

PUBLIC DISCLOSURE

April 15, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of Remington, Incorporated

05512300

P. O. Box 158

Remington, Virginia

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

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.

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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 State Bank of Remington, Incorporated, Remington, VA, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of April 15, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The bank's loan-to-deposit ratio is considered reasonable given its financial capacity and location. The institution's high level of lending within the assessment area, particularly to low- and moderate-income borrowers demonstrates an outstanding level of performance. Although there are no populated low-income BNAs within the assessment area, lending to low- and moderate-income borrowers represented 78% of the loans statistically sampled during the examination. In addition, 12% and 78% of the sampled loans were to persons residing in moderate- and middle-income census tracts, respectively. This loan distribution compares favorably to the 16% and 68% of residents in such areas. Investments and services were also considered in the performance rating. The bank has invested in a housing program that qualifies for Federal Low-Income Housing tax credits and offers free government-check cashing.

The following table indicates the performance level of State Bank of Remington, Incorporated with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>State Bank of Remington, Incorporated</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 have been received since the prior examination		

DESCRIPTION OF INSTITUTION

State Bank of Remington, Incorporated operates three offices in Fauquier County, all of which are reasonably accessible to the Block Numbering Areas (BNAs) and census tracts within the assessment area. As of December 31, 1995, the bank had \$62.1 million in assets with 56% of the assets in loan receivables. Various credit services are available through the institution including loans for residential real estate, small business, commercial and industrial, community development, and consumer purposes. Low-cost checking accounts as well as other deposit products are also offered. The composition of the loan portfolio is 68% real estate secured (for both consumer and business purposes), 20% commercial, and 11% consumer.

DESCRIPTION OF ASSESSMENT AREA

The local assessment area incorporates the following BNA's and census tracts within portions of Fauquier, Culpeper, and Prince William counties.

<u>Fauquier County</u>	<u>Prince William County</u>	<u>Culpeper County</u>
9902.98	9013.02	9901
9904	9014.98	9904
9905		
9907		

Fauquier, Culpeper, and Prince William Counties are included within the Washington Metropolitan Statistical Area (MSA). Based on the 1990 census, the population of these counties is 48,741, 27,791, and 215,686, respectively. Three of the eight BNA's or tracts (38%) in the assessment area are considered low- and moderate-income (L/M). Affordable housing is a major concern in the area due to increased demand and the high cost of land. Employment is provided by local industries including agriculture, education, and light manufacturing as well as the military. Many area residents commute to nearby Washington, D. C. for employment. The current jobless rates are 3.6% for Fauquier County, 7.9% for Culpeper County, and 3.1% for Prince William County. To assist in evaluating the bank's CRA performance a representative of a local nonprofit organization was contacted during the examination. Information gathered from the contact indicated that local financial institutions appear responsive to community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The current economy of the assessment area suggests strong demand for consumer credit. The average loan-to-deposit ratio for the previous seven quarters was 64%. This ratio appears reasonable in relation to the bank's financial capacity and size.

LENDING IN ASSESSMENT AREA

Based on the volume of new originations, loans secured by motor vehicles and unsecured consumer loans were identified as primary credit products offered by the institution. A sample of 89 loans, consisting of 53 unsecured loans and 36 loans secured by motor vehicles, was reviewed to determine the bank's lending within its assessment area. As illustrated in the chart below, almost all of the number and dollar amount of sampled loans have been provided to residents of the assessment area.

Comparison of Credit Extended Inside and Outside of the Assessment Area

	Inside Assessment Area	Outside Assessment Area	Total
Total Number of Loans	81	8	89
Percentage of Total Loans	91%	9%	100%
Total Amount of Loans (000's)	\$416	\$20	\$436
Percentage of Total Amount	95%	5%	100%

LENDING TO BORROWERS OF DIFFERENT INCOMES

The following table presents the distribution of the sampled loans extended within the assessment area by the income level of the borrower. Of these 81 loans, a majority were extended to low- and moderate-income borrowers.

Distribution of Loans in Assessment Area by Income Level of Borrower

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	48	15	9	9	81
Percentage of Total Loans	59%	19%	11%	11%	100%
Total Amount of Loans (000's)	\$198	\$56	\$94	\$68	\$416
Percentage of Total Loans	48%	13%	23%	16%	100%

The volume of lending to low-income and moderate-income residents (78%) substantially exceeds the proportion of such families, 19% and 21%, respectively, in the assessment area. Moreover, a majority of the dollar amount of loans extended (61%) were to these borrowers.

GEOGRAPHIC DISTRIBUTION OF LOANS

The review of loan files also included an analysis of lending by the income level of BNAs and census tracts within the institution's assessment area. The chart below illustrates loan penetration throughout the market.

Distribution of Loans in Assessment Area by Income Level of BNA

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	13	63	5	81
Percentage of Total Loans	16%	78%	6%	100%
Total Amount of Loans (000's)	\$51	\$352	\$13	\$416
Percentage of Total Loans	12%	85%	3%	100%

As previously stated, there are no populated low-income BNAs within the market. The high concentration of lending (78%) in middle-income areas is consistent with the population that resides (69%) in such areas. Nineteen percent of the population reside in moderate-income areas, while the remaining 12% live in upper-income BNAs. The bank's geographic distribution reflects a reasonable dispersion throughout the assessment area.

INVESTMENTS AND SERVICES

The institution has funded \$26,000 of a \$50,000 commitment made in 1994 to participate in the Virginia Bankers' Bank Community Development Fund. This investment takes advantage of Federal Low-Income Housing tax credits available for the development of rental housing throughout the Commonwealth. Several projects have been funded by this investment including the construction of Oak Springs Elderly Apartments in Warrenton, Virginia.

The bank also offers free Government check cashing for individuals who reside within their assessment area.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending and credit activities.