

## **PUBLIC DISCLOSURE**

May 20, 1996

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Capital City Bank

Tallahassee, 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 Capital City Bank, Tallahassee, 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 May 20, 1996. 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.**

The efforts of senior management and staff to ascertain and meet community credit needs are satisfactory. The bank's Community Reinvestment Act (CRA) committee ensures compliance with the technical aspects of the CRA - Regulation BB. Committee members include senior management representing small business lending, mortgage and real estate lending, marketing, and credit policy administration. The committee reports to Capital City Bank's board of directors. The committee's purpose is to guide the bank in its efforts to comply with CRA. The bank's CRA officer is also a member of the CRA committee of Capital City Bank and keeps the board and the CRA committee apprised of CRA initiatives and the bank's performance in meeting credit needs in its community. The committee meets as needed and has met only twice since the previous examination of February 4, 1994.

Through officer calls and direct involvement in several community groups, Capital City Bank employees maintain regular contact with individuals and groups representing civic, religious, minority, and small business organizations; commercial and residential development interests; and local government. Ascertainment efforts by bank management have included officer calls to the Florida Department of Education, the Grants Director and County Manager for Gadsden County, the Citrus County Housing Authority, the Grants Coordinator for Jefferson County, the building inspector for Jefferson County, the Affordable Housing Coordinator for Leon County, and several church leaders. An officer call to a priest in Gadsden County identified the need for a one-time seminar conducted in both Spanish and English, explaining the step-by-step process of how to complete a loan application. Bank employees are active in more than 60 charitable, professional, religious, civic, and humanitarian organizations. Through this involvement, the bank provides financial support and human resources. In addition, a newsletter published by the CRA committee is mailed semiannually to community groups, church officials, and governmental agencies. The newsletter targets low- and moderate-income persons and focuses on initiatives such as special housing programs, assistance in down payment financing, and credit counseling.

Bank management regularly reviews the bank's lending and deposit services to structure products to meet identified needs. As a result of community concerns regarding affordable housing for low- and moderate-income families, the bank has instituted its own affordable housing program and has become involved with the Tallahassee Lenders' Consortium.

## **DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)**

### **I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (CONTINUED)**

Several loans have been granted to low- and moderate-income families under these two programs. Management has also introduced new products designed to meet community needs that were identified through its ascertainment efforts, such as the SmartChecking account, the secured MasterCard, and the Florida Agricultural and Mechanical University (FAMU) Rattlercard. The SmartChecking account appeals to customers interested in an account with a low service charge and no minimum balance requirements; the secured MasterCard appeals to persons who wish to re-establish credit; and the FAMU Rattlercard appeals to students, who can use the card as a student identification card, library card, long distance calling card, or ATM card.

The bank's marketing department conducted two surveys in 1995 to identify needs within the community. In March 1995, a survey was conducted to assist management in developing the most appealing home equity line of credit product for the bank. After summarizing the results from the survey, management recommended that the product include no closing costs, no annual fee, and a special introductory rate of prime for one year. In June 1995, a survey on proposals for the bank's new economy checking account was conducted at FAMU, Florida State University, and the West Tennessee office of Capital City Bank. The survey revealed that the new product should include a low monthly service charge and no minimum balance requirement.

#### **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).**

Bank management has developed a formal, written CRA program with goals, objectives, and a methodology for self-assessment. In addition, CRA is routinely considered in the board of directors' planning process. The board and senior management are generally involved in the CRA process and activities through affiliations in the local community and through administrative oversight of the bank's annual geo-analysis and annual CRA training of personnel.

The bank's CRA performance is reviewed during quarterly board meetings. Annually, the board reviews and adopts an expanded CRA Statement that provides an overview of the bank's efforts to comply with the CRA. The CRA Statement was last reviewed and approved in January 1996.

## **DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)**

### **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.**

Capital City Bank has instituted a sound marketing program. The marketing department maintains complete marketing and advertising records that are internally reviewed for compliance with consumer regulations and statutes. The bank's marketing efforts are varied and seem to reach all segments of the local community, including the low- and moderate-income areas. Management uses print media, radio, television, billboards, and direct contact to market the bank's loan services and products. Advertisements are placed in local newspapers such as Tallahassee Democrat, Gadsden County Times, St. Pete Times, Monticello News, Tallahasseean, Citrus County Chronicle, Twin Cities News, Havana Herald, and Capital Outlook. The Capital Outlook is a minority-owned news publication that focuses on African-American issues. Management also advertises in event programs and at community functions to ensure that the bank's lending area receives ongoing exposure to bank products and services. The bank's marketing department has developed a 1996 business plan to help promote the bank's products and services.

In 1995, Capital City Bank conducted two major advertising campaigns. During the first quarter of 1995, an advertising campaign promoted the consolidation of banks and the name change to Capital City Bank. This advertisement was image-oriented, and several media such as radio, newspaper, and television were used. The promotion was designed to reach all segments of the bank's delineated community. Radio stations WTNT, WSNI, WMLO, WGLF, WHBX, WBZE, WTAL, CITRUS 69, and FOXY were used in this campaign. In addition, television stations WCTV, WTWC, and WTXL were used to advertise the changes, as well as ESPN, Discovery, CNN, USA, and HLN on the local cable system. The second major campaign promoted the bank's home equity line of credit (FreedomLine) product through newspaper advertisements.

**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 bank's CRA Statement lists the following types of credit offered and extended to the community:

- C Personal secured and unsecured loans
- C Automobile loans
- C Real estate financing
- C Home improvement loans

## DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

- C Construction loans
- C Home equity lines of credit
- C Revolving lines of credit
- C Bank credit cards
- C Small Business Administration (SBA) loans
- C Farm loans
- C Community development loans

A review of the bank's loan portfolio revealed that the bank actively offers and extends all the types of credit listed in the CRA Statement. The March 31, 1996 Consolidated Reports of Condition and Income revealed a loan portfolio that consisted of the following:

LOAN TYPE	AMOUNT (\$000)	PERCENTAGE
Construction and Land Development	23,654	6.2
Secured by 1-4 Family Residential Properties	101,900	26.6
Secured by Multifamily Residential Properties	5,600	1.5
Secured by Nonfarm Nonresidential Properties	97,854	25.5
Commercial and Industrial Loans	36,281	9.5
Loans to Individuals	109,494	28.6
Other	8,069	2.1
<b>Gross Loans</b>	<b>382,852</b>	<b>100.0</b>

The bank's total assets were \$647.9 million on March 31, 1996, and its loan-to-deposit ratio was 69 percent. The bank is very active in small business and consumer lending. Consumer loans are often originated for as little as \$500 and sometimes even less - a service not regularly offered by local area banks. In 1995, the bank originated 647 loans in amounts less than \$1,000; 133 of these loans were for amounts less than \$500.

**DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)**

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

The following chart depicts the origination rates for loan applications reportable under the Home Mortgage Disclosure Act (HMDA) in 1995. The bank's data include applications received and loans originated by its mortgage subsidiary. Market information is provided for comparative purposes. Market numbers reflect all loan applications received by HMDA reporters from applicants in Gadsden and Leon counties, which make up the Tallahassee Metropolitan Statistical Area (MSA 8240).

LOAN TYPE	BANK			MARKET		
	Applications	Originations	Origination Rate	Applications	Originations	Origination Rate
Home Purchase <sup>1</sup>	276	237	85.9%	7,538	4,540	60.2%
Refinance	68	53	77.9%	1,874	1,201	64.1%
Home Improvement	30	25	83.3%	1,384	754	54.5%
Multifamily	4	4	100.0%	17	14	82.4%
Total	378	319	84.4%	10,813	6,509	60.2%

As illustrated by the above chart, Capital City Bank is outperforming the market in terms of origination rates for all categories of HMDA-reportable lending. Most notable are the bank's origination rates for home purchase and home improvement loans.

The following charts depict the bank and mortgage subsidiary's market share of HMDA-reportable applications and originations for 1995. The defined market consists of 176 mortgage lenders that received at least one loan application. Of these lenders, Capital City Bank ranked 10th in terms of the number of applications received.

**APPLICATIONS**

LOAN TYPE	BANK	MARKET	BANK'S MARKET SHARE
Home Purchase <sup>1</sup>	276	7,538	3.7%
Refinance	68	1,874	3.6%
Home Improvement	30	1,384	2.2%
Multifamily	4	17	23.5%
Total	378	10,813	3.5%

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<sup>1</sup>Includes Federal Housing Administration (FHA) and Veterans Administration (VA) applications.

## DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

#### ORIGINATIONS

LOAN TYPE	BANK	MARKET	BANK'S MARKET SHARE
Home Purchase <sup>1</sup>	237	4,540	5.2%
Refinance	53	1,201	4.4%
Home Improvement	25	754	3.3%
Multifamily	4	14	28.6%
Total	319	6,509	4.9%

The following chart depicts the number and dollar amount of outstanding business loans with original amounts of \$1 million or less according to the June 30, 1995 Consolidated Reports of Condition and Income.

LOAN SIZE (ORIGINAL AMOUNT)	NUMBER OF LOANS OUTSTANDING	TOTAL DOLLAR AMOUNT OUTSTANDING (\$000)
\$100,000 or less	1,647	\$67,990
\$100,000 to \$250,000	224	\$22,520
\$250,000 to \$1 million	139	\$37,598
Total	2,010	\$128,108

As shown in the chart above, Capital City Bank is actively serving the small business community. Approximately 82 percent of the business loans for less than \$1 million were for original amounts of \$100,000 or less. These loan sizes are indicative of small business borrowing.

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

Capital City Bank does not originate FHA/VA mortgage loans; however, the bank's mortgage subsidiary, Capital City Mortgage Company, actively participates in FHA and VA loan programs. The following chart depicts the mortgage subsidiary's FHA/VA lending by the income level of the census tract. This information was extracted from the mortgage subsidiary's 1995 HMDA data.

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<sup>1</sup>Includes Federal Housing Administration (FHA) and Veterans Administration (VA) loans.

## **DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)**

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

FHA/VA LENDING FOR 1995

<b>CENSUS TRACT INCOME LEVEL</b>	<b>NUMBER OF LOANS</b>	<b>DOLLAR AMOUNT (\$000)</b>
Low/Moderate	15	\$1,040
Middle	45	\$3,072
Upper	32	\$2,755
Not Available (Outside the MSA)	36	\$1,994
Total	128	\$8,861

As illustrated by the chart, the mortgage subsidiary's FHA/VA lending is occurring throughout the community.

The bank also participates in the Tallahassee Lenders' Consortium and has an in-house Affordable Loan Program (ALP) designed to assist low-income borrowers. Lending results for these programs are discussed in the "Community Development" section of this evaluation.

### **III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

#### **Reasonableness of Delineated Community**

Capital City Bank is located in Tallahassee, Florida. The bank's delineated community includes Leon and Gadsden counties, which make up the Tallahassee MSA (8240), and two other counties - Jefferson and Citrus - that are not located in an MSA. The institution's delineated community meets the purposes of the CRA and does not arbitrarily exclude low- or moderate-income neighborhoods. In total, the bank's delineation includes 49 census tracts in the MSA and 19 block numbering areas (BNAs) located in Jefferson and Citrus counties. Five of the bank's 20 branch offices are located in low- and moderate-income census tracts in the bank's delineated community. A review of residential mortgage loan applications for 1995 as depicted by the following chart indicates that the delineation is reasonable.

**DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)**

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

<b>GEOGRAPHICAL AREA</b>	<b>NUMBER OF APPLICATIONS</b>	<b>PERCENTAGE</b>
Tallahassee MSA (Leon/Gadsden Counties)	378	74%
Citrus County	93	18%
Jefferson County	22	4%
Other	20	4%
Total	513	100%

As illustrated, the bank received a very high percentage (96 percent) of residential loan applications from inside its delineated community. The remaining applications were from residents of contiguous counties, who commute to work in the bank's delineated area.

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

To review the geographic distribution of loan activity, management used HMDA data to perform a geo-analysis of the bank's credit applications. The bank's analysis combined HMDA data for Capital City Bank and Capital City Mortgage Company.

Of the applications received in 1995, the overall approval/denial percentages are as follows:

<b>ACTION TAKEN</b>	<b>NUMBER</b>	<b>PERCENTAGE</b>
Approved	437	85%
Denied	40	8%
Other	36	7%
Total	513	100%

Of the 51 census tracts in the Tallahassee MSA, 49 are included in the bank's delineated community. The remaining two tracts have either negligible or no population. 21 of the tracts in the bank's delineation are classified as low- or moderate-income tracts. The bank did not receive any HMDA-reportable loan applications from eight of the 49 census tracts. The lack of applications can be attributed to several factors. Two of the census tracts encompass downtown

**DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)**

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

Tallahassee and Florida State University, where there is little demand for housing. In addition, seven of the eight census tracts have median incomes less than 68 percent of the MSA median income; many individuals are less likely to be able to afford homes. Also, the median age of the population in six of the eight tracts is 26 years or less. Most people in this age group are not in the market for purchasing a home, thereby reducing the pool of potential applicants.

A review of the bank's HMDA activity in the Tallahassee MSA by applicant income and census tract income is summarized below.

**1995 DISTRIBUTION BY APPLICANT INCOME**

<b>APPLICANT INCOME</b>	<b>APPLICATIONS <sup>1</sup></b>	<b>% OF TOTAL APPLICATIONS</b>	<b>ORIGINATIONS <sup>3</sup></b>	<b>% OF APPLICATIONS RECEIVED</b>
Low/Moderate-Income	105	28.1	84	80.0
Middle-Income	84	22.5	68	81.0
Upper-Income	175	46.8	153	87.4
Income Not Available	10	2.6	10	100.0
<b>Total</b>	<b>374</b>	<b>100.0</b>	<b>315</b>	<b>84.2</b>

**1995 DISTRIBUTION BY CENSUS TRACT INCOME**

<b>CENSUS TRACT</b>	<b>APPLICATIONS</b>	<b>% OF TOTAL APPLICATIONS</b>	<b>ORIGINATIONS</b>	<b>% OF APPLICATIONS RECEIVED</b>
Low/Moderate-Income	80	21.2	65	81.3
Middle-Income	151	40.0	128	84.8
Upper-Income	147	38.8	126	85.7
<b>Total</b>	<b>378</b>	<b>100.0</b>	<b>319</b>	<b>84.4</b>

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<sup>1</sup>Excludes four applications and originations for multifamily dwellings.

## DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

The following charts depict the number and percentage of the bank and mortgage subsidiary's 1995 HMDA originations in the Tallahassee MSA by census tract and borrower income levels.

INCOME LEVEL OF CENSUS TRACT	FHA/VA		CONVENTIONAL HOME PURCHASE		REFINANCE		HOME IMPROVEMENT		MULTIFAMILY DWELLINGS		TOTAL	
	#	%	#	%	#	%	#	%	#	%	#	%
Low/Moderate- Income	15	16.3	26	17.9	16	30.2	6	24.0	2	50.0	65	20.4
Middle-Income	45	48.9	53	36.6	21	39.6	7	28.0	2	50.0	128	40.1
Upper-Income	32	34.8	66	45.5	16	30.2	12	48.0	0	0	126	39.5
Total	92	100.0	145	100.0	53	100.0	25	100.0	4	100.0	319	100.0

INCOME LEVEL OF BORROWER	FHA/VA		CONVENTIONAL HOME PURCHASE		REFINANCE		HOME IMPROVEMENT		TOTAL	
	#	%	#	%	#	%	#	%	#	%
Low/Moderate- Income	34	37.0	34	23.5	9	17.0	7	28.0	84	26.7
Middle-Income	29	31.5	26	17.9	10	18.9	3	12.0	68	21.6
Upper-Income	28	30.4	83	57.2	31	58.5	11	44.0	153	48.5
Income Not Available	1	1.1	2	1.4	3	5.6	4	16.0	10	3.2
Total	92	100.0	145	100.0	53	100.0	25	100.0	315	100.0

39 percent of the population of the Tallahassee MSA lives in low- or moderate-income census tracts; 34 percent lives in middle-income tracts; and 27 percent lives in upper-income tracts. 38 percent of the families are low- or moderate-income; 22 percent are middle-income; and 40 percent are upper-income. The bank's lending efforts to low-income borrowers are hindered because of a lack of affordable housing builders. Also, the rates of applications from middle- and upper-income census tracts compared to low- and moderate-income census tracts are 1.88 to 1 and 1.84 to 1, respectively. As a result, lending levels are expected to be higher in upper-income and middle-income tracts.

## **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 currently serves the community through its 20 full-service branches, 4 free-standing ATM facilities, and 8 "bank 'n shop" centers. Six of the bank 'n shop centers are located in Publix SuperMarkets, one is located on the campus of Florida State University, and one is located in a pharmacy. All of the bank's facilities are reasonably accessible to all segments of the community. Also, business hours and services adequately meet the needs of the local community and are periodically reviewed for effectiveness.

The bank has not closed any offices since the previous examination. The bank has developed and implemented branch closing procedures in accordance with section 42 of the Federal Deposit Insurance Act. The most recent branch closing policy was adopted by the bank's board of directors on January 1, 1996.

### **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 generally solicits credit applications from all segments of the local community, including low- and moderate-income neighborhoods. The examination revealed no policies or practices that would discourage individuals from applying for any of the types of credit listed in the CRA Statement. Bank management has developed complete written policies, procedures, and training programs to ensure fair treatment of all applicants. Senior management has implemented several practices to ensure compliance with the Equal Credit Opportunity and Fair Housing Acts. These practices include analyzing HMDA data annually to detect lending disparities that could be potentially viewed as discriminatory, conducting a second review of rejected loan applicants to ensure that the bank's credit standards have been followed, and providing ongoing training to bank employees to enhance their knowledge of all antidiscrimination statutes and regulations.

## DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

### IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES (CONTINUED)

#### **Evidence of prohibited discriminatory or other illegal credit practices.**

A review of the bank's HMDA activity in the Tallahassee MSA by the racial composition of the census tracts is summarized as follows:

**1995 DISTRIBUTION BY RACIAL COMPOSITION OF CENSUS TRACT**

<b>CENSUS TRACT</b>	<b>APPLICATIONS</b>	<b>% OF TOTAL APPLICATIONS</b>	<b>ORIGINATIONS</b>	<b>% OF APPLICATIONS RECEIVED</b>
Minority Tracts <sup>1</sup>	7	1.9	5	71.4
Integrated Tracts <sup>2</sup>	152	40.2	127	83.6
Nonminority Tracts <sup>3</sup>	219	57.9	187	85.4
Total	378	100.0	319	84.4

There are eight minority tracts, 23 integrated tracts, and 19 nonminority tracts in the Tallahassee MSA. Seven of the minority tracts are low- to moderate-income tracts, and one is a middle-income census tract. The bank received HMDA applications from four (50 percent) of the eight minority tracts.

The bank's loan policy and a sample of loan applications were reviewed for evidence of practices that may be discriminatory. For Capital City Bank, 8 approved consumer applications were compared with 9 rejected consumer applications. For Capital City Mortgage Company, 19 approved real estate applications were reviewed and compared with 9 rejected real estate applications. In addition, 13 business loans were sampled and reviewed for adherence to Regulation B restrictions on spousal signature requirements. The analysis of the files and loan policy revealed no discriminatory patterns or practices against any protected class of applicants. Also, reasons for denial were substantiated by documentation in the files. No credit practices inconsistent with the substantive provisions of fair housing and fair lending laws and regulations were identified during the examination; however, widespread violations of technical aspects of HMDA were noted.

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<sup>1</sup>80 percent or more minority population.

<sup>2</sup>20 percent to 80 percent minority population.

<sup>3</sup>Less than 20 percent minority population.

## **DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)**

### **V. COMMUNITY DEVELOPMENT**

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

The bank participates and invests in the local community through community development programs. Capital City Bank is very active in the Tallahassee Lenders' Consortium, which consists of ten local institutions. The purpose of the organization is to assist first-time homebuyers who desire to purchase a house in the city limits of Tallahassee. The consortium will help applicants obtain funds to cover the down payment and closing costs associated with the loan, if needed. To receive a loan, applicants must attend a home buying seminar sponsored by one of the participating banks. The Tallahassee Lenders' Consortium qualifies the potential applicant for the loan, and one of the participating banks closes the loan. It is the intent of the City of Tallahassee to provide participating lenders an additional source of security in recognition of the high credit exposure assumed by the banks. The additional security is a guarantee in an amount not to exceed 25 percent of the original loan balance. Capital City Bank has committed \$1 million to fund this program. In 1995, 8 loans were originated for a total of \$376,000. Since June 1994, the bank has closed a total of 20 loans and ranks fourth among the other participating lenders in terms of the number of loans closed.

The bank also has an in-house Affordable Loan Program, which was established for low-income, first-time homebuyers. Features of Capital City Bank's program include a maximum loan amount of \$55,000, a maximum loan-to-value ratio of 97 percent, down payment assistance, income requirements of 80 percent or less of the median family income, and a 30-year fixed-rate mortgage with no private mortgage insurance required. Capital City Bank has committed \$2,325,000 to fund this program. Five loans were booked in 1995 for a total of \$206,500.

Other community development loans originated by Capital City Bank include low-income housing loans, church loans, and small dollar loans. In September 1995, Capital City Bank extended a development loan to Wilson-Green Subdivision. The residential subdivision will contain approximately 55 lots (13 acres) designed and developed for low-income households. The proposed development is located in a low-income area in southwest Leon County.

## **DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)**

### **V. COMMUNITY DEVELOPMENT (CONTINUED)**

Several church loans in low- and moderate-income areas have also been made by Capital City Bank. The bank made six church loans totaling \$367,475.71 in 1995 and two church loans totaling \$127,653.76 in 1996 in low- and moderate-income areas. Capital City Bank is well known for its origination of small dollar consumer loans under \$1,000. Since January 1995, the bank has extended 647 small dollar loans for a total of \$397,356.75.

Management has also made efforts to educate the community on credit. Bank employees have participated in several seminars addressing residential real estate financing. These seminars cover topics such as money management, affordable housing, first-time home buying, credit counseling, and home budgeting. The attendees at these sessions range from realtors to individual homeowners and potential homeowners. The bank also helps provide supplies and materials for these sessions.

#### **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.**

Based on the bank's financial condition, the demographics of the community, and the local economy, the bank is able to meet the community needs of its delineated community.

Capital City Bank's main office is located in Tallahassee, Florida, in Leon County. The bank's delineated community includes Leon and Gadsden counties, which constitute the Tallahassee MSA, and Citrus and Jefferson counties, which are outside the Tallahassee MSA. The population of the bank's delineated community is 338,409, with minorities accounting for 26.2 percent. Blacks are the largest minority group, accounting for 22.8 percent of the population, and Hispanics are the second largest minority group, accounting for 2.2 percent. Approximately 6 percent of the population lives in low-income census tracts or BNAs. Capital City Bank's delineated community includes 21 low- and moderate-income tracts or BNAs. The median family income in the bank's delineation is \$30,434. 20.4 percent of the families in the delineation are low-income; 18.7 percent are moderate-income; 22.1 percent are middle-income; and 38.8 percent are upper-income.

The housing market is moderately strong with a vacancy rate of only 11.7 percent. Housing units in the bank's delineated community total 150,433, and approximately 60 percent are owner-occupied. According to an individual contacted in connection with the examination, there is a demand for housing in the bank's surrounding areas.

## **DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)**

### **V. COMMUNITY DEVELOPMENT (CONTINUED)**

Services and retail trade dominate the job industry in the Tallahassee MSA. Service establishments number 2,639 and have 33,014 employees, and retail trade establishments number 1,522 and have 22,542 employees.

**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.**

Capital City Bank makes donations to a variety of local charitable and civic organizations including United Way, Northwest Florida Black Business Association, Girl and Boy Scouts of America, Chamber of Commerce, Lions Club, and Home Builders Association. The personal involvement of bank management and employees in charitable and civic organizations helps enhance the local community and affords the bank the ability to identify and serve the credit needs of the entire community.

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.
- C ADD THE FOLLOWING LANGUAGE TO YOUR CRA PUBLIC NOTICE THAT IS POSTED IN EACH OF YOUR OFFICES, NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION:

"YOU MAY OBTAIN THE PUBLIC SECTION OF OUR MOST RECENT CRA PERFORMANCE EVALUATION, WHICH WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA, AT (YOUR MAIN OFFICE ADDRESS)."

**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 MAY 20, 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)

CAPITAL CITY BANK

\_\_\_\_\_  
(Name of Bank)

TALLAHASSEE, FLORIDA

\_\_\_\_\_  
(Location)

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Board of Directors  
Capital City Bank  
Post Office Box 900  
Tallahassee, Florida 32302

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Gary Clayton 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.
- C Add the following language to your CRA public notice that is posted in each of your offices, no later than 30 business days after receiving the evaluation:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Reserve Bank of Atlanta, at (your main office address)."

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.

Board of Directors  
Capital City Bank  
Tallahassee, Florida

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

Enclosures

**PUBLIC DISCLOSURE**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Name of Bank: CAPITAL CITY BANK

City and State: TALLAHASSEE, FLORIDA

Date of Examination: MAY 20, 1996

**FEDERAL RESERVE BANK OF ATLANTA**