

# **PUBLIC DISCLOSURE**

May 28, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Farmers and Merchants Bank of Trenton  
06121560

Trenton, 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 Farmers and Merchants Bank of Trenton prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of May 28, 1996. 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.

Farmers and Merchants Bank was assigned a satisfactory rating based on its reasonable loan-to-deposit ratio and the high percentage of loan originations within its assessment area. The distribution of loans to borrowers of different incomes is reasonable and reflects a reasonable penetration of all segments of the bank's assessment area. The bank is in substantial compliance with all provisions of the antidiscrimination laws and regulations, including fair lending and fair housing laws.

**GENERAL INFORMATION (CONTINUED)**

The following table indicates the performance level of Farmers and Merchants Bank of Trenton with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FARMERS AND MERCHANTS BANK OF TRENTON		
	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 have been received since the prior examination.		

## DESCRIPTION OF INSTITUTION

Farmers and Merchants Bank is located in central Florida and conducts its business from three offices. The bank is a subsidiary of the Capital City Bank Group, Tallahassee, Florida. As of March 31, 1996, the bank had \$36.9 million in assets. The bank's main office is located in Trenton; branch locations are in Bell and Fanning Springs, Florida. Trenton is approximately 30 miles west of Gainesville, Florida. The main employment is provided by the government, retail, and service industries.

The types of loans offered by the bank meet the borrowing needs of the community. Loan applications are processed at each of the bank's locations. The bank offers a variety of consumer, real estate, and business loans. Consumer loans include automobile loans, home improvement loans, and personal loans. Real estate loans include purchase or refinances on single-family residences; loans to finance the construction of residences; loans to finance the purchase or construction of business facilities; and home equity lines of credit. The bank is currently participating with the Gilchrist County Shared Housing Initiative Partnership Program (SHIPP) to provide affordable housing to very low- to moderate-income individuals and families. Commercial loans are granted to businesses, farmers, institutions, or organizations, either through the bank's regular lending program or through programs offered by the Small Business Administration (SBA).

According to the March 31, 1996 Consolidated Reports of Condition and Income, the bank reported total loans of \$22.2 million. The bank's outstanding loan portfolio is summarized in the following table:

LOAN TYPE	AMOUNT OUTSTANDING (000s)	PERCENT OF PORTFOLIO
Construction and land development	\$ 925	4.2
Secured by 1st lien on 1-4 family property	9,037	40.7
Home equity lines of credit	564	2.5
Secured by commercial property	4,873	22.0
Secured by farms	928	4.2
Commercial and industrial loans	1,005	4.5
Consumer loans	4,330	19.5
All other loans	517	2.3
TOTAL	\$22,179	100.0

## **DESCRIPTION OF INSTITUTION (CONTINUED)**

A review of lending activity for the period between examinations indicates that consumer loans, unsecured loans and motor vehicle loans in particular, are the bank's major products. Although the total dollar amount of installment loans is a relatively small portion of the bank's loan portfolio, this product line consists of a large number of small loans, some in amounts of less than \$2,000. Therefore, the bank's installment loans represent a substantial number of consumers, and a sample of these loans was used to evaluate the bank's CRA performance.

Two community contacts were made in conjunction with this examination. Each of the contacts identified consumer loans as the primary individual credit need in the community. Neither of the contacts presented any derogatory information about local financial institutions. They believe that the current credit products offered by the local financial institutions will help meet the community's credit needs.

The bank is not subject to any legal or financial impediments that would prevent it from meeting the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA: GILCHRIST, DIXIE, AND LEVY COUNTIES, FLORIDA**

The bank is located in central Florida, and its assessment area includes all of Gilchrist and Dixie Counties, and two of the nine block numbering areas (BNAs) in Levy County. According to the 1990 census, the population of the bank's assessment area was 28,481 with a total of 7,980 families. The assessment area is rural, and its median family income of \$21,434 is slightly lower than the \$25,875 median family income for the state of Florida's nonmetropolitan areas.

Income levels are defined using the following four categories.

<b>INCOME LEVEL</b>	<b>PERCENTAGE OF MEDIAN FAMILY INCOME IN THE ASSESSMENT AREA</b>
Low-income	Less than 50%
Moderate-income	50% to 79%
Middle-income	80% to 119%
Upper-income	120% and over

**DESCRIPTION OF ASSESSMENT AREA: GILCHRIST, DIXIE, AND LEVY COUNTIES, FLORIDA  
(CONTINUED)**

The distribution of family income in the assessment area is summarized below.

<b>FAMILY INCOME</b>	<b>NUMBER</b>	<b>PERCENTAGE</b>
Low-income	2,200	27.6%
Moderate-income	1,625	20.4%
Middle-income	1,744	21.9%
Upper-income	2,411	30.1%
Total	7,980	100.0%

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio meets the standards for satisfactory performance. The bank's average loan-to-deposit ratio for the ten quarters since the previous examination is 66.32 percent. The bank's volume of lending is consistent with that of five other local banks, which had an aggregate average loan-to-deposit ratio of 64.09 percent during the four quarters of 1995.

**Lending in Assessment Area**

The bank is most active in the area of consumer lending. A sample of these loans revealed that a substantial majority were in the bank's assessment area. Of the 131 consumer loans sampled, 122 (93.1 percent) were in the assessment area. 66 of 71 unsecured consumer loans and 56 of 60 auto loans were in the assessment area.

**Lending to Borrowers of Different Incomes**

A review of borrower income information indicates that the 122 consumer loans in the assessment area were made to borrowers of different income levels. The borrower's income level is determined by comparing it to the median family income for all nonmetropolitan areas in Florida.

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

**Lending to Borrowers of Different Incomes (Continued)**

PERCENTAGE DISTRIBUTION OF CONSUMER PURPOSE LOANS BY BORROWER INCOME LEVEL

BORROWER INCOME	NUMBER OF LOANS	PERCENTAGE	PERCENTAGE FAMILIES IN ASSESSMENT AREA
Low-income	12	9.8%	27.6
Moderate-income	51	41.8%	20.4
Middle-income	30	24.6%	21.9
Upper-income	29	23.8%	30.1
Total	122	100.0%	100.0

The table shows that the percentage of loans made to moderate-income individuals is twice the percentage of moderate-income families residing in the bank’s assessment area. The table also shows that the 9.8 percent of loans granted to low-income borrowers was significantly lower than the 27.6 percent of low-income families residing in the bank’s assessment area. Based on the area’s median income, low-income individuals and families earn annual incomes of less than \$10,717. It is often difficult for prospective borrowers earning in this range to qualify under the bank’s debt-to-income ratio policy. The bank’s lending policy was considered to be nondiscriminatory and in compliance with safe and sound lending practices.

**Geographic Distribution of Loans**

As previously discussed, Farmers and Merchants Bank’s assessment area includes six BNAs; three are moderate-income BNAs and three are middle-income BNAs.

BNA INCOME	NUMBER OF FAMILIES	PERCENTAGE
Moderate-income	3,924	49.2%
Middle-income	4,056	50.8%
Total	7,980	100.0%

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

**Geographic Distribution of Loans (Continued)**

As shown in the following tables, the 122 consumer loans were skewed toward the middle-income-BNAs; however, given the income diversity within those BNAs based on family income, the distribution is not unreasonable.

**TOTAL CONSUMER LOANS SAMPLED**

<b>BNA INCOME</b>	<b>NUMBER OF LOANS</b>	<b>PERCENTAGE</b>	<b>PERCENTAGE OF BNAs</b>
Moderate-income	34	27.8%	50%
Middle-income	88	72.2%	50%
Total	122	100.0%	100%

**UNSECURED CONSUMER LOANS SAMPLED**

<b>BNA INCOME</b>	<b>NUMBER OF LOANS</b>	<b>PERCENTAGE</b>	<b>PERCENTAGE OF BNAs</b>
Moderate-income	12	19.7%	50%
Middle-income	54	80.3%	50%
Total	66	100.0%	100%

**AUTO LOANS SAMPLED**

<b>BNA INCOME</b>	<b>NUMBER OF LOANS</b>	<b>PERCENTAGE</b>	<b>PERCENTAGE OF BNAs</b>
Moderate-income	22	39.3%	50%
Middle-income	34	60.7%	50%
Total	56	100.0%	100%

As shown on the preceding table, 72.2 percent of the loans sampled were made to borrowers residing in middle-income BNAs. Because the bank's main office is located in Bell, Gilchrist County, all of which is made up of middle-income BNAs, the loan demand from these areas is significant. Also, the small branch offices staffed with only a few employees are servicing moderate-income areas where housing units are widely spread. Considering its financial and human resources, the bank has responded adequately to the borrowing needs of its communities.



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

### **Complaints**

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

### **Compliance with Antidiscrimination Laws**

No violations of the substantive provisions of the antidiscrimination laws and regulations were noted. A sample of loan application files was reviewed to determine the level of compliance with the requirements of the Equal Credit Opportunity Act and the Fair Housing Act. The bank solicits credit applications from all segments of the assessment area.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.
- C ADD THE FOLLOWING LANGUAGE TO YOUR CRA PUBLIC NOTICE THAT IS POSTED IN EACH OF YOUR OFFICES, NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION:

"YOU MAY OBTAIN THE PUBLIC SECTION OF OUR MOST RECENT CRA PERFORMANCE EVALUATION, WHICH WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA, AT (YOUR MAIN OFFICE ADDRESS)."

**FEDERAL RESERVE BANK OF ATLANTA**

ASSISTANT VICE PRESIDENT

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
CYNTHIA C. GOODWIN

\_\_\_\_\_  
(Title)

.....

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

\_\_\_\_\_  
19

TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS MAY 28, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

\_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Title)

FARMERS AND MERCHANTS BANK OF TRENTON

\_\_\_\_\_  
(Name of Bank)

TRENTON, FLORIDA

\_\_\_\_\_  
(Location)

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Board of Directors  
Farmers and Merchants Bank of Trenton  
Post Office Box 476  
Trenton, Florida 32693

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Regina Hartman using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office (and a designated office in each of your local communities) no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.
- C Add the following language to your CRA public notice that is posted in each of your offices, no later than 30 business days after receiving the evaluation:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Reserve Bank of Atlanta, at (your main office address)."

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Board of Directors  
Farmers and Merchants Bank of Trenton  
Trenton, Florida

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

**PUBLIC DISCLOSURE**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Name of Bank: FARMERS AND MERCHANTS BANK OF TRENTON

City and State: TRENTON, FLORIDA

Date of Examination: MAY 28, 1996

**FEDERAL RESERVE BANK OF ATLANTA**