

PUBLIC DISCLOSURE

March 12, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Town and Country Bank, Buffalo, IL
RSSD# 464536

P.O. Box 317
Buffalo, IL 62515

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 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 COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution's performance is rated **Satisfactory**.

Town and Country Bank, Buffalo, IL is satisfactorily meeting the credit needs of its community, based upon an analysis of the bank's lending activities and information provided by community contacts. The bank's loan-to-deposit ratio is reasonable given the characteristics of the bank, its local competitors, and the credit needs of its assessment area. A majority of the bank's loans are originated in the assessment area. The lending activity represents a reasonable distribution of loans across borrowers of different income levels and businesses and farms of different sizes, especially to low- and moderate-income borrowers and small businesses and farms given the lending opportunities in the area. The geographic distribution of the bank's loans across census tracts with differing income levels within the Decatur MSA assessment area reflects limited penetration specifically with regard to its lending activity within low- and moderate-income census tracts; the bank's distribution to geographies of different income levels is considered reasonable based on the bank's size and resources and relevant demographic and economic factors. The bank's lending within the Springfield MSA was not analyzed for geographic distribution across tracts of differing income levels because the assessment area consists of middle-income census tracts only. There were no CRA-related complaints received by the institution nor this Reserve Bank since the previous examination.

The institution was rated **Satisfactory** under the CRA at its previous evaluation conducted on November 18, 2002.

SCOPE OF EXAMINATION

The CRA performance evaluation assesses the bank's responsiveness and effectiveness of meeting the credit needs of its assessment area within the context of information about the institution including asset size, financial condition, and competitive factors, as well as taking into consideration the economic and demographic characteristics of its assessment area. This performance evaluation is based on the bank's Home Mortgage Disclosure Act (HMDA) reportable lending during the two calendar years of 2004 and 2005 which consisted of eight home improvement loans, 214 home purchase loans, and 221 refinance loans. Also reviewed were 21 agricultural loans, 61 commercial loans, 483 consumer loans, and 329 residential real estate loans originated between January 1, 2006 and December 31, 2006. By number, the bank originated more consumer loans than any other single category of loans; this category includes unsecured, auto refinances, debt consolidation, as well as, used and new vehicle loans. HMDA data for 2006 was not available for use at the time of the examination.

Town and Country Bank, Buffalo's assessment area consists of two separate assessment areas in differing MSAs: Decatur and Springfield. The institution's overall performance was evaluated based on the lending performance in both MSAs of the bank's assessment area.

In addition, information obtained through discussions with two community representatives was considered in the overall evaluation.

DESCRIPTION OF INSTITUTION

Town and Country Bank, Buffalo is a subsidiary of Town and Country Financial Corporation, a three-bank holding company located in Springfield, Illinois. The bank has a main office in Buffalo and two branch offices located in Forsyth, IL, and Mt. Zion, IL, respectively. The main office is in Buffalo, which is approximately 16 miles west of Springfield, Illinois. The branches are located just outside Decatur, Illinois, and both have automated teller machines (ATMs) at their facilities.

According to the Uniform Bank Performance Report (UBPR), the bank had \$67 million in total assets as of December 30, 2006. Since the previous examination, the bank opened the Forsyth branch on April 1, 2004.

Town and Country Bank, Buffalo, offers a standard selection of retail and commercial loan and deposit products at each location. Customers may also use the bank's website at www.townandcountrybank.com. The website allows customers to view their latest account activity, transfer funds between accounts, and submit loan and employment applications.

There are 36 total banks within the bank's assessment area, which includes Macon County and a portion of Sangamon County, according to the FDIC's Deposit Market Share Report dated June 30, 2006. Town and Country Bank, Buffalo is ranked 20th in deposit market share at .96 percent across this area. Of the 130 banking offices within this assessment area, the bank represents a small portion (2.3 percent) with three branches. Top banks by market share include National City Bank with 9.3 percent deposit market share and 10 offices; J.P. Morgan Chase, NA, with 9.0 percent deposit market share and four offices; Marine Bank with 8.7 percent deposit market share and six offices; and Hickory Point Bank & Trust with 8.4 percent deposit market share and nine offices. Other local competitors include Main Street Bank and Trust, United Community Bank, Illinois National Bank, and Bank of Springfield. According to the UBPR, Town and Country Bank, Buffalo's peer group includes all insured commercial banks having total assets between \$50 million and \$100 million in a metro area with three or more full service offices.

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.

DESCRIPTION OF ASSESSMENT AREA

Town and Country Bank, Buffalo's assessment area consists of two separate assessment areas, one within the Springfield MSA, which includes a small portion of Sangamon County and the other within the Decatur MSA, which includes all of Macon County. The total assessment area is comprised of 39 census tracts. There are 15 low- or moderate-income census tracts within the assessment area, representing 38.5 percent of the total number of census tracts; 18 middle-income tracts, representing 46.2 percent of the total; and the remaining six are upper-income tracts, representing 15.4 percent of the total.

Macon County– Decatur MSA

The Decatur MSA portion of the assessment area consists of 36 census tracts within Macon County, of which five (13.9%) are low-income tracts, 10 (27.8%) are moderate-income tracts, 15 (41.7%) are middle-income tracts, and six (16.7%) are upper-income tracts. Town and Country Bank, Buffalo operates two branches located in upper-income tracts with an ATM located at each branch. The bank represents a small portion of the Decatur market share by deposits. According to the FDIC Deposit Market Share Report as of June 30, 2006, the bank held two percent of the deposit market share in Macon County, with total deposits of \$34.2 million. In addition, Town and Country's lending activity in this portion of the assessment area is a major part of its overall lending operations. Based in part on this data, the bank's performance within the Decatur MSA has received greater weight for the purposes of this evaluation.

The assessment area consists of 31,083 families. Of these families, 1,618 or 5.21 percent are low income; 7,447 or 23.96 percent are moderate income; 14,751 or 47.46 percent are middle income; 7,267 or 23.38 percent are upper income; and 2,883 or 9.28 percent, are families living on incomes that are below the poverty level. The median family income is \$56,500.

Sangamon County – Springfield MSA

The Springfield MSA portion of the assessment area consists of three census tracts within Sangamon County, all of which are middle-income tracts. Town and Country Bank, Buffalo operates one branch with a single ATM and accounts for a small portion of the Springfield area market share by deposits. According to the FDIC Deposit Market Share Report as of June 30, 2006, the bank held 0.51 percent of the market share of Sangamon County, with total deposits of \$20.74 million.

The assessment area consists of 3,464 families. All families within the assessment area live in middle-income tracts; 171 or 4.94 percent are families living on incomes that fall below the poverty level. The median family income is \$64,100.

No changes have been made to the bank’s assessment area since the previous examination. The Buffalo office in Sangamon County is located in a middle-income census tract and is the bank’s main office.

Although the bank’s main office is located within Sangamon County, this county represents a small portion of the bank’s activity considered during this evaluation. Contacts with representatives from the bank’s assessment area indicated that the Decatur MSA has experienced a greater level of economic instability. Therefore, the bank’s performance in the Decatur MSA received greater weight for the purposes of this evaluation.

Population Changes

Comparing 2000 and 2006 estimated census data, the population of the bank’s assessment area in Sangamon County increased slightly from 12,003 to 12,268 or 2.21 percent. In contrast, the population in the bank’s assessment area in Macon County decreased from 117,206 to 114,706, or -2.13%. These changes in demographics underlie the differing urban dynamics between the two assessment areas. The assessment area in Sangamon County is more suburban and experiencing growth from families seeking affordable housing with amenities. In contrast, the assessment area in Macon County is more urban and is losing population to suburban areas like Sangamon.

Income Characteristics

Exhibit 1 compares the income levels for both assessment areas to Macon County, Sangamon County, the Decatur and Springfield MSAs, and the State of Illinois.

Exhibit 1						
Distribution of Families by Income Level						
Location	Median Family Income	Percent of Families				Below Poverty Level
		Low	Moderate	Middle	Upper	
Assessment Area – Macon County (Decatur)	47,475	20.5	18.47	22.26	39.21	9.28
Assessment Area – Springfield	52,683	14.69	20.21	28.93	36.17	4.94
Sangamon County	53,900	18.35	18.72	23.67	39.26	6.49
Springfield MSA	53,573	18.28	18.68	23.9	39.14	6.46
State of Illinois	55,545	19.9	18.13	22.84	39.13	7.82

Exhibit 1 Distribution of Families by Income Level						
Location	Median Family Income	Number of Families				Below Poverty Level
		Low	Moderate	Middle	Upper	
Assessment Area – Decatur MSA (Macon County)	47,475	6,233	5,741	6,920	12,189	2,883
Assessment Area – Springfield MSA (portion of Sangamon County)	52,683	509	700	1,002	1,253	171
Sangamon County	53,900	9,192	9,378	11,862	19,674	3,250
Springfield MSA	53,573	9,807	10,026	12,824	21,003	3,467
State of Illinois	55,545	621,842	566,466	713,958	1,223,052	244,303

The data in the preceding exhibit demonstrates the differences between the two assessment areas in the Decatur and Springfield MSAs. The Decatur MSA assessment area has significantly more families with low or moderate incomes than the Springfield MSA assessment area. This indicates that the bank may have more lending opportunities among borrowers with low- or moderate-incomes in the Decatur MSA assessment area relative to the Springfield MSA assessment area.

The difference in the median income levels of the Decatur MSA and the Springfield MSA are notable, making it clear that the residents of the portion of Sangamon County included in the bank’s assessment area are generally more affluent than the residents of Macon County. The higher median family income means that residents with low or moderate incomes within this assessment area will have higher levels of income than the residents of Macon County whose incomes are low or moderate.

Housing Characteristics and Affordability

Exhibit 2 shows housing statistics for the assessment area, Macon and Sangamon Counties, the State of Illinois and the Decatur and Springfield MSAs.

Exhibit 2							
Housing Summary							
Location	Total Housing Units	Percent			Median Housing Value (\$)	Median Age of Housing Stock	Affordability Ratio*
		Owner-Occupied Units	Rental Units	Vacant Units			
Assessment Area – Macon County (Decatur MSA)	50,241	66.44	26.24	7.32	68,474	42	54
Assessment Area – Sangamon	4976	75.96	17.48	6.55	83,084	27	57
Sangamon County	85,459	64.47	27.64	7.88	87,600	32	49
MSA/MD:Springfield	90,744	64.96	27.17	7.88	87,864	33	49
State of Illinois	4,885,615	63.23	30.76	6.01	127,800	38	36

*Affordability ratios, developed by dividing the median family income by the median household value for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a high ratio generally has more affordable housing than an area with a low ratio.

This data indicates the bank’s assessment area has a higher percentage of its population living in owner-occupied units and may reflect the need for home refinancing and home improvement loans.

The affordability ratio for the bank’s assessment area indicates housing is less expensive in both assessment areas when compared to Illinois as a whole. The median age of the housing stock in the Macon County assessment area is significantly older than the housing within the Sangamon County assessment area and the state. Discussions with community contacts in Macon County revealed challenges associated with lending opportunities in a city with an aging housing stock, low percentage of owner-occupied units particularly in the Decatur MSA, and affordable real estate in the surrounding suburbs. In addition, many of the houses in central Decatur would require significant investment to restore them.

Faced with the choice to rehab the current housing stock within the city or purchase a new home in the suburbs with easy access to amenities such as a strong school system, individuals are choosing to purchase newer housing in suburban areas. These challenges speak to the need for community development within Macon County and potential opportunities for financial institutions in the area.

Labor and Employment

Exhibit 3 lists the major employers in the assessment area.

Exhibit 3		
Major Employers – Macon County		
Company	Employees	Description
Mueller Group Llc	4,015	Process Control Instruments
Mueller Co. Ltd.	2,670	Process Control Instruments
ADM/Growmark River Systems Inc.	2,376	Wholesales Grain
DMH Health Systems	2,300	Holding Co./Operating Hospitals
Tate & Lyle Ingredients Americas	2,098	Corn Milling Products
Decatur School District	2,000	Public School District
New K's Merchandise Llc	1,600	Gen. Merchandise/Catalog/Jewelry
American River Transportation Co.	1,500	Water Transport of Freight NEC NSK
Decatur Memorial Hospital/Health Foundation	1,311	Gen Medical & Surgical Hospital
Illinois Power Company	1,277	Electric & Other Services

Exhibit 4		
Major Employers – Sangamon County		
Company	Employees	Description
Midstates Video Corp.	5,000	Business Services
Family Video Movie Club Inc.	5,000	Video Tape Rental
Community Care Systems	2,400	Home Care Systems
Springfield School District	2,300	Elementary & Secondary Schools
Illinois Judicial Branch	2,012	Courts
City Of Springfield	1,800	Executive Office
Illinois Dept. Of Military Affairs	1,265	Gen.Admin/National Guard
Chase/Bank One National Assoc.	1,163	Nat. Commercial Bank
County Of Sangamon	750	Executive Office
American General Life Insurance	700	Life Insurance

Employment in Macon County is primarily manufacturing, agricultural, health and public services. In contrast, employment within Sangamon County is mainly in the professional services, and local government. Employment within the county is stable due to the industries located in the area. The Decatur market is more susceptible to shocks to the economy as manufacturing and agriculture have declined in recent years.

Exhibit 5 shows unemployment statistics, obtained from the Illinois Department of Employment Security for the bank's assessment areas as well as the surrounding counties. Sangamon County's unemployment rate is slightly below the average for the state of Illinois. In contrast, the Macon assessment area has one of the highest unemployment rates in the region, likely due to the loss of manufacturing jobs which comprise a significant portion of the assessment area's employment opportunities. A discussion with community contacts in the Decatur area indicated an increase of jobs in the professional services sector. However, while the demand for labor is increasing, there is a skills gap, as there is a shortage of workers that have the necessary skills to fill those positions within the area. This skills gap may indicate the need for increased job retraining efforts to provide local area employers with the workers that they need.

Exhibit 5

Unemployment Rates

February 2007 Unemployment Rate (Not Seasonally Adjusted)

Macon Co.	6.2%
Sangamon Co.	5.0%
Christian Co.	6.0%
DeWitt Co.	5.9%
Menard Co.	6.0%
Moultrie Co.	4.2%
Piatt Co.	4.6. %
Shelby Co.	5.9%
Illinois:	5.3%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio; the percentage of loans and other lending-related activities located in the bank's assessment area; the record of lending to borrowers of different income levels and farms and businesses of different sizes; the geographic distribution of loans; and the record of taking action in response to written complaints.

To determine CRA performance, the preceding standards are analyzed and evaluated within the

context of factors relevant to the bank’s assessment area, which include, but are not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs and other relevant data pertaining to the bank’s assessment area.

The following discussion of the performance criteria applied to Town and Country’s lending activity is divided into two parts. The first part presents the 2006 data combined for both assessment areas; the three census tracts within Sangamon County are contiguous to the tracts in Macon County and are demographically similar to the assessment area in Macon County. The second part discusses the distribution of the bank’s combined 2004 and 2005 HMDA data to geographies and borrowers with different income levels by MSA; HMDA data is required to be reported on an MSA basis. The distribution of the bank’s HMDA lending to geographies of different income levels has been discussed for the Decatur MSA; the distribution of the bank’s HMDA data within Sangamon County has not been included because the three census tracts that comprise the assessment area are middle-income tracts and therefore an analysis by income level would not be meaningful.

Loan-to-Deposit Ratio

Based on the bank’s LTD ratios compared to its peer group, Town and Country Bank, Buffalo’s level of lending is considered reasonable. Exhibit 5 shows the comparison for the eight quarters ending December 31, 2006. The table shows that the bank’s LTD ratio is consistently higher than its peer group of similar asset size and branch network. This consistent performance supports the bank’s commitment to meeting the credit needs of its assessment area.

Exhibit 6									
Loan-to-Deposit Ratios									
Bank Name	12/06 (%)	9/06 (%)	6/06 (%)	3/06 (%)	12/05 (%)	9/05 (%)	6/05 (%)	3/05 (%)	Avg.
Town and Country Bank, Buffalo	95.00	88.53	91.50	94.37	88.84	85.47	86.45	83.33	89.19
Main St B&TC	79.64	78.00	80.29	76.36	78.37	81.91	86.00	77.74	79.79
Prairie B&TC	86.26	90.41	93.38	88.58	82.98	89.58	86.55	80.39	87.27
Soy Capital B&TC	95.36	96.30	90.13	87.44	91.76	93.40	94.94	83.15	91.56
Peer Average	87.09	88.24	87.93	84.13	84.37	88.30	89.16	80.43	86.21

Lending in the Assessment Area

As shown in Exhibit 7, the majority of the number and dollar amount of Town and Country's HMDA-reportable, small business and small farm loans are originated within the assessment area. When all of the bank's loans made in 2006 are evaluated, the total percentage of loans originated within the assessment area decreases slightly. Overall, the bank's lending activity within the designated assessment area is reasonable.

Exhibit #7								
Lending Inside and Outside the Assessment Area								
2004 and 2005 HMDA reportable loans								
	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	8	80.0	\$149	86.1	2	20.0	\$24	13.9
Home Purchase - Conventional	214	84.6	\$19,744	87.0	39	15.4	\$2,952	13.0
Refinancing	221	85.0	\$20,163	86.9	39	15.0	\$3,048	13.1
Total HMDA related	443	84.7	\$40,056	86.9	80	15.3	\$6,024	13.1
TOTAL LOANS	443	84.7	\$40,056	86.9	80	15.3	\$6,024	13.1

Exhibit #8			
Distribution of Loans in/out of Assessment Area (AA)			
	Number of Loans Originated in 2006		
Loan Type	# in Sample	# in AA	% in AA
Agricultural	21	18	85.7%
Commercial	61	51	83.6%
Consumer	483	288	59.6%
Residential Real Estate	329	268	81.5%
Totals	894	611	68.3%

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

Combined Assessment Areas

Exhibit 9			
Loan Distribution of Loans by Income Level			
Income Level	Number of Loans		Percent of Families in the Assessment Area*
	Number	Percent	
Low	25	26.6%	19.52
Moderate	22	23.4%	18.64
Middle	18	19.1%	22.93
Upper	29	30.9%	38.91
Totals	94	100.0	100.0

* HUD’s estimated 2005 median family income was used to determine the income level of the applicants.

A random sample of the loans that the bank originated in 2006 was analyzed to assess the bank’s performance in lending to borrowers of different incomes. As indicated in Exhibit 9, the bank achieved excellent penetration among individuals of different incomes levels, including lending to low- and moderate-income borrowers; the bank originated 50 percent of its loans to residents with low or moderate incomes. The large number of borrowers with low and moderate incomes may be explained, in part, due to the income dynamics associated with the Sangamon County assessment area. The residents in this assessment area are low and moderate income relative to other borrowers within Sangamon County. However, relative to borrowers from Macon County, they are more comparable to moderate- and middle-income individuals due to the poorer economic conditions in Macon County that resulted, in part, in lower median family incomes in the County.

An analysis of small business and small farm lending activity over the sample period demonstrated that Town and Country’s distribution reflects excellent penetration. Exhibit 10 shows a strong majority of small business and small farm loans are originated in amounts less than \$100,000. Small businesses and farms (i.e., those with gross annual revenues of \$1 million or less) typically seek loans in smaller amounts than larger businesses due to their more limited capacity to repay and smaller credit needs. The resulting correlation is that a higher volume of loans in smaller loan sizes is indicative of a stronger performance in meeting the credit needs of small businesses and farms. There were 61 loans to small businesses within the sample and 51 of them were within the assessment area. Of these loans, 55 and 47 were originated to businesses with gross annual revenues of \$1 million or less, representing 90.2 percent and 92.15 percent of the loans originated, respectively. Within the assessment area, 87.5 percent of businesses have gross

annual revenues of \$1 million or less. The bank’s level of lending to this subset of businesses is consistent with the presence of these entities within the assessment area. This supports the bank’s commitment to meeting the needs of small businesses.

Exhibit 10		
Distribution of Small Business and Small Farm Loans		
Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (\$)
Small Business Loans		
Less than or equal to \$100,000	34	1,179,025
Greater than \$100,000 through \$250,000	9	1,598,228
Greater than \$250,000 through \$1 million	4	1,876,626
Total	47	4,653,879
Small Farm Loans		
Less than or equal to \$100,000	14	682,683
Greater than \$100,000 through \$250,000	3	504,029
Greater than \$250,000 through \$500,000	1	350,000
Total	18	1,536,713

Geographic Distribution of Loans

Combined Assessment Area

The geographic distribution of loans within the assessment area shows limited penetration in low and moderate income areas. The institution made only 4.3 percent of its loans to individuals living in low and moderate-income tracts. Initially, the level of penetration seems low relative to the population of those census tracts; however, local demographic and economic factors were also considered. The small number of owner-occupied housing units along with high unemployment rates within the low-income tracts limits lending opportunities for the bank.

Discussions with community contacts and a review of the bank’s peers in the Decatur area confirmed limited lending opportunities in those low- and moderate-income census tracts. Based on these mitigating factors, the bank’s performance is considered reasonable.

Exhibit #11						
Geographic Distribution of HMDA-Reportable Loans						
Census Tract	Assessment Area				Bank Loans	
	Census Tracts		Owner-Occupied Units		#	%
	#	%	#	%		
Low	5	12.8%	1061	2.9%	2	0.9%
Moderate	10	25.6%	7310	19.7%	12	3.4%
Middle	18	46.2%	20,689	55.7%	139	60.2%
Upper	6	15.4%	8,099	21.8%	78	33.8%
Total	39	100%	37,159	100.0	231	100%

** The percentage of census tracts and owner occupancy are based on 2000 U.S. Bureau of Census data

A review of the bank's loan data indicates Town and Country Bank, Buffalo is originating credit to all parts of its designated assessment area.

Lending to Borrowers of Different Income Levels – By MSA

Springfield MSA – Sangamon County

The bank originated 40 home purchase loans, 37 refinance loans, and three home improvement loans that were HMDA reportable over 2004 and 2005, for a combined total of 80 loans. The distribution of the bank's home purchase loans to borrowers of different income levels follows: nine loans were originated to borrowers with low incomes, representing 22.5 percent of the loans originated; 13 loans were originated to borrowers with moderate incomes, representing 32.5 percent of the loans originated; seven loans were originated to borrowers with middle incomes, representing 17.5 percent of the loans originated; 10 loans were originated to borrowers with upper incomes, representing 25 percent of the loans originated; and one loan was originated to a borrower whose income level was not known.

The distribution of the bank's refinance loans to borrowers of different income levels follows: seven loans were originated to borrowers with low incomes, representing 18.9 percent of the loans originated; three loans were originated to borrowers with moderate incomes, representing 8.1 percent of the loans originated; 19 loans were originated to borrowers with middle incomes, representing 51.4 percent of the loans originated; and eight loans were originated to borrowers with upper incomes, representing 21.6 percent of the loans originated.

The bank originated three home improvement loans one each to borrowers with low, moderate and upper incomes during the period under review.

Combined, the bank originated 17 loans (21.25%) to borrowers with low incomes, 17 loans (21.25%) to borrowers with moderate incomes, 26 loans (32.5%) to borrowers with middle incomes,

19 loans (23.75%) to borrowers with upper incomes and one loan (1.25%) to a borrower whose income level was not reported. Overall, the bank originated 42.5 percent of its HMDA reportable loans to borrowers with low and moderate incomes. Within the Sangamon County portion of the bank's assessment area there are 509 families with low incomes and 700 families with moderate incomes, representing 14.7 percent and 20.2 percent of the families within the assessment area. The bank's distribution of loans to borrowers with low and moderate incomes exceeds the presence of families with these income levels within this assessment area and is considered good.

Decatur MSA – Macon County

The bank originated 174 home purchase loans, 184 refinance loans and five home improvement loans that were HMDA-reportable over 2004 and 2005, for a combined total of 363 loans. The distribution of the bank's home purchase loans follows: six loans were originated to borrowers with low incomes, representing 3 percent of the loans originated; 26 loans were originated to borrowers with moderate incomes, representing 15 percent of the loans originated; 53 loans were originated to borrowers with middle incomes, representing 31 percent of the loans originated; and 89 loans were originated to borrowers with upper incomes, representing 51 percent of the loans originated.

The distribution of the bank's refinance loans follows: 16 loans were originated to borrowers with low incomes, representing 8.7 percent of the loans originated; 26 loans were originated to borrowers with moderate incomes, representing 14.1 percent of the loans originated; 44 loans were originated to borrowers with middle incomes, representing 23.9 percent of the loans originated; and 98 loans were originated to borrowers with upper incomes, representing 53.3 percent of the loans originated.

The bank originated one home improvement loan to a borrower with low income and four loans to borrowers with upper incomes over the 2004-05 reporting years.

Combined, the bank originated 23 loans (6.3%) to borrowers with low incomes, 52 loans (14.3%) to borrowers with moderate incomes, 97 loans (26.7%) to borrowers with middle incomes, and 191 loans (52.6%) to borrowers with upper incomes. Combined, the bank originated 20.7 percent of its HMDA-reportable loans within the Decatur MSA to borrowers with low and moderate incomes. Within the Decatur MSA, there are 6,233 families with low incomes, representing 20.1 percent of the families and 5,741 families with moderate incomes, representing 18.5 percent of the families within this assessment area. In addition, there are 2,883 families living on incomes that fall below the poverty level, representing 9.3 percent of the families within the assessment area and 46.25 percent of the families with low incomes within the assessment area; these families represent a subset of families with low incomes. As a result, the bank's penetration among families with low and moderate incomes is limited.

Distribution of Lending to Geographies with Different Income Levels – Decatur MSA/Macon County

The bank originated 174 home purchase loans, 184 refinance loans and five home improvement loans that were HMDA-reportable over 2004 and 2005, for a combined total of 363 loans. The distribution of the bank's home purchase loans follows: four loans were originated to borrowers within low-income tracts, representing 2.3 percent of the loans originated; nine loans were originated to borrowers within moderate-income tracts, representing 5.2 percent of the loans originated; 83 loans were originated to borrowers within middle-income tracts, representing 47.7 percent of the loans originated; and 78 loans were originated to borrowers in upper incomes, representing 44.8 percent of the loans originated.

The distribution of the bank's refinance loans follows: no loans were originated to borrowers within low-income census tracts; 19 loans were originated to borrowers within moderate-income tracts, representing 10.3 percent of the loans originated; 81 loans were originated to borrowers within middle-income tracts, representing 44 percent of the loans originated; and 84 loans were originated to borrowers within upper-income tracts, representing 45.7 percent of the loans originated.

The bank originated one home improvement loan to a borrower in a moderate income tract and four home improvement loans to borrowers in upper income tracts.

Combined, the distribution of the bank's HMDA-reportable lending for 2004-05 follows: four loans were originated within low-income tracts, representing 1.1 percent of the loans originated; 29 loans were originated within moderate-income tracts, representing 8.0 percent of the loans originated; 164 loans were originated within middle-income tracts, representing 45.2 percent of loans originated; and 166 loans were originated within upper-income tracts, representing 45.7 percent of loans originated.

Within the Decatur MSA assessment area, owner-occupied housing units within low-income tracts represent 33.2 percent of the housing units within those tracts and 3.2 percent of the housing units within the assessment area. Owner-occupied housing units within moderate-income tracts represent 46.3 percent of the housing units within these tracts and 21.9 percent of the housing within the assessment area. Further, there are 1,618 families within the low-income tracts, representing 5.2 percent of the families within the assessment area, and 686 of these families live on incomes that fall below the poverty level, representing 42.4 percent of the families within the low-income tracts. By contrast, there are 7,447 families within the moderate-income tracts, representing 24 percent of the families within the assessment area, and 1,299 of these families live on incomes that fall below the poverty level, representing 17.4 percent of the families within these tracts. The opportunities to lend within the low-income tracts of the assessment area may be very

limited. Within the moderate-income tracts, opportunities may be somewhat limited. Finally, discussions with community contacts confirmed that lending opportunities within the low-income tracts are limited.

Complaints

Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous examination.

Fair Lending and Other Illegal Credit Practices

Town and Country Bank, Buffalo, IL is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A sample of the banks' lending activity was reviewed to determine whether loan policies and lending standards were in compliance with the fair lending laws and regulations, and that these are being consistently applied to all applicants. No evidence of prohibited discriminatory or other illegal credit practices was detected.

Town & Country Bank (464536)
2005 combined AA
Tracts & Branches

