

PUBLIC DISCLOSURE

June 30, 1990

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings and Loan Association of Leitchfield

Docket No. 06656

211 North Main Street
Leitchfield, Kentucky 42754

Office of Thrift Supervision
Department of the Treasury
Cincinnati District
P.O. Box 598
Cincinnati, Ohio 45201-0598

* ! ! NOTE ! ! *
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* 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. *

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of First Federal Savings and Loan Association of Leitchfield prepared by the Office of Thrift Supervision, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of June 30, 1990. 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 that 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 five performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATINGIDENTIFICATION OF RATINGS

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

1. 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.

2. 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.

3. 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.

4. 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.

DISCUSSION OF INSTITUTION'S PERFORMANCE

INSTITUTION'S RATING

This institution is rated Satisfactory based on the findings presented below.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - 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 directorate and management primarily ascertain the community's credit needs through continuous contact with real estate agents and home builders. President Crawford is very active in the local community. He is the former president of the Leitchfield Rotary Club and a former member of the Leitchfield-Grayson County Chamber of Commerce. Currently, Mr. Crawford is a member of the Leitchfield City Council.

Branch Manager Allgood is a member of the Breckinridge County Community Center Board, Farmers' Home Loan Project.

Mr. Crawford and Mr. Allgood provide counseling to members of the community, including low- and moderate-income families. Through the counseling services the institution is provided with additional insight into the community's credit needs. Additionally, Mr. Crawford gives lectures to small groups (civic clubs and the electric coop) on finance and the institution's credit services.

Assessment Factor C - 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.

The board of directors reviews CRA performance and efforts at the annual meeting of the members.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - 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 institution advertises mortgage loan products and services regularly through local newspapers and radio stations. In addition, the institution relies on its reputation and individual contacts to make the community aware of its credit services.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)Assessment Factor B (Continued)

The institution contributes to various charity fund-raising events to show its community support.

Assessment Factor I - 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 loan application register shows that during the period January 1, 1989, through June 30, 1990, the institution originated approximately 142 residential mortgage loans totaling \$4,941,350, two small business loans totaling \$51,000, nine home improvement loans totaling \$37,097, and one small farm loan for \$58,000. Substantially all of the loans were secured by properties located within the delineated community.

No loans were purchased during the period.

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

The institution does not participate in governmental-insured, guaranteed, or subsidized lending programs such as VA and FHA. Application was made for approximately \$300,000 to be funded by the Affordable Housing Program administered by the Federal Home Loan Bank System. This funding is to be used to finance low-income housing. The application has been submitted to Washington by the FHLB of Cincinnati as "not recommended" because the Cincinnati district office underwriters wanted to see more investor equity injected in the initial stages of the subsidy. Mr. Crawford is restructuring the application for resubmission.

The institution received FHA approval in order to grant Kentucky Housing Corporation loans. An allotment of \$250,000 was received for originating these loans.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICESReasonableness of Delineated Community

The institution's delineated lending area coincides with the boundaries of Grayson and Breckinridge Counties. The main office and one branch are located in Leitchfield and Hardinsburg, Kentucky, respectively. Leitchfield is the county seat of Grayson County, where most of the commercial activity is conducted. Hardinsburg is also the county seat of Breckinridge County, which consists principally of several small farming communities.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES
(CONTINUED)Reasonableness of Delineated Community (Continued)

The board of directors determined that the delineated lending area was the geographic area that could best be served by the institution. Both counties are located in noncontracted areas. The delineated area is reasonable based on the institution's size, number of employees, and location.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

Credit extensions, applications and denials are primarily located in Grayson and Breckinridge Counties.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

The main office is located within the town limits of Leitchfield, Kentucky, at 211 North Main Street. The branch office is located at the by-pass for Hardinsburg, Kentucky, at Highway 60. Both offices are full service. No offices have been relocated or closed.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

The examination did not disclose any substantive violations of the Equal Credit Opportunity Act or Fair Housing Laws which would indicate that applicants are being discouraged from applying for the types of credit set forth in the CRA statement.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

The examination did not disclose any substantive violations of the Equal Credit Opportunity Act or Fair Housing Laws.

V. COMMUNITY DEVELOPMENT

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

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)V. COMMUNITY DEVELOPMENT (CONTINUED)Assessment Factor H (Continued)

The institution has not participated and invested in local development and redevelopment projects or programs. However, the institution has made several loans to individuals who have built single-family homes or duplexes to rent to low-income families. This has enabled housing to be made available to the low-income families.

Assessment Factor K - 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.

The institution has adequate resources to service the credit needs of its community.

Assessment Factor L - 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.

The examination did not disclose any additional material factors.