

PUBLIC DISCLOSURE

February 5, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southeastern Bank of Florida
06120011

Alachua, 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 Southeastern Bank of Florida, Alachua, Florida, prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of February 5, 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.

Southeastern Bank of Florida is primarily a commercial lender. The bank has a reasonable loan-to-deposit ratio, and a substantial majority of the loans originated are within the assessment area. Management has defined the bank's assessment area as Alachua County. Approximately 93 percent of the loans originated since the last examination are in the assessment area; the loans are reasonably distributed among census tracts of different income levels. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.

GENERAL INFORMATION (CONTINUED)

The following table indicates the performance level of Southeastern Bank of Florida with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>SOUTHEASTERN BANK OF FLORIDA</u> 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 were received since the previous examination.		

DESCRIPTION OF INSTITUTION

Southeastern Bank Corporation, Darien, Georgia, acquired the stock of United Citizens Bank of Alachua County on October 14, 1994. The bank's name was changed to Southeastern Bank of Florida. According to the December 31, 1995 Consolidated Reports of Condition and Income, Southeastern Bank of Florida has total assets of \$40.7 million and operates four offices in Alachua County. The March 24, 1995 safety and soundness examination conducted by the Federal Reserve Bank of Atlanta identified no legal or financial impediments that would hinder the bank from meeting the credit needs of the community.

Southeastern Bank of Florida offers a wide variety of credit products to meet community credit needs, focusing on loans to small businesses¹ and consumers. The bank does not discourage other types of lending. Management reviews the bank products and services periodically to determine their appropriateness. The bank offers the following types of credit:

- CResidential real estate loans
- CHome improvement and other consumer loans
- CCommercial real estate loans
- CCommercial loans
- CSmall business and community development loans

A review of the loan portfolio revealed that the bank offers and extends all types of credit listed.

According to the December 31, 1995 Consolidated Reports of Condition and Income, the composition of the bank's loan portfolio is as follows:

¹Small businesses are those businesses with gross annual revenues of less than \$1 million.

DESCRIPTION OF INSTITUTION (CONTINUED)

LOAN PORTFOLIO MIX	DOLLAR AMOUNT (THOUSANDS)	PERCENT OF PORTFOLIO
Nonfarm Nonresidential	\$ 9,867	42%
Commercial & Industrial	\$ 4,788	20%
Multifamily	\$ 610	3%
1-4 Family Residential	\$ 3,067	13%
Construction & Development	\$ 1,796	8%
Loans to Individuals	\$ 2,420	10%
Other Farm Loans	\$ 843	4%
Gross Loans & Leases	\$23,391	100%

As illustrated by the table above, a large percentage of the bank's loan portfolio consists of business loans. Although business lending is the bank's major product line, consumer and residential loans also constitute a considerable percentage of the bank's loan portfolio.

DESCRIPTION OF ALACHUA COUNTY, FLORIDA

Southeastern Bank of Florida operates its main office and three branches in Alachua County. The main office is located in the city of Alachua. The city of Alachua is on Interstate-75 and covers an area of 30 square miles. Two of the branches are located in the city of Gainesville. Gainesville, the largest city in the county, is about 15 miles south of Alachua and occupies 32 square miles. The University of Florida is located in Gainesville and is the major employer in the county. The bank's fourth office is in the city of Newberry, which is about 17 miles west of Gainesville. The bank's assessment area is Alachua County, which constitutes the Gainesville Metropolitan Statistical Area (MSA).

DESCRIPTION OF ALACHUA COUNTY, FLORIDA (CONTINUED)

The assessment area contains 28 census tracts, 12 (43 percent) of which are low- and moderate-income census tracts. Low- and moderate-income census tracts are defined as tracts with a median family income that is less than 80 percent of the MSA median family income. The median family income of Alachua County is \$31,403.

According to the 1990 census data, the bank's assessment area population is 181,596. Minorities represent 25.2 percent of the population. Based on 1994 information from the U.S. Bureau of Labor Statistics, the unemployment rate for the county was 3.7 percent. Employment data from the 1992 county business patterns compiled by the U.S. Census show 4,632 business establishments in Alachua County. The service and retail trade industries dominate the employment arena by constituting 41 percent and 27 percent, respectively, of total business establishments. Of the 4,632 establishments, 4,434 (96 percent) have fewer than 50 employees.

According to economic market data, 79,022 household units are in the assessment area. 48.9 percent are owner-occupied, 41.3 percent are renter-occupied, and 9.8 percent are vacant units. 9,650 (12 percent) of the owner-occupied units are located in low- and moderate-income census tracts.

During the CRA examination, community contacts were made with two individuals representing local government. Both contacts suggested that the community needs to attract a more diverse industrial base. Currently, the major employers are the University of Florida, the local government, and Shands Teaching Hospital. The perception of the contacts is that the local financial institutions have been participating in community development largely through loan pool consortiums that fund affordable housing. The contacts said that small business start-up loans and redevelopment projects are needed in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's average loan-to-deposit ratio for the five quarters ending December 31, 1995, is 64.8 percent. Four other banks of similar size that are headquartered in the area have an average loan-to-deposit ratio of 61.2 percent for this same time period. Given the bank's size and resources, the loan-to-deposit ratio meets the standards for satisfactory performance.

During the examination, a sample of 143 loans was used to evaluate the bank's lending efforts in its assessment area. The sample included 82 loans to small businesses and 61 secured consumer instalment

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

loans originated between August 1995 and January 1996. Based on the sample reviewed, 100 percent of the small business loans and 97 percent of the secured consumer instalment loans are in the bank's assessment area.

The bank collects information that shows the number and dollar amount of credit applications received, approved, and declined by census tracts. Between October 14, 1994, and November 16, 1995, the bank received 595 loan applications. Of the 595 requests, the bank approved 563 (95 percent) loans totaling \$15,109,292. Southeastern Bank of Florida originated 523 (93 percent) loans in its assessment area. The bank also collected and analyzed loan activity data on low- and moderate-income census tracts for the same time period. 147 (25 percent) loan requests came from applicants residing in low- and moderate-income census tracts. Of the 147 requests, 141 loans were originated totaling \$5,164,933. The geographic distribution of the bank's lending efforts indicates no arbitrary exclusion of any particular geography in the assessment area. The distribution of loans by the income level of the borrower was also reviewed. The results seem to indicate that loans are generally available to borrowers of all income levels for business and consumer loans.²

In an effort to promote community development, the bank funded five loans guaranteed by the Small Business Administration and one loan supported by a guarantee from the Farmers Home Administration. Additionally, the bank will now approve loans with amounts as low as \$400 for instalment loans and \$1,000 for single payment loans. The bank also participates in Home Ownership Possibilities for Everyone (H.O.P.E.), an affordable housing program. No CRA-related complaints have been received by the bank since the previous examination.

During the examination, the bank's compliance with fair lending laws and regulations was reviewed. The review included an analysis of accepted and rejected consumer loan applications, commercial loans, and the bank's loan policy. The fair lending analysis revealed no evidence of disparate treatment, discrimination, or other illegal credit practices. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

²No ratios were quoted for this area because the numbers are not statistically valid since income information was not available for every loan in the sample.

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 FEBRUARY 5, 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)

SOUTHEASTERN BANK OF FLORIDA

(Name of Bank)

ALACHUA, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Southeastern Bank of Florida
Post Office Box 1810
Alachua, Florida 32615-1810

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner La'Mont Toomer 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 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

Enclosure

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NAME OF BANK: SOUTHEASTERN BANK OF FLORIDA

CITY AND STATE: ALACHUA, FLORIDA

DATE OF EXAMINATION: FEBRUARY 5, 1996

FEDERAL RESERVE BANK OF ATLANTA