loan loss reserve for the bank in the event of customer default. The bank currently has 14 loans through CAP on its books as of December 31, 2004. Although these loans were included in the small business loan analysis, they are mentioned here because of their primary purpose as community development.

In addition, five loans totaling \$436,000 were originated for the purpose of purchasing, refinancing, or rehabilitating multi-family housing. All five properties are located in LMI census tracts.

INVESTMENT TEST

Elkhart Community Bank's performance with respect to the investment test is considered *low satisfactory*. Responsiveness to community development investment needs is adequate, as evidenced by nine qualified donations totaling \$7,291 during the review period. Several donations were given to organizations that purchase and rehabilitate homes and facilitate home ownership opportunities in qualified areas of Elkhart County.

The bank also committed \$300,000 to invest in a CRA qualified Fannie Mae sponsored mortgage backed security during this review period. Since the funds have not yet been disbursed, less weight was given to this commitment than would have been given had the funding already occurred.

SERVICE TEST

Elkhart Community Bank's performance with respect to the service test is considered *high satisfactory*. Performance relative to the service test within the assessment area is considered generally strong based upon retail delivery systems, the products and services offered, and the level of officer and employee involvement in community development services.

Retail Services

The bank operates one full-service branch and one full-service ATM and both are located in a moderate-income census tract, based upon 2000 census data. A variety of conventional loan products, checking and interest bearing deposit accounts are offered and designed to meet customer needs.

Delivery systems are readily accessible within the assessment area through the branch, a surcharge free ATM, telephone banking, and internet banking. Customers can view and download account information through the World Wide Web and make transfers between internal accounts. Business hours are reasonable and do not vary in any way that might inconvenience the LMI population within the area. Lobby and drive-up hours are from 9:00 a.m. to 5:00 p.m. Monday through Friday. The drive-up is also open from 9:00 a.m. through 12:00 p.m. on Saturdays, as an added convenience. The bank did not open or close any branches or ATMs during the review period.

Community Development Services:

The bank provided a relatively high level of community development services and support by participating in a variety of qualified activities during the review period. These services were provided through employee and officer involvement most notably in leadership capacities relating

to banking and financial services. Several of these programs were considered as innovative and flexible including the following:

Neighborhood Impact Program (NIP): This revolving loan program sponsored by the Federal Home Loan Bank of Indiana, revitalizes and repairs neighborhoods to restore function, character, and pride. The bank helped facilitate \$45,000 through NIP during the review period.

Affordable Housing Program (AHP): This revolving loan program sponsored by the Federal Home Loan Bank of Indiana provides housing opportunities for families whose incomes are 80% or less of the area median. The program provides assistance for the acquisition, construction, or rehabilitation of properties for use as affordable housing. The bank facilitated \$150,000 through AHP during the review period.

Interest on Lawyer Trust Accounts (IOLTA): This program earns interest on funds deposited by attorneys that can be used for local residents that can't afford legal services. The bank currently services 17 IOLTA accounts, as of December 31, 2004.

In addition, the bank participated in 12 qualified community development services that specifically target LMI individuals and families living in and around Elkhart County. The missions of these organizations include promoting local economic development and providing meals and medical services for economically challenged seniors living in the community. The bank is also very active in secondary market lending activities by offering products through its affiliate, The Amera Mortgage Corporation. This service allows local customers access to credit products that are not offered at the bank.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

Elkhart Community Bank is in compliance with the substantive provisions of anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. Policies, procedures, and practices have been developed in accordance with the regulations and have been applied in a consistent manner. Interviews with two community representatives revealed no evidence of prohibited discriminatory lending activity.

CRA APPENDIX A

SCOPE OF EXAMINATION

SCOPE OF EXAMINATION		
TIME PERIOD REVIEWED: 1/01/2002 to 12/31/2003 (Lending) 1/01/2002 to 12/31/2004 (Investments and Services)		
FINANCIAL INSTITUTION Elkhart Community Bank Elkhart, Indiana		PRODUCTS REVIEWED: Small Business Small Farm Community Development Consumer Home Mortgage
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
None reviewed	Not Applicable	Not Applicable

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
MSA 2330 Elkhart/Goshen Indiana	Full procedures	Not Applicable: The bank has no branches	None

CRA APPENDIX B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Block numbering area (“BNA”): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals, activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies,

Consumer loan: A loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male household and no wife present) or “female householder” (a family with a female householder and no husband present).

Full review: Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total

number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Low -income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Limited review: Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Metropolitan area (MA): Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Optional loans: Includes any unreported category of loans for which the institution collects and maintains data for consideration during a CRA examination. Also includes consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small loans to business: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by non-farm nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

CRA APPENDIX C
2003 CRA CORE TABLES

CRA APPENDIX D

**ASSESSMENT AREA MAP
Elkhart County, Indiana**

