

# PUBLIC DISCLOSURE

March 15, 1999

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank at Ormond-by-the-Sea  
395630

Ormond Beach, Florida

Federal Reserve Bank of Atlanta  
104 Marietta Street, N.W.  
Atlanta, Georgia 30303-2713

***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.***

<b>CONTENTS</b>
-----------------

	<b>Page</b>
GENERAL INFORMATION	1
INSTITUTION'S CRA RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA: Ormond Beach, Florida	4
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA	8
Loan-to-Deposit Ratio Analysis	8
Assessment Area Concentration	8
Lending to Borrowers of Different Incomes and Businesses of Different Sizes	9
Geographic Distribution of Loans	11
Complaints	12
Compliance with Antidiscrimination Laws	13

<b>TABLES</b>
---------------

	<b>Page</b>
COMPOSITION OF THE LOAN PORTFOLIO	
3	
ASSESSMENT AREA INCOME	4
DEMOGRAPHIC INFORMATION FOR ASSESSMENT AREA	5
DISTRIBUTION OF BUSINESSES IN THE ASSESSMENT AREA	7
ANALYSIS OF LENDING IN THE ASSESSMENT AREA	9
DISTRIBUTION OF HMDA RELATED LOANS BY BORROWER INCOME LEVEL	9
SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE	10
GEORGRAPHIC DISTRIBUTION OF HMDA LOANS	
11	
GEORGRAPHIC DISTRIBUTION OF SMALL BUSINESS	12

<b>GENERAL INFORMATION</b>
----------------------------

**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 Bank at Ormond-by-the-Sea, Ormond Beach, Florida prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of March 15, 1999. The agency rates the CRA performance of an institution consistent with the provision set forth in Appendix A to 12 CFR Part 228.**

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

Bank at Ormond-by-the-Sea's loan-to-deposit ratio is reasonable given its financial capacity and size, and the demographics of the assessment area. The substantial majority of the bank's real estate related and small business loans were extended to individuals or businesses inside the bank's assessment area. Bank of Ormond-by-the-Sea has a reasonable penetration of loans among borrowers of different income levels and to businesses of various revenue sizes. The geographic distribution of HMDA and small business lending is unreasonable when compared to the geographic distribution of owner-occupied units and small businesses in the assessment area. No CRA-related complaints have been received concerning the bank's performance in meeting the credit needs of the assessment area.

<b>DESCRIPTION OF INSTITUTION</b>
-----------------------------------

Bank at Ormond-by-the-Sea (Bank of Ormond) is headquartered in Ormond Beach, Florida and operates three branches and a loan production office. The bank conducts commercial and retail banking business through its branches located in eastern Volusia County, Florida. According to the December 31, 1998 Consolidated Reports of Condition and Income, the bank had total assets of \$107.6 million. The bank is a wholly owned subsidiary of East Coast Banking Corporation (ECBC) in Ormond Beach, Florida.

Bank of Ormond's main office and one branch are located in Ormond Beach, Florida, and one branch office is located in Daytona Beach, Florida. The loan production office is in Dade City (Pasco County), Florida. The main office and one branch are in a middle-income census tract and the other branch is in an upper-income census tract. Automated teller machines (ATMs) and drive-in services are available at all branches. The bank offers a variety of banking products and services to meet community credit needs. The bank has focused its lending activities on real estate loans, which include home purchase, home improvement and home equity loans, and commercial loans. The bank also offers various consumer purpose loans. Commercial loans to small business include commercial real estate loans, commercial lines of credit, as well as other secured and unsecured business loans. Consumer loan products include secured and unsecured consumer loans for personal, family, and household purposes. All branches are full-service offering real estate loans, commercial loans, and consumer purpose loans. An array of deposit products is also offered.

Competitors within the bank's assessment area include commercial banks, thrift institutions, credit unions, insurance companies and finance companies. Several of these financial entities are over \$250 million in total assets and have extensive branch networks. Recently, two of the largest competitors in the bank's assessment area began offering mortgage loan products with very attractive rates and terms. As a result, it has been more difficult for small and medium size mortgage lenders to compete for borrowers in the real estate market in this area.

The bank's largest deposit competitors are First Union National Bank and SouthTrust Bank, N.A. Some competition from NationsBank has arisen as a result of its merger with Barnett Bank, and also from de novo banks opening in the area. The bank's ability to continue to attract stable deposits has been hampered as a result of competitors' deposit campaigns on which above-market rates are paid on deposits, particularly certificates of deposits.

**DESCRIPTION OF INSTITUTION (Continued)**

No legal or financial impediments were identified that would hinder the bank's ability to meet the credit needs of the residents and small businesses in its assessment areas. The bank received a satisfactory rating at the previous CRA examination, which was conducted as of June 9, 1997.

The composition of the loan portfolio according to the December 31, 1998 Reports of Condition and Income is as follows:

<b>COMPOSITION OF LOAN PORTFOLIO AS OF DECEMBER 31, 1998*</b>		
<b>Loan Type</b>	<b>\$ (000)s</b>	<b>Percent</b>
Construction and Development	\$0	0.0%
Secured by One- to Four- Family Dwellings	\$29,168	60.6%
Other Real Estate:		
Farmland	\$0	0.0%
Multifamily	\$2,041	4.2%
Nonfarm nonresidential	\$9,567	19.9%
Commercial and Industrial	\$3,958	8.2%
Loans to Individuals	\$3,366	7.0%
Agricultural Loans	\$0	0.0%
<b>TOTAL</b>	<b>\$48,100</b>	<b>100.0%</b>

\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

As shown in the preceding table, the bank's outstanding loans are concentrated in real estate loans. The loan portfolio composition has not changed significantly since the previous examination. Loans secured by one- to four-family dwellings continue to be the largest portion of the bank's loan portfolio, followed by loans secured by nonfarm nonresidential property.

During the examination, representatives of the Volusia County community were contacted to discuss local credit needs and opportunities for financial institutions to participate in meeting these needs. The individuals contacted represented community development and affordable housing interests. Both contacts indicated that a need exists for affordable housing for low- and moderate-income individuals, and loan programs to finance the purchase of such housing. In addition, the contact stated that area financial institutions are actively involved in community development initiatives.

**DESCRIPTION OF ASSESSMENT AREA: Ormond Beach, Florida**

Bank at Ormond-by-the-Sea's assessment area is made up of 39 census tracts within the Daytona Beach Metropolitan Statistical Area (MSA). The 39 census tracts that make up the bank's assessment area are located in the eastern part of the MSA, which consists of 72 census tracts. The following table shows the definitions of the four income categories used to describe census tract demographics and borrower income level:

<b>ASSESSMENT AREA INCOME CATEGORIES</b>				
<b>MSA Median Family Income</b>	<b>Low-Income (&lt;50%)</b>	<b>Moderate-Income (50% to &lt;80%)</b>	<b>Middle-Income (80 % to &lt;120%)</b>	<b>Upper-Income (= or&gt;120%)</b>
\$28,554	<\$14,277	\$14,277 to \$22,843	\$22,843 to \$34,264	\$34,264 and over

The bank's assessment area includes 4 low-, 8 moderate-, 21 middle-, and 6 upper-income census tracts. Low- and moderate-income census tracts make up almost one third of the total number of census tracts in the assessment area. 7.4 percent of the population in the assessment area resides in low-income census tracts, and 21.5 percent resides in moderate-income tracts. The assessment area does not arbitrarily exclude any low- or moderate-income census tracts.

The table on the next page provides key demographic information that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the report as they apply to particular parts of the analysis.

**DESCRIPTION OF ASSESSMENT AREA: Ormond Beach, Florida**

<b>DEMOGRAPHIC ANALYSIS</b>						
<b>Distribution of Tracts</b>	<b>Number</b>			<b>Percent</b>		
Low-Income Tracts	4			10.3%		
Moderate-Income Tracts	8			20.5%		
Middle-Income Tracts	21			53.8%		
Upper-Income Tracts	6			15.4%		
<i>Total Assessment Area</i>	39			100.0%		
<b>Housing Units - Tract Distribution</b>	<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>	
Low-Income Tracts	1,608	3.3%	2,604	9.6%	433	3.4%
Moderate-Income Tracts	9,786	20.1%	8,591	31.6%	3,355	26.3%
Middle-Income Tracts	29,572	60.9%	14,096	51.8%	7,823	61.4%
Upper-Income Tracts	7,616	15.7%	1,901	7.0%	1,122	8.8%
<i>Total</i>	48,582	100.0%	27,192	100.0%	12,733	100.0%
<b>Housing Units - Percentage in Tract</b>						
Low-Income Tracts	34.6%		56.1%		9.3%	
Moderate-Income Tracts	45.0%		39.5%		15.4%	
Middle-Income Tracts	57.4%		27.4%		15.2%	
Upper-Income Tracts	71.6%		17.9%		10.5%	
<i>Total Assessment Area</i>	54.9%		30.7%		14.4%	
<b>Population - Tract Distribution</b>	<b>Families</b>		<b>Households</b>		<b>Population</b>	
Low-Income Tracts	2,566	5.6%	4,182	5.5%	12,594	7.4%
Moderate-Income Tracts	9,307	20.1%	17,906	23.7%	36,704	21.5%
Middle-Income Tracts	27,403	59.3%	43,958	58.2%	99,009	57.9%
Upper-Income Tracts	6,953	15.0%	9,529	12.6%	22,750	13.3%
<i>Total</i>	46,229	100.0%	75,575	100.0%	171,057	100.0%
<b>Population - Percentage by Income</b>						
Low-Income	9,122	19.7%	19,418	25.7%		
Moderate-Income	9,549	20.7%	13,574	18.0%		
Middle-Income	10,786	23.3%	14,620	19.3%		
Upper-Income	16,772	36.3%	27,963	37.0%		
<i>Total</i>	46,229	100.0%	75,575	100.0%		
<b>Families - Tract Distribution</b>	<b>Families &lt; Poverty Level</b>	<b>Low-Income Families</b>	<b>Moderate-Income</b>	<b>Middle-Income</b>	<b>Upper-Income</b>	
Low-Income Tracts	23.9%	16.1%	5.3%	3.3%	1.4%	
Moderate-Income Tracts	25.3%	26.8%	27.1%	20.5%	12.3%	
Middle-Income Tracts	44.1%	49.9%	58.0%	64.5%	61.7%	
Upper-Income Tracts	6.7%	7.2%	9.6%	11.7%	24.5%	
<i>Total</i>	100.0%	100.0%	100.0%	100.0%	100.0%	
<b>Families - Percentage in Tract</b>						
Low-Income Tracts	39.8%	57.4%	19.7%	13.8%	9.2%	
Moderate-Income Tracts	11.7%	26.2%	27.8%	23.7%	22.2%	
Middle-Income Tracts	6.9%	16.6%	20.2%	25.4%	37.8%	
Upper-Income Tracts	4.1%	9.4%	13.2%	18.2%	59.2%	
<i>Total Assessment Area</i>	9.3%	19.7%	20.7%	23.3%	36.3%	
<b>Households Receiving Public Assistance</b>	5.6%					
<b>Median Family Income</b>	\$28,554					
<b>Population Age</b>	<b>Age 65 and Over</b>			<b>Age 18 and Over</b>		
	24.0%			82.7%		

Totals in percentage columns are calculated independently and may not be exactly equal to the sum of the components due to rounding of the components. These rounding errors are immaterial and have no effect on related analyses or conclusions.



<b>DESCRIPTION OF ASSESSMENT AREA (Continued)</b>
---

Based on the demographic data in the table on the preceding page, Bank of Ormond may experience difficulty in originating HMDA loans in low-income census tracts. Only 3.3 percent of the owner-occupied units in the assessment area are in low-income census tracts. In addition, only 3.4 percent of the vacant units in the assessment area are in low-income census tracts, which limits the bank's ability to originate home purchase loans. Also, 39.8 percent of total families in low-income census tracts reside below the poverty level. While these families may be homeowners, because of their incomes and the costs associated with mortgage loans, many will not be able to qualify for mortgage loans. The median age of housing in low-income census tracts is 46 years, meaning over half of the housing units are over the age of 46. The age of these homes would indicate a possible need for home improvement loans in low-income census tracts.

Assessment area demographics should not hamper the bank from originating loans in moderate-, middle-, and upper-income census tracts. These tracts have a sufficient number of owner-occupied units and vacant units to originate home purchase, refinance, and home improvement loans. However, moderate-income census tracts have a moderate percentage (11.7 percent) of families residing below the poverty level, which could affect the bank's ability to originate mortgage loans in these tracts.

The assessment area has experienced continued long-term economic growth. The local economy is dominated by the services and retail trade sectors as they are related to tourism and resort establishments. The public sector also employs a significant portion of the local work force. According to the Bureau of Labor Statistics, the unemployment rate in Volusia County as of December 31, 1998 was 3.2 percent which is slightly below the 3.8 percent unemployment rate for the state of Florida for the same period. The unemployment rate stated is not seasonally adjusted

**DESCRIPTION OF ASSESSMENT AREA (Continued)**

The following table reflects total businesses in the bank's assessment area according to Dun and Bradstreet Business demographics by income level of the census tract. 90.6 percent of the business entities in the bank's assessment area are considered small businesses because they reported business revenues of \$1 million or less. The table below indicates that the majority (80.4 percent) of all small businesses are located in the moderate- and middle-income census tract and 81 percent of those small businesses reported business revenues of under \$1 million. It is expected that the greater percentage of small business loans would be originated in the moderate- and middle-income census tracts because of the proportion of small businesses located in those tracts.

<b>BUSINESS DEMOGRAPHICS</b>						
<b>Percentage in Tract</b>	<b>Total Businesses</b>		<b>Businesses with Revenue:</b>			
			<b>Under \$1 Million</b>		<b>\$1 Million and Greater</b>	
Low-Income Tracts	414	6.4%	356	6.1%	58	9.5%
Moderate-Income Tracts	1,901	29.5%	1,745	29.9%	156	25.7%
Middle-Income Tracts	3,276	50.9%	2,978	51.1%	298	49.0%
Upper-Income Tracts	846	13.1%	750	12.9%	96	15.8%
Tract Not Reported	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>6,437</i>	<i>100.0%</i>	<i>5,829</i>	<i>100.0%</i>	<i>608</i>	<i>100.0%</i>

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Loan-to-Deposit Ratio

Based on information from the bank's Consolidated Reports of Condition and Income, the bank's average loan-to-deposit (LTD) ratio for the seven-quarter period ending December 31, 1998 was 49.4 percent. A comparison of the bank's LTD ratio to similarly situated financial institutions was limited to two other banks in the bank's assessment area with assets of \$110.7 million and \$132.8 million. The LTD ratios of these two banks were 77.4 percent and 50.9 percent, respectively. Five other banks with offices in the bank's assessment area are regional banks with extensive branch networks and total assets over \$250 million.

During the seven-quarter period, the bank's LTD ratio has not reflected any significant fluctuation and ranged between 47.7 percent and 50.8 percent. In 1997 and 1998, several of the larger banks in the bank's assessment area offered fixed rate residential and commercial real estate loans with highly attractive rates and terms. Bank of Ormond did not match this pricing and during this period an estimated \$6 million of real estate loans were paid off, lowering the total amount of loans outstanding. Although the bank's LTD ratio is below the LTD of most banks in its assessment area, it is considered reasonable given Bank at Ormond-by-the-Sea's size, financial capacity, and level of competition in the assessment area. The bank's LTD ratio meets standards for satisfactory performance.

Assessment Area Concentration

An analysis of the bank's residential and small business lending inside versus outside its assessment area was conducted. The analysis consisted of a review of 161 HMDA loans and 57 small business loans originated since the last examination. HMDA loans consisted of residential purchase, refinance, and home improvement loans. As the table below indicates, 87.7 percent of the small business loans and 92.5

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

percent of the HMDA loans were made inside the assessment area. In terms of dollars, 88.4 percent of the small business loans and 88.6 percent of the HMDA loans were inside the assessment area. These levels of lending inside the bank's assessment area exceed standards for satisfactory performance.

<b>LENDING INSIDE AND OUTSIDE ASSESSMENT AREA</b>										
<b>Loan Type</b>	<b>IN</b>				<b>OUT</b>				<b>TOTALS</b>	
	Number	Percent	\$ (000s)	Percent	Number	Percent	\$ (000s)	Percent	Number	\$ (000s)
Small Business	50	87.7%	\$3,997	88.4%	7	12.3%	\$527	11.6%	57	\$4,524
HMDA	149	92.5%	\$9,344	88.6%	12	7.5%	\$1,203	11.4%	161	\$10,547
<b>TOTAL</b>	<b>199</b>	<b>91.3%</b>	<b>\$13,341</b>	<b>88.5%</b>	<b>19</b>	<b>8.7%</b>	<b>\$1,730</b>	<b>11.5%</b>	<b>218</b>	<b>\$15,071</b>

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The analysis of lending based on borrower characteristics was based on 131 HMDA loans and 50 small business loans made inside the assessment area. Eighteen HMDA loans did not report borrower's income and were excluded from the analysis. Borrower characteristics for the 131 HMDA and 50 small business loans were compared to assessment area demographics to evaluate the bank's performance. The following table shows the numbers and percentages of HMDA originations by borrower income level, and compares them to assessment area family income data:

<b>COMPARISON OF HMDA LENDING BY BORROWER INCOME</b>			
Borrower Income	Loans	Percentage of Loans	Percentage of Families
Low-Income	15	11.5	19.7
Moderate-Income	24	18.3	20.7
Middle-Income	30	22.9	23.3
Upper-Income	62	47.3	36.3
<b>Total</b>	<b>131</b>	<b>100</b>	<b>100</b>

The preceding table illustrates that the percentages of loans were comparable to the corresponding percentages of families in each income category, except for loans to low-income borrowers. However, if the percentage of families were adjusted to exclude the 9.3 percent of all families that live below the

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

poverty level from low-income families, then lending percentages would be more comparable for all income levels. After the adjustment, low-income families would comprise 11.5 percent of the family population; moderate-income families would comprise 22.8 percent of total families; middle-income families would comprise 25.7 percent of total families; and upper-income families would comprise 40.0 percent of total families.

This following table shows the number of small business loans originated to small businesses, and the distribution of the small business loans by loan size. A small business is defined as a commercial entity with gross annual revenues of \$1 million or less.

<b>SMALL BUSINESS LENDING</b>		
<b>Lending by Business Revenue</b>		
\$1 Million or Less	50	100.0%
Over \$1 Million	0	0.0%
Not Available	0	0.0%
<b>Loan Size</b>		
\$100,000 or Less	41	82.0%
\$100,001 - \$250,000	7	14.0%
\$250,001 - \$1 Million	2	4.0%
<i>Total</i>	<i>50</i>	<i>100.0%</i>

A review of the bank's lending to businesses revealed that all of the small business loans originated in the bank's assessment area were made to small businesses. Of the 50 loans, 82 percent were for loan amounts of less than \$100,000. This record of lending reflects the bank's willingness and ability to originate loans to small businesses in the assessment area.

Considering the bank's record of business and HMDA lending, while taking into account the noted demographic factors, Bank of Ormond's lending to borrower's of different income and businesses of various revenue sizes meets the standards for satisfactory performance.

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

Geographic Distribution of Loans

Factors taken into consideration in the analysis of the bank's performance in this area include characteristics such as population demographics, poverty levels, availability of one- to four-family housing units, and the percentage of small businesses in different types of census tracts. The following table summarizes the bank's HMDA lending activity by census tract characteristics:

<b>GEOGRAPHIC DISTRIBUTION OF HMDA LOANS</b>						
<b>CENSUS TRACT LEVEL</b>	<b>LOANS</b>		<b>OWNER-OCCUPIED UNITS</b>		<b>FAMILIES</b>	
	Number	Percentage	Number	Percentage	Number	Percentage
Low-Income	0	0	1,608	3.3	2,566	5.6
Moderate-Income	15	10.1	9,786	20.1	9,307	20.1
Middle-Income	98	65.8	29,572	60.9	27,403	59.3
Upper-Income	36	24.1	7,616	15.7	6,953	15.0
<b>TOTAL</b>	<b>149</b>	<b>100</b>	<b>48,582</b>	<b>100</b>	<b>46,229</b>	<b>100</b>

The percentage of Bank of Ormond's HMDA lending in both low- and moderate-income census tracts is less than the percentages of owner-occupied housing units and families located in these tracts. No HMDA related loans were originated in low-income census tracts. The lack of lending can be attributed to the bank's small branch network, a high poverty rate in low-income census tracts, and competition among lenders. The penetration shortfall in terms of the percentages of families in moderate-income tracts may be explained, at least in part, by the percentage of families living below the poverty level in these census tracts. 11.7 percent of the families in moderate-income tracts live at or below the poverty level, and presumably would not represent a potential market for housing-related credit. However, when lending percentage is compared to the percentage of owner-occupied units in moderate-income census tracts, which is a strong indicator of lending opportunities for housing-related credit, there is a very notable difference.

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

The following table shows the geographic distribution of small business loans in relation to the geographic distribution of commercial entities. Demographic information from Dun and Bradstreet regarding the locations of small businesses in the assessment area was used as a basis for comparison. According to this data, 5,829 of the 6,437 businesses in the assessment area are considered small businesses.

<b>GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS</b>				
<b>CENSUS TRACT INCOME LEVEL</b>	<b>LOANS</b>		<b>SMALL BUSINESSES</b>	
	Number	Percentage	Number	Percentage
Low-Income	1	2.0	356	6.1
Moderate-Income	5	10.0	1,745	29.9
Middle-Income	26	52.0	2,978	51.1
Upper-Income	18	36.0	750	12.9
TOTAL	50	100	5,829	100

As indicated by the preceding table, the percentage of loans originated in low- and moderate-income census tracts is not comparable to the percentage of small businesses located in these tracts. Bank of Ormond originated 12.0 percent of its loans in low- and moderate-income census tracts, which contains 36.0 percent of the small businesses in its assessment area. This low level of lending could be attributed to the lack of branches in or surrounding low- and moderate-income census tracts and strong competition from other lenders in the assessment area. Lending levels of small business loans in middle- and upper-income census tracts is considered reasonable.

Considering the results of the bank's HMDA and small business lending in comparison to demographic factors, the bank's performance in geographic distribution does not meet standards for satisfactory performance.

Complaints

No complaints relating to the bank's compliance with CRA have been received since the last examination.

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

Compliance with Antidiscrimination Laws

Bank at Ormond-by-the-Sea  
Ormond Beach, Florida  
March 15, 1999

RSSD ID Number: 395630

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit. Violations of the technical aspects of Regulation C – Home Mortgage Disclosure Act were noted but did not affect the outcome of the bank's CRA examination.