

PUBLIC DISCLOSURE

December 26, 1995

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Family Bank

Hallandale, Florida

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

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

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Family Bank, Hallandale, Florida, by the Federal Reserve Bank of Atlanta, the institution's supervisory agency.

This evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of December 26, 1995. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977, (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take the record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Institution's Rating:

This institution is rated Satisfactory, based on the findings presented in the following discussion of the institution's performance.

DISCUSSION OF INSTITUTION'S PERFORMANCE

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Management ascertains community credit needs through the activities of the bank's staff, officers, and board members. The bank's outreach efforts include the activity of its Community Advisory Board, various instructional projects with local school districts, and promotional activities supported by several local churches. The bank's community affiliations include economic development corporations of Hallandale, Hollywood, and other municipalities where the branch offices are located.

Bank officers serve on the boards of local chambers of commerce and maintain ongoing contact with local government officials and organizations responsible for local residential and economic affairs. In terms of the bank's lending opportunities, contacts in the Hallandale area where the officers had many years of banking experience have been most productive. These community relationships have been established longer than those initiated through the branches. Managing officers in the branch locations are responsible for developing and maintaining ongoing community relationships in their offices' service areas. The CRA officer assigns a minimum number of contacts to be made by officers assigned to the branches located outside the city of Hallandale and reviews written summaries of individual calls monthly.

Through outreach efforts and community contacts with organizations including the Liberia Economic Development Council, Hallandale Community Development Corporation, and those previously noted, affordable housing and related financing programs have been continually identified as the community's most immediate credit needs. Also, through these channels, the need for small loans for both businesses and individuals is regularly brought to the attention of management. Residential purchase and rehabilitation credit needs have been noted, particularly for the area's minority-owned and small builders and building trade contractors. The bank's outreach efforts have been very effective as shown by the large percentage of loans made to low- and moderate-income applicants.

The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act (CRA).

The board of directors is generally aware of management's efforts to help meet local community credit needs. The board has demonstrated support of management's CRA efforts and has participated in the process. The directors review detailed quarterly reports of CRA activities and training. The board reviews the CRA Statement annually and ensures that the technical requirements of CRA are met. The bank's president, who is also a director, actively formulates and implements policy with respect to marketing,

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (CONTINUED)

available credit-related services, and community development lending. The board has designated Senior Vice President/Branch Administrator Fred C. Hertzler as the bank's CRA officer. Board minutes reflect other performance review activities at meetings including regular reports of lending activities for low- and moderate-income groups and comparisons of rates of denied loans for minority and nonminority applicants. The directors participation in the bank's CRA process has been very beneficial.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

The bank's marketing efforts adequately inform all segments of its delineated community of the credit products and services offered. Although management continues to rely primarily on "word of mouth" advertising and personal contacts in the community, newspaper advertisements are frequently used. Advertising in mass media primarily involves general circulation local newspapers, which are suitable for reaching the entire community with information concerning the types of credit offered. Management has also targeted minority- and low-income groups in the delineated community. These efforts include advertising on cable television in the western and central parts of Broward County and hiring an officer to execute a marketing program that includes special promotions and mail-outs to low-income areas.

The bank advertises in the Hallandale Digest, Dania Press, Miami Herald, Community News, Western Express (Broward County), and Jewish Community News. Advertisements in English and Spanish language have solicited loans and deposit accounts, announced the new branch location, and extended general goodwill messages. Management has increased its advertising of residential mortgages, home improvement, and home equity loans since the previous examination. The bank's marketing efforts have assisted in effectively reaching loan applicants from all income levels.

The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The vast majority of Family Bank's community lending is dependent on existing relationships developed over many years in the part of the community served by the head office in Hallandale. A new initiative to market residential lending in the areas served by the branches located outside of Hallandale includes the addition of a residential lending specialist based at the Weston Road and Pembroke Pines locations. The purpose of this measure was intended to improve loan penetration in the service areas of the branches.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

The bank's CRA Statement lists the following types of credit:

- Mortgage loans: Single-family residential mortgage loans, second mortgage loans, construction loans, home improvement loans, commercial loans for new construction and refinancing, and community redevelopment loans.

- C Instalment loans: For automobile, boat, aircraft, mobile home, recreational vehicle, home improvement, consumer credit, and personal purposes.

- C Commercial loans: For both small business and large business accounts.

These types of loans adequately meet the community's credit needs. A review of the loan portfolio revealed that the bank generally offers all types of credit listed in its CRA Statement. The September 30, 1995 Consolidated Reports of Condition and Income show that the bank has total assets of \$194.9 million and loans of \$139.1 million. According to the September 30, 1995 Uniform Bank Performance Report, the bank's loan-to-deposit ratio was 80.7 percent. The bank's average loan-to-deposit ratio for the three quarters following the previous examination is 79 percent. It compares favorably with the much lower peer group average ratio of 69.3 percent. According to the September 30, 1995 UBPR, the bank's loan portfolio differs significantly from its peer group as seen in the following table.

Type of Loans	Family Bank	Peer
Construction and Development Loans	0.90%	4.37%
1-4 Family Residential Loans	28.79%	29.13%
Multifamily Real Estate Loans	10.73%	1.46%
Nonfarm Nonresidential Real Estate Loans	42.28%	22.09%
Commercial and Industrial Loans	9.38%	16.58%
Loans to Individuals	5.63%	11.65%
Other	2.29%	N/A

The bank was much higher than peer in terms of percentage of loans secured by multifamily dwellings and those secured by commercial properties. According to the UBPR, the bank's percentage of total real estate loans was 82.9 percent compared with the peer group average of 64.93 percent. Information in the preceding table demonstrates that the types of credit extended are consistent with the credit needs identified through community outreach efforts.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

The bank originates residential loans that would typically not qualify under standard secondary market guidelines and documentation requirements. These loans, most of them consisting of adjustable rate mortgages, are retained in the bank's portfolio. During 1995, the bank has extended three loans under the Small Business Administration (SBA) Low Doc loan program. The bank received approval from the U.S. Department of Housing and Urban Development to offer reverse mortgages (RM) for sale through the secondary market. Traditional RM loans have not been made; however, management intends to offer RM loans with more favorable features. This type of product should benefit low- and moderate-income senior citizens. The bank also attempts to serve credit needs that are unique to the delineated community by offering financing secured by individual cooperative apartment units and financing mobile homes anchored on leased properties. The applicants for these types of loans are often referred to Family Bank by other local lenders that do not offer these types of credit. The loans secured by the cooperative apartment units and the RM loans are in response to the credit needs of senior citizens.

The institution's participation in governmentally insured, guaranteed, or subsidized loan programs for housing, small businesses, or small farms.

As mentioned above, the bank made three SBA loans in 1995. The bank is a lending participant in the Hollywood Housing Partnership program and the City of Davie loan subsidiary program under the Community Redevelopment Agency.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

The bank's assessment areas include most of Broward County and the northeast section of Dade County. The Broward County cities of Hallandale, Hollywood, Dania, Davie, Pembroke Park, Pembroke Pines, Cooper City, Miramar, and Weston and the Dade County cities of North Miami Beach, Carol City, and Golden Beach generally correspond to the bank's delineation. Based on the location of the bank's offices, staffing, deposit, lending activities, and competition, the delineation is reasonable and do not arbitrarily exclude any low- and moderate-income neighborhoods.

The bank's delineation consists of 84 census tracts. 56 of the tracts are in Metropolitan Statistical Area (MSA) 2680, which is Broward County, and 28 are in MSA 5000, which is Dade County. The adjusted median family income and the range of income for each group used in the analysis for each MSA is shown below.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (CONTINUED)

MSA's Levels of Income

Metropolitan Statistical Area	Adjusted Median Family Income	Low- and Moderate-Income	Middle-Income	Upper-Income
2680	\$43,100	\$34,480	\$34,481 to \$51,720	\$51,721 and above
5000	\$35,700	\$28,560	\$28,561 to \$42,840	\$42,841 and above

The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

The bank received 186 applications that were reportable in 1994 under the Home Mortgage Disclosure Act (HMDA). Of the total loan applications, 134 (72 percent) were from inside the bank's delineation, and 52 (28 percent) were from outside the bank's community. The distribution of HMDA reportable applications received during 1994 by income levels within the bank assessment areas is shown below.

1994 Applications in the Bank's Assessment Areas by Income Levels

Income Level	Number of Census Tracts	Percentage of Census Tracts	Number of Applications Received	Percentage of Applications by Income Levels
Low- and Moderate- Income	16	19.1%	43	32.1%
Middle-Income	49	58.3%	63	47.0%
Upper-Income	19	22.6%	28	20.9%
Totals	84	100.0%	134	100.0%

As shown above, management's outreach efforts to applicants from the low- and moderate-income and middle-income census tracts located in the bank's assessment areas were successful. Most significantly, 32.1 percent of the applications were from low- and moderate-income census tracts, which represent less than 20 percent of the bank's assessment areas.

The following table displays the denial rates by loan type for applications received from low- to moderate-income applicants as compared to market aggregate.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (CONTINUED)

1994 Applications and Denials - Low- and Moderate-Income Applicants

	Family Bank				Market			
	FHA/ VA ¹	Conv.	Refi.	Home Impr.	FHA/ VA	Conv.	Refi.	Home Impr.
% of Apps. ² from Low/Mod Income	N/A	43%	30%	39%	30%	23%	22%	32%
Denial Rates for Low/Mod Income	N/A	13%	22%	0%	13%	17%	26%	48%
Denial Rates for Non-Low/Mod Income	N/A	9%	6%	0%	7%	10%	17%	31%

The bank received a higher percentage of low- and moderate-income applications than the market for each category. The bank's denial rate was significantly lower than the market for each type of loan applications received from low- to moderate-income applicants.

1994 Denial Rates - Minority Applicants versus White Applicants

	Family Bank				Market			
	FHA/ VA ¹	Conv.	Refi.	Home Impr.	FHA/ VA	Conv.	Refi.	Home Impr.
Denial Rates for White Applicants	N/A	12%	0%	0%	6%	10%	13%	27%
Denial Rates for Minority Applicants	N/A	10%	0%	0%	11%	14%	18%	37%

The bank's denial rate to minority applicants for conventional loans was lower than the denial rate for white applicants. Also, the bank's minority denial rate was much lower than the market for each type of loan. A review of the bank's 1994 and the most recent 1995 loan application register showed an adequate distribution of credit applications, approvals, and denials. Loans were denied based on financial and economic considerations and in compliance with the bank's articulated lending standards.

¹Family Bank does not offer FHA or VA loans.

²Does not include multifamily dwellings.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (CONTINUED)

The institution's record of opening and closing offices and providing services at offices.

The bank serves its community through seven offices. The main office is in Hallandale, and branch offices are located throughout Broward County. Two offices are located in the rapidly growing western portion of Broward County, and two of the seven banking facilities are located in low- and moderate-income census tracts. The locations of the offices and the hours of operation provide equal access to all segments of the community. Loan officers are available at all branches, and all branches accept applications for all types of credit. The bank has not closed any offices since the previous examination, and management has adopted a satisfactory branch closing policy.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement.

The bank has taken applications and extended credit for all purposes listed in its CRA Statement. No evidence was found indicating that the bank has discouraged applications for credit on a prohibited basis.

Evidence of prohibited discriminatory or other illegal credit practices.

Nondiscrimination-related policies and procedures, board minutes, and real estate, consumer, and business applications were reviewed for compliance with fair housing and fair lending laws and regulations. Management was found to be in compliance with the substantive provisions of the Equal Credit Opportunity Act, Fair Housing Act, and Fair Credit Reporting Act.

V. COMMUNITY DEVELOPMENT

The institution's participation, including investments, in local community development and redevelopment projects or programs.

Family Bank participates in community development projects by providing financing for community residential and commercial redevelopment programs. The bank's lending and management's leadership roles in the Hallandale Community Development Corporation, Habitat for Humanity, the Economic Development Committee of the Hollywood Chamber of Commerce, and the Broward Economic Development Council demonstrate the bank's commitment toward community development. Management has established relationships that resulted in loan originations for needed community development projects.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

During 1995, quarterly reports on lending activities stated that the bank granted approximately \$9.2 million (15.5 percent of total loan originations) to small businesses and \$2.2 million (3.8 percent) to churches and synagogues. The bank is an active lender to area churches. Activities of these borrowers include a range of community support services of significant value to the community. The bank also made a loan to rehabilitate a commercial building in the depressed area of Allapattah, Florida. The bank's participation in community projects is satisfactory.

The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions, and other factors.

Family Bank opened for business on June 20, 1986. Its business plan focuses on residential loans and commercial lending to small businesses.

The bank has seven offices located in areas that encompass two distinct demographic profiles. Areas located along the Atlantic Ocean are populated predominantly by elderly white residents in one- or two-person households, many of which are affluent. The residents of neighborhoods lying to the west of these areas tend to be more diverse in terms of age, race, and income, generally ranging from high/middle-income to poverty level. The areas with greater minority representation are generally located to the east of the rapid development that is taking place at the boundaries of Broward and Dade Counties. A large portion of the community west of the bank's Hollywood and Davie branches consists of recently developed residential and commercial areas with higher household incomes and a small minority representation.

The bank's main competitors have facilities close to the bank's offices. They include both regional and large local banks. Examples of large regional banks are Barnett Bank, First Union, and Bank of America. Also, smaller banks such as American Bank, which has long standing ties with the community, are major competitors.

The delineation of the bank includes most of Broward County and the northeast section of Dade County. The chart below illustrates the population composition in the bank's assessment communities according to the 1990 Census.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Hallandale Bank's Assessment Communities by Ethnic Groups		
	Population	Percentage
White	459,321	67.07%
Black	111,246	16.25%
Hispanic	102,471	14.96%
Other	11,786	1.72%
Totals	684,824	100.00%

Minority groups represent 32.93 percent of the bank's assessment areas; the black segment of the population has the most significant presence at 16.25 percent. According to the 1990 Census, the percentage of low- and moderate-income individuals comprises 13.9 percent of the bank's delineated community.

The Florida Labor Department figures for November 1995, indicated that Broward County has a strong job market, with jobs growing at an annual rate of 3.8 percent. The annual gain of 22,000 jobs in Broward since November 1994 was surpassed in Florida only by the Tampa Bay area with 34,000 new jobs and the Orlando metropolitan area with 30,700 new jobs. Unemployment compensation claims in Broward County were down by 11.4 percent from November 1994. However, the unemployment rate was 5.7 percent in Broward County and 7.2 percent in Dade County, which are higher than the national rate of 5.3 percent.

Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

Management has a significant presence in local educational initiatives. The bank's president serves on the Broward County Adult Community Education Advisory Committee. The committee is responsible for the development of educational programs, which includes making banking services more understandable and accessible to participants. Other employees have taught in a local school through the Junior Achievement program. The bank participates in the Partnership for Excellence Program with McNichol Middle School, which is attended by children from predominantly low- and moderate-income neighborhoods.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Bank employees are active in local organizations including the South Broward Hospital District and Memorial Hospital in Hollywood. The bank has also provided support through sponsorship of the United Way, YMCA, and Cooper City Police Olympics. Management has demonstrated its willingness to explore other activities to help meet community credit needs. These activities have consisted of regular staff participation in and donations to various civic and charitable organizations.

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.

FEDERAL RESERVE BANK OF ATLANTA

ASSISTANT VICE PRESIDENT

(Date)

CYNTHIA C. GOODWIN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS DECEMBER 26, 1995, 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)

FAMILY BANK

(Name of Bank)

HALLANDALE, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Family Bank
Post Office Box 10
Hallandale, Florida 33009

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Lucy Lebel 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.

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.

Our Community Affairs staff is available to help you determine other ways to ascertain community credit needs and help meet those needs. Please feel free to contact Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, please feel free to contact Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: FAMILY BANK

City and State: HALLANDALE, FLORIDA

Date of Examination: DECEMBER 26, 1995

FEDERAL RESERVE BANK OF ATLANTA