

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-income and moderate-income neighborhoods, consistent with safe and sound operations 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 CRA performance of **Lapeer County Bank & Trust Co., Lapeer, Michigan** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **January 29, 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 RATING: This institution is rated **Satisfactory**.

Lapeer County Bank & Trust Co. promotes economic revitalization and growth, consistent with its size, financial capacity, location and current economic conditions. The bank operates in a market with intense competition as indicated by the community contacts and further evidenced by the number of financial institutions with offices in the bank's assessment area. The bank has an outstanding level of performance in lending in its assessment area and this performance significantly contributes to the bank's overall rating. The bank's lending to borrowers of different incomes is similar to the assessment area's distribution of residents of different incomes. Although, the level of performance meets the standards for a satisfactory rating, the geographic distribution of credit can be improved. In addition, no complaints were received by the institution regarding its CRA performance, since the previous examination.

The following table indicates the performance level of **Lapeer County Bank & Trust Co.** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	LAPEER COUNTY BANK & TRUST CO. 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

Lapeer County Bank & Trust Co., with \$167 million in assets as of September 30, 1995, is a subsidiary of County Bank Corporation, a one bank holding company. The bank's main office and three branch offices are located in Lapeer, Michigan and one branch office is located in each of the towns of Attica, Elba and Metamora. The bank's primary business focus is retail and there are no apparent factors relating to the bank's financial condition and size, products offered or local economic conditions that would prevent the bank from meeting the community's credit needs.

DESCRIPTION OF THE BANK-S ASSESSMENT AREA

The bank has defined its assessment area as the entire county of Lapeer. This assessment area approximates a rectangularly-shaped area and is located in the Detroit Metropolitan Statistical Area (MSA) approximately 60 miles north of Detroit. According to the 1990 U. S census data, the assessment area has a population of 74,768. Minorities comprise 3.4% of the total population, while the largest segment of the minority population is of Hispanic decent (approximately 1.9%). The assessment area contains no minority or low-income census tracts. However, there are two moderate-income census tracts within the assessment area. The median value of the homes in the assessment area is \$62,096. This figure compares to the statewide median home value of \$60,600. The assessment area housing stock is 75.5% owner-occupied single family homes. The median age of these homes is 22 years and the adjusted median income of the residents is \$45,287.

The major employers in the community, per the 1994-95 edition of the Lapeer County Industrial Directory include: Cambridge Industries; Lapeer Metal Products; Durakon Industries, Inc.; Vlastic Foods, Inc.; and Albar Industries, Inc. Additionally, the Lapeer Community Schools, the Lapeer Regional Hospital and the County of Lapeer are major employers. The State of Michigan's unemployment rate is 4.7%, according to the December, 1995 Michigan Employment Security Commission Area Labor Statistics. As of November 30, 1995, the unemployment rate for Lapeer County was 3.9%.

Lapeer County is a growing area. Industrial parks have been filled and new industrial parks have commitments for tenants. Evidence of this growth is in the bank's loan portfolio. The bank's portfolio, comprised of 70.68% real estate loans, experienced 9.10% growth during the previous year. Additionally, commercial and agricultural loans, which comprise 7.35% of the bank's portfolio, grew by 26.85% over the same period. The unemployment rate is lower for the county than the state unemployment rate, further evidencing the commercial growth. The unemployment rate for the bank's assessment area further reflects the area's growth as it has declined since 1990 when its level was 8.4%. Information received from community contacts, the bank's loan portfolio and unemployment statistics suggests that the bank's assessment area has a demand for both real estate and commercial loans.

There have been no revisions to the assessment area since the previous examination. The assessment area appears to be in compliance for the following reasons: it is a contiguous political subdivision (county); all of the bank's offices and ATMs are located within this area; the bank has originated or purchased a substantial number of its loans in this area; the area does not arbitrarily exclude any low-income or moderate-income areas; and, the area does not reflect illegal discrimination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The institution is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act.

Loan-to-Deposit Ratio

An analysis of the bank's Consolidated Report of Condition throughout the seven quarter examination review period disclosed an average loan-to-deposit ratio of 68.07%. This ratio is considered reasonable given the institution's size, financial condition and assessment area credit needs.

Lending in Assessment Area

An analysis of the loan sample revealed, the bank originated 87% of the loans sampled within its assessment area (see the table below). This is comparable to the HMDA reportable loans for 1994 in which 95% were originated within the bank's assessment area. This indicates the bank is exceeding satisfactory standards for performance in this criterion. A review of the loan sample revealed the following geographic distribution:

LOAN TYPE	TOTAL SAMPLED	WITHIN THE LOCAL ASSESSMENT AREA	PERCENT OF TOTAL
Real Estate	20	19	95
Direct Installment	21	18	86
Indirect Installment	26	20	77
Single Payment	10	8	80
Home Equity-Open end	10	10	100
Commercial	20	18	90
Totals	107	93	87
Denied Loans	62	43	69

Distribution of Credit Within the Assessment Area

The bank’s assessment area contains two moderate-income census tracts. These two census tracts include 15.9% of the assessment area’s population and the bank has originated 17.2% of its HMDA reportable loans in these census tracts. Further, the bank’s credits appear to be fairly distributed throughout the bank’s assessment area. Concentration of loans are in areas where the bank has its offices.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

A review of the examination loan sample based upon borrower income levels revealed the following:

LOAN TYPE	LOW-INCOME \$000's/Number	MODERATE- INCOME \$000's/Number	MIDDLE-INCOME \$000's/Number	UPPER-INCOME \$000's/Number
Real Estate	180/3	172/3	461/7	1,163/7
Direct Installment	27/5	52/6	16/4	43/6
Indirect Installment	62/5	66/4	91/7	140/10
Single Payment	0/0	0/0	19/4	292/6
Home Equity- Open end	0/0	0/0	215/7	52/3

As the preceding chart indicates, loans were evenly distributed throughout the various income segments of the bank’s community. Additionally, the bank’s assessment area population consists of 38.7% low-income and moderate-income families. The bank has originated 41% of its HMDA reportable loans to low-income and moderate-income applicants and nearly 30% of the loans sampled were originated to low-income and moderate-income applicants. The bank’s level of performance indicates that it is originating loans to borrowers of different income levels at a rate which approximates the distribution of borrowers’ income in the bank’s assessment area.

Geographic Distribution of Loans

The bank’s geographic distribution of loans was analyzed. The bank originated loans in every census tract except for one which contained a correctional facility. The bank’s distribution to each geography within the assessment area appears reasonable. There were geographies in which the bank’s level of performance was lower than others; however, those geographies do not have an office of the bank located in them while several other financial institutions have a significant presence in these geographies. The bank’s level of performance for this criterion is considered satisfactory.

The bank is in compliance with the substantive provisions of the fair housing and fair lending laws, including the Fair Housing Act and Equal Credit Opportunity Act. There were no practices detected that intend to discourage applicants for the types of credit offered by the bank. Loans sampled during the examination indicate that the bank originates credit consistent with the types of credit offered.

The examination did not reveal any evidence of discriminatory policies, procedures, practices or acts. There were no substantive violations detected of the provisions of the antidiscrimination laws.

Response to Substantiated Complaint

No complaints were received by the institution regarding its CRA performance since the previous examination.