

# **PUBLIC DISCLOSURE**

**January 18, 1998**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank and Trust Company of the Treasure Coast  
Charter Number: 14838**

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Stuart, Florida 34995-9012**

**Comptroller of the Currency  
Southeastern District Office  
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**NOTE: 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.**

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# 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 **First National Bank and Trust Company of the Treasure Coast, Stuart, Florida** (FNB-Treasure Coast) prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **September 30, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

## INSTITUTION

***INSTITUTION'S CRA RATING:*** This institution is rated ***SATISFACTORY***.

The following are the primary factors supporting FNB-Treasure Coast's performance under the lending, investment, and service tests.

- ▶ In its home county of Martin, the bank ranks #1 in housing related loans to low and moderate income borrowers. FNB-Treasure Coast originated a high percentage of loans within its assessment area. Given available opportunities, the bank has a high level of community development lending. Given the demographics of its assessment area, the bank shows good loan distribution to low income tracts. Flexible lending practices were used to meet identified credit needs.
- ▶ Given available opportunities, FNB-Treasure Coast has made a high level of qualified investments.
- ▶ Delivery systems are readily accessible to all portions of the bank's assessment area and to individuals of different income levels. To the extent that changes were made, the opening and closing of branches have not adversely affected the accessibility of delivery systems, particularly in low and moderate income areas. The bank has provided a high level of community development services.

The following table indicates the performance level of FNB-Treasure Coast with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>FIRST NATIONAL BANK AND TRUST COMPANY OF THE TREASURE COAST</u>		
	PERFORMANCE TESTS		
	Lending Test <sup>1</sup>	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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<sup>1</sup> The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

## **DESCRIPTION OF INSTITUTION AND ASSESSMENT AREA**

First National Bank & Trust Company of the Treasure Coast (FNB-Treasure Coast) is headquartered in Stuart (Martin County), Florida. FNB-Treasure Coast is wholly owned by Seacoast Banking Corporation of Florida, a one bank holding company. FNB is the oldest and largest independent bank headquartered in the Treasure Coast Region. Most of FNB-Treasure Coast's branches and operations are in Martin County. As of September 30, 1997, FNB-Treasure Coast had \$829 million in assets. The Treasure Coast Region is one of the wealthiest sections of Florida and one of the fastest growing areas in the nation. FNB-Treasure Coast has designated two assessment areas: Metropolitan Statistical Area (MSA) 2710 (Ft. Pierce-Port St. Lucie) and non-MSA Indian River County. MSA 2710 contains two counties: Martin County and St. Lucie County. FNB-Treasure Coast has a deposit share of approximately 35% in Martin County, 12% in St. Lucie County and 3% in Indian River County.

The rapid population growth in the Treasure Coast makes residential real estate construction a major industry. FNB-Treasure Coast offers a full range of mortgage lending services. Nearly half of the bank's net loans are residential mortgages with \$93 million in originations in 1996 and \$78 million during the first three quarters of 1997. FNB-Treasure Coast offers other types of credit and a variety of other financial services. The 1990 Census Data showed a population of 341,279 in the bank's assessment area.

FNB-Treasure Coast has 23 branches throughout its assessment area. There are 82 geographies in the bank's assessment areas. Of these geographies, 4% are low income, 12% are moderate income, 47% are middle income, 32% are upper income, and 5% are characterized as "NA" (having negligible or no populations). Approximately 9% of households in the bank's assessment area are below the poverty level. Approximately 43% of the population receives social security. Twenty five percent (25%) of the population was over 65 years of age. The updated median income for 1997 for the entire assessment area was \$39,856. The median housing value was very high at \$103,796. The average age of a house is 19 years old (built in 1978). Much of the single family housing units in the Treasure Coast Region is beyond the price range of lower income households. There has been very little multi-family housing construction in the area in recent years. This has resulted in decreased vacancy rates and higher rental payments.

Competition is strong. In the bank's assessment area, there are numerous community and regional bank offices as well as offices of savings and loan associations and other financial institutions such as credit unions and brokerage firms.

Table 1 details the distribution of geographies by income level and number of families for each county in the bank's assessment area. The number of branches in each county is also shown. The significant point of Table 1 is the absence of low income census tracts in Martin County, where FNB-Treasure Coast is headquartered.

<b>Table 1</b> <b>Distribution of Geographies and Number of Families</b> <b>Total Bank</b>								
<b>Distribution of Geographies by Income Level</b>								
Assessment Areas	# Branches	# Families	Low	Moderate	Middle	Upper	NA	Total
<b>Martin County</b> MSA 2710	11	30,129	0	3	9	7	0	19
<b>St. Lucie County</b> MSA 2710	6	43,644	3	6	22	5	3	39
<b>Indian River County</b> (non-MSA)	6	27,286	0	1	8	14	1	24
Totals	23	101,059	3	10	39	26	4	82

Source: 1990 Census , US Bureau of the Census

Community credit and community development needs were determined by contacting two local community groups and reviewing U.S. Department of Housing and Urban Development (HUD) Consolidated Strategies and Plans for the dominant cities in the bank’s assessment areas. The HUD Consolidated Strategies and Plans are comprehensive planning documents that identify community credit needs and community development opportunities. The types of community organizations contacted included a city government zoning official and a county planning official.

The primary credit needs identified in local HUD Consolidated Plans and through community contacts were financing for affordable housing (i.e. single family rental, multi-family rental, and home ownership), funds to repair and rehabilitate existing homes, and down payment assistance for low income families seeking to own a home. In the Treasure Coast Region, affordable housing for low and moderate income residents is difficult to provide for the following reasons:

- o The cost of housing in the region is much higher than the ability of persons employed in the region to pay. Speculation and regulations have driven the price of land up and much of the housing supply caters to wealthy retirees moving from outside the region.
- o An increasing proportion of the population earns low wages. The service sector of the economy generates a large number of low paying jobs. Low income residents have a difficult time paying the down payment, closing costs and impact fees.
- o The private sector lacks proper incentives to build low income housing. Part of the reason for this is the high cost of land and regulatory barriers.
- o There is a lack of housing in proximity to employment opportunities. As a result, transportation costs increase and residents have less income available to pay for housing.

- o There is strong public opposition to building rental housing in general and subsidized housing in particular.
- o The scarcity of non-profit sponsor organizations interested in developing affordable housing.

There is also an identified need for commercial-industrial rehabilitation to repair and renovate buildings that have deteriorated over time. The need is particularly acute for commercial-industrial improvements in downtown areas.

Opportunities existed for the bank to make qualified investments within its assessment areas. These opportunities include tax-exempt bonds for low and moderate income housing, credit counseling agencies, small business investment corporations, and organizations whose primary missions are to revitalize low and moderate income geographies by making small business and affordable housing loans.

FNB-Treasure Coast received a rating of “Satisfactory” at its last CRA examination, dated August 14, 1995. This examination covers FNB-Treasure Coast’s performance from January 1, 1996 to the September 30, 1997. See the Appendix of this report for a definition of terms used within this public evaluation.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

In assessing FNB-Treasure Coast's lending performance, we focused on housing related loans subject to the Home Mortgage Disclosure Act (HMDA) and small business loans. The bank elected not to provide consumer loan data for our review.

### *Lending Activity*

Table 2 reflects FNB-Treasure Coast's total volume of HMDA and small business loans. Small farm loans are not included as they are not material in number or dollar amount. During this evaluation period, only 2 small farm loans totaling \$145,000 were made.

<b>Table 2 Number and Dollar Amount of HMDA and Small Business Loans Total Bank</b>				
	<b>HMDA</b>		<b>Small Business</b>	
	<b>1996</b>	<b>9/30/97</b>	<b>1996</b>	<b>9/30/97</b>
<b>Martin County</b>				
Number	602	428	199	113
Dollar Amount (000's)	\$55,105	\$33,580	\$12,955	\$6,243
<b>St. Lucie County</b>				
Number	338	306	90	58
Dollar Amount (000's)	\$19,272	\$18,150	\$6,505	\$3,464
<b>Indian River County</b>				
Number	159	186	31	39
Dollar Amount (000's)	\$18,346	\$24,782	\$3,629	\$4,214

A high percentage of FNB-Treasure Coast's loans were made within its assessment areas. In 1996, 96% and 92%, respectively, of the number of HMDA and small business loans were originated within the bank's assessment areas. YTD 1997, 95% and 93%, respectively, of HMDA and small business loans were originated within the bank's assessment areas.

## *Loan Distribution by Geography Designation and Borrower Income*

### **Residential Mortgage Loans**

The distribution of housing-related loans originated in low income geographies is reasonable given the demographics of its assessment areas. During 1996, one of FNB-Treasure Coast's 1,099 residential mortgage loans made in the bank's assessment areas was located in low income geography 1.00. However, this one loan was a multifamily loan that contained 21 housing units. FNB-Treasure Coast is the only bank that made a multifamily loan in census tract 1.00. Table 3 shows that all financial institutions made a total of 11 HMDA loans totaling \$768,000 in low income geography 1.00 during 1996. FNB-Treasure Coast made a \$476,000 multifamily loan. In effect, FNB-Treasure Coast provided more housing units and more housing dollars in low income census tract 1.00 than all other lenders combined.

<b>Table 3 1996 Aggregate HMDA Lending in Low Income Census Tract 1.00 Total Bank</b>		
<b>Loan Purpose</b>	<b>Number</b>	<b>Dollar Amount</b>
Conventional Home purchase	2	\$111,000
Refinance	2	120,000
Home Improvement	6	61,000
Multifamily	1	476,000
Total	11	768,000

The bank also compared favorably to other lenders in its assessment areas regarding total multifamily loans made in low and moderate income tracts. During 1996, this bank originated two of the three multifamily loans made in low and moderate income geographies. This bank made the only multifamily loan in a low income tract and one of two multifamily loans in moderate income tracts.

FNB-Treasure Coast's level of HMDA lending in moderate income tracts was reasonable given area demographics. Table 4 shows the distribution of HMDA loans to geographies of different income levels. During 1996 and YTD 1997, respectively, 2% and 3% of the bank's HMDA loans were in moderate income geographies. These levels were less than the 9% of families and 9% of owner-occupied units in moderate income tracts. However, FNB-Treasure Coast's HMDA penetration in moderate income tracts was considered reasonable because of limited opportunities to lend in moderate income tracts. There were no conspicuous gaps in the penetration of geographies within the bank's assessment areas.

<b>Table 4</b> <b>Geographic Distribution of HMDA Loans</b> <b>Total Bank</b>						
<b>Tract</b> <b>Designation</b>	<b>Families</b>		<b>Owner- Occupied Units</b>		<b>1996</b>	<b>YTD 1997</b>
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Percent (#)</b>	<b>Percent (#)</b>
Low Income	3,117	3%	1,410	1%	nil	nil
Moderate Income	9,076	9%	9,298	9%	2%	3%
Middle Income	57,891	57%	58,832	57%	61%	56%
Upper Income	30,975	31%	34,112	33%	37%	39%
NA	0	0%	0	0%	0%	2%
Total	101,059	100%	103,652	100%	100%	100%

Source: FFIEC, 1996 HMDA data and 1997 HMDA Loan Register

Including multifamily loans, the bank's HMDA penetration in low income geographies was good relative to 1996 aggregate lending data. For the bank's three county assessment area, aggregate penetration in low income geographies during 1996 was 1%. However, if the 21 multifamily units made in low income geographies are counted separately, the bank exceeded aggregate lending in low income geographies. Aggregate lending to moderate income geographies, at 5%, was comparable to the bank's level of lending.

The bank had good penetration of HMDA loans to low income borrowers in its home county of Martin. Penetration to low income borrowers throughout its 3-county assessment area was reasonable. Table 5 shows that during 1996 and YTD 1997, FNB-Treasure Coast made 7% and 6%, respectively, of its HMDA loans to low income borrowers. These percentages did not equal the 16% of low income families residing throughout the bank's assessment areas. However, in Martin County, FNB-Treasure Coast ranked #1 in HMDA market share during 1996 to low income borrowers in both number and dollar volume of loans. FNB-Treasure Coast's 47 loans and the resulting 19% market share ranked #1 in number. FNB-Treasure Coast's \$1,327,000 and the resulting 15% market share ranked #1 in dollar volume. The average loan amount to low income borrowers was \$28,230. By comparison, the second ranked HMDA lender to low income persons in Martin County was a local affiliate of a large regional bank. This regional bank affiliate made 31 loans (13% share) totaling \$797,000 (9% share) to low income persons residing in Martin County.

The bank's penetration of HMDA lending to moderate income borrowers is reasonable given the demographics of the bank's assessment area. Table 5 shows that, during 1996 and YTD 1997, 17% of the bank's HMDA loans were made to moderate income borrowers compared to 18% of families being moderate income. Among all 1996 lenders in Martin County, FNB-Treasure Coast ranked #1 in HMDA lending to moderate income borrowers in both number and dollar volume of loans. FNB-Treasure Coast's 94 loans and the resulting 13% market share ranked #1 in number.

FNB-Treasure Coast's \$4,155,000 and the resulting 11% market share ranked #1 in dollar volume. The average loan amount to moderate income borrowers was \$44,200. By comparison, the second ranked HMDA lender to moderate income persons in Martin County was a local affiliate of a large regional bank. This regional bank affiliate made 76 loans (10% share) totaling \$2,589,000 (7% share) to moderate income persons residing in Martin County.

The bank's HMDA penetration to low and moderate income borrowers was comparable to 1996 aggregate lending data. For the bank's entire assessment area, aggregate lending to low and moderate income borrowers during 1996 was 7% and 18%, respectively. FNB-Treasure Coast's penetration to low and moderate income borrowers during 1996 was 7% and 17%, respectively.

Borrower Income Distribution	Table 5 Distribution of HMDA Loans By Borrower Income Level Total Bank			
	Families		1996	YTD 1997
	Number	Percent	Percent(#)	Percent(#)
Low Income	16,169	16%	7%	6%
Moderate Income	18,191	18%	17%	17%
Middle Income	23,244	23%	23%	21%
Upper Income	43,455	43%	50%	54%
Not Available	0	0%	3%	2%
Total	101,059	100%	100%	100%

Source: FFIEC, 1996 HMDA Data and 1997 HMDA Loan Register

### **Small Business Loans**

Table 6 shows reasonable geographic distribution of small business loans in low income geographies and good penetration in moderate income geographies. Small farm loans were not included in the analysis because their number and dollar amount were not material. The bank's level of small business lending in low income tracts approximated the proportionate number of businesses operating in those tracts. During 1996, 2% of small business loans were made in low income geographies compared to 3% of businesses being in low income geographies. The percent of small business loans made in low income geographies decreased to 1% so far in 1997. The relatively low level of small business lending in low income geographies is mitigated by the absence of low income census tracts in Martin and Indian River Counties.

The bank had good penetration of small business lending in moderate income geographies. During 1996, the 25% of the bank's small business loans made in moderate income geographies exceeded the 16% of businesses located in moderate income geographies. YTD 1997, the proportion of small business loans made in moderate income geographies declined to 22% but

remained good relative to business demographics in the area. See Table 6.

<b>Table 6 Geographic Distribution of Small Business Loans Total Bank</b>					
Tract Income Level	% of Businesses by Location	Distribution of Small Business/Farm Loans by Location			
		1996		YTD 1997	
		Number	Percent	Number	Percent
Low Income	3%	7	2%	3	1%
Moderate Income	16%	81	25%	47	22 %
Middle Income	53%	165	52%	107	51%
Upper Income	28%	67	21%	53	26%
Total	100%	320	100%	210	100%

Source: Dun & Bradstreet, Inc. and Bank prepared Small Business Data Collection Register

Table 7 shows good loan penetration among business customers of different sizes. In 1996 and YTD 1997, 86% and 88%, respectively of business loans were for amounts of \$100,000 or less. During 1996 and YTD 1997, 61% and 65%, respectively, of businesses and farms to which the bank made loans had annual revenues of less than \$1 million.

<b>Table 7 Distribution of Small Business Loans by Loan Size Total Bank</b>				
Loan Size	1996		YTD 1997	
	Number	Percent	Number	Percent
Less than \$100,000	275	86%	186	88%
Between \$100,000 and \$250,000	21	7%	12	6%
Greater than \$250,000	24	7%	12	6%
Total	320	100%	210	100%

Source: Bank prepared Small Business Data Collection Register

### ***Community Development Lending***

Given the opportunities for community development throughout the Treasure Coast Region, FNB-Treasure Coast has a high level of community development lending. During this evaluation period, the bank made nine community development loans totaling \$3,121,521. Four of these loans totaling \$2,929,705 provided 139 multifamily housing units for low and moderate income families. The other four community development loans were to non-profit organizations for non-

real estate purposes.

Shown below are the four multi-family loans with location and number of units provided.

- \$1,714,505 To refinance and renovate a multifamily rental property in a moderate income tract in St. Lucie County.  
78 units
- \$476,000 To purchase multifamily rental property in low income tract 1.00 in the City of Ft. Pierce (St. Lucie County).  
21 units
- \$500,000 To purchase a multifamily rental property in Stuart, Florida.  
32 units
- \$239,200 To purchase an apartment building in the City of Stuart's Community Redevelopment District.  
8 units

### ***Flexible Loan Programs***

FNB-Treasure Coast uses flexible lending practices to serve assessment area credit needs.

- ▶ *Affordable Home Buyer's Program* - 34 loans - \$2,181,400

A proprietary program designed by the bank. Borrowers require less personal savings for down payment and closing costs, and less income to qualify for a mortgage than under conventional mortgage guidelines. Credit histories can be developed from non-traditional sources such as rent receipts, utility payments and telephone bills. Borrowers can put 3% to 5% down. 2% of funds may come from gifts, grants or loans. The borrower can obtain a mortgage loan with a 95% loan-to-value ratio which does not require private mortgage insurance (PMI). The program was implemented in the third quarter of 1996. Two loans were made during 1996. Thirty-two loans were made YTD 1997.

- ▶ *State Housing Initiatives Partnership (SHIP) Program* - 21 loans - \$1,168,600

A State of Florida program that allocates affordable housing funds to counties. SHIP funds can be utilized for a number of purposes including new construction, down payment assistance, rehabilitation, land acquisition, impact fee loans, closing cost loans, and funding for community based organizations that provide housing. Nine loans were made in 1996. Twelve loans were made YTD 1997.

- ▶ *Rural Housing Authority* - 2 loans - \$104,700

This is a Federally-sponsored program by the U.S. Department of Agriculture that provides affordable housing for low and moderate income persons residing in rural areas.

The bank provides financing at market rates. The Federal government makes second mortgage loans at discounted rates. Both loans were made YTD 1997.

- ▶ *Community Homebuyer's Program* - 2 loans - \$123,600

Federal National Mortgage Association (FNMA) affordable housing program. Requires PMI. The two loans made were in 1996. This program has not been used in 1997.

## **INVESTMENT TEST**

Given available opportunities in the Treasure Coast Region, FNB-Treasure Coast has made a high level of qualified investments. During this evaluation period, the bank made \$1,053,260 in qualified investments. A breakdown of qualified investments is shown below:

- ◆ \$1,000,000 municipal security which was issued in March 1997 to finance a 60 unit multifamily housing complex for low and moderate income persons in Ft. Pierce.
- ◆ \$25,000 equity investment in the Palm Beach County Black Business Investment Corporation.
- ◆ \$28,260 in several small grants and donations (\$4,325 in Indian River County, \$13,355 in Martin County, \$10,580 in St. Lucie County).

## **SERVICE TEST**

### *Accessibility of Delivery Systems*

FNB-Treasure Coast's delivery systems are readily accessible to different geographies and persons of different income levels. Given the demographics of the area, the bank has a good distribution of branches and off-site ATM's in geographies of different incomes. Table 8 shows that 4% of the bank's branches are in low income geographies. This approximates the proportionate 3% share of families in low income geographies. Distribution of branches is particularly good in moderate income geographies. Seventeen percent (17%) of branches are in moderate income geographies, which exceeds the 9% proportionate share of families in moderate income geographies. The bank has 2 offsite ATMs, none in low income tracts and one in a moderate income tract. Banking hours for all branches are similar.

### *Changes in Branch Locations*

FNB-Treasure Coast's record of closing branch offices has not adversely affected the accessibility of its services to low or moderate income individuals or geographies. Since January 1, 1996, the bank has closed two branches and opened five branches. All opened and closed branches were in middle income geographies. One of the closed branches was a former branch of the recently

acquired Port St. Lucie National Bank. This branch was merged into an existing branch of FNB-Treasure Coast in close proximity. Two of the “opened” branches came with the acquisition of Port St. Lucie National Bank. Three more branches were opened in Indian River County for the purpose of increasing market share in Indian River County.

Table 8 Distribution of Branch Offices and ATM's Total Bank								
Tract Income Designation	Census Tracts		Families		Branches		Off-Site ATM's	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Low Income	3	4%	3,117	3%	1	4%	0	0%
Moderate Income	10	12%	9,076	9%	4	17%	1	50%
Middle Income	39	47%	57,891	57%	13	57%	1	50%
Upper Income	26	32%	30,975	31%	5	22%	0	0%
Uninhabited	4	5%	0	0%	0	0%	0	0%
Total	82	100%	101,059	100%	23	100%	2	100%

**Community Development Services**

FNB-Treasure Coast has provided an adequate level of community development services within its assessment area. The community development services primarily relate to providing technical assistance, training, and fund raising activities for seventeen organizations involved in community development activities. Examples of community development services provided include:

- o *Martin County Lending Consortium, St. Lucie County Lending Consortium, Indian River County Lending Consortium.* These lending consortiums work with local municipalities to provide affordable housing to local communities through SHIP subsidies. In addition, the lending consortiums provide home buyers’ training to SHIP applicants and other first time home buyers. Bank officers and mortgage loan originators from FNB-Treasure Coast are members of all three lending consortiums and provide financial advice, loans, and conducts training for new home buyers.
- o *Neighborhood Housing Services of Ft. Pierce.* This organization provides housing for low and moderate income persons. A bank representative provides technical assistance and credit counseling.
- o *Service Corps of Retired Executives Association (SCORE).* SCORE provides technical assistance by conducting workshops and screening applicants to start or grow small businesses. A commercial lending officer of FNB-Treasure Coast is an active member of

this organization. This chapter of SCORE serves these counties: Martin, St. Lucie, Indian River, Okeechobee, Glades.

- o *Stuart Mainstreet, Ft. Pierce Mainstreet.* These organizations provide low interest loans to tenants to improve, maintain and preserve the character of downtown districts. A bank officer is President of the Stuart Mainstreet organization. This responsibility requires use of the officer's financial expertise. Mainstreet Stuart is a moderate income census tract and Mainstreet Ft. Pierce is in a low income census tract.
- o *Port Salerno Revitalization Committee.* This organization provides awareness to revitalize downtown Port Salerno. Port Salerno is in a moderate income tract. A FNB-Treasure Coast officer, who is a member of this committee, assists with technical assistance and fund raising.
- o *Job Training Center, Inc.* Provides job training to economically disadvantaged or other at risk groups. The President of FNB-Treasure Coast is a member of this organization and assists with fund raising.
- o *Gertrude Walden Day Care.* This child care center is a non-profit organization primarily servicing low to moderate income families in East Stuart, a moderate income section of Stuart. As treasurer of this organization, an officer of FNB-Treasure Coast performs accounting and bookkeeping services. The bank officer also assists with fund raising.
- o *Habitat for Humanities in Martin, St. Lucie and Indian River Counties.* These non-profit organizations build single family homes for low income people. Donations of labor, money, and financial expertise are received from public and private organizations. Representatives of this bank perform credit and financial analysis for applicants for homes.

## **FAIR LENDING REVIEW**

No violations of the substantive provisions of the anti-discrimination laws or regulations were identified. FNB-Treasure Coast's fair lending policies, procedures, and training programs were satisfactory.

## **Metropolitan Statistical Area (MSA) 2710**

### **Conclusions Regarding Performance Tests in Fort Pierce-Port St. Lucie MSA**

FNB-Treasure Coast's performance in meeting the credit needs of Metropolitan Statistical Area (MSA) 2710 is consistent with the overall rating assigned to FNB-Treasure Coast.

### **Description of Economy and Competitive Factors in MSA 2710**

The Ft. Pierce-Port St. Lucie MSA contains two counties: St. Lucie and Martin. Both counties are located in the heart of Florida's Treasure Coast Region, an area comprised of St. Lucie, Martin, Indian River and Okeechobee Counties. St. Lucie County has historically been an agricultural area and derives much of its income from citrus crops, tomatoes, and tourism. According to 1990 census data, St. Lucie County had a population of 150,171. Twenty-one percent (21%) of the population was over 65, 40% were receiving social security benefits, and 11% were below the poverty level. The updated 1997 median income was \$42,900. The median housing value was \$80,894 and was built in 1978. The 39 census tracts in St. Lucie County are broken down by income designation as follows: 8% low income, 15% moderate income, 56% middle income, 13% upper income, 8% negligible or no population.

Martin County, by population, is 30% smaller than St. Lucie County, which is adjacent to the north. According to 1990 census data, Martin County had a population of 100,900. Martin County is primarily a community of affluent retirees. Services and tourism are the dominant industries. Approximately 27% of the population is over the age of 65. Martin County ranks #1 among Florida's 67 counties in per capita passive income (dividends, interest and rental income). Approximately 45% of the population receives social security benefits. Approximately 26% receive some form of retirement income other than social security. Only 7% of the population is below the poverty level. There are 19 census tracts in Martin County with 16% being moderate income, 47% being middle income, and 37% being upper income. There are no low income tracts in Martin County. Martin County has adopted a slow growth policy which significantly limits real estate development, both residential and commercial. The result of this policy has been a significant increase in the cost and value of real estate, particularly residential. The median housing value is a very high \$127,500 with an average year built in 1978.

Competition is strong in both St. Lucie and Martin Counties. There are numerous community and regional bank offices as well as offices of savings and loan associations and other financial institutions such as credit unions and brokerage firms. FNB-Treasure Coast is the largest independent bank in the Treasure Coast Region. At 35%, FNB-Treasure Coast has the largest deposit share in Martin County, its home county. The bank has a 12% deposit share in St. Lucie County where another independent bank, headquartered in Ft. Pierce, is the dominant player.

## Lending Test

FNB-Treasure Coast's performance under the Lending Test in MSA 2710 is consistent with the overall rating assigned to FNB-Treasure Coast.

### *Geographic Distribution*

The distribution of HMDA loans to low and moderate income geographies throughout MSA 2710 was reasonable. As noted under geographic distribution for the total bank, FNB-Treasure Coast made only one HMDA loan in low income geographies during 1996. However, this was a multifamily loan that provided 21 rental units. FNB-Treasure Coast was the only bank that made a multifamily loan in a low income tract in MSA 2710.

FNB-Treasure Coast's level of HMDA lending in moderate income tracts is also reasonable given area demographics. During 1996 and YTD 1997, 3% and 4%, respectively, of the bank's HMDA loans were in moderate income geographies. These levels were below the 11% of families and 11% of owner-occupied units in moderate income tracts. See Table 9.

With the 21 multifamily units in low income tracts, the HMDA lending in low income tracts was 2.3%. This exceeded the 1.1% aggregate HMDA lending in low income tracts by all financial institutions in MSA 2710.

<b>Table 9 Geographic Distribution of HMDA Loans Ft. Pierce-Port St. Lucie MSA</b>						
<b>Tract Designation</b>	<b>Families</b>		<b>Owner- Occupied Units</b>		<b>1996</b>	<b>YTD 1997</b>
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Percent(#)</b>	<b>Percent(#)</b>
Low Income	3,117	4%	1,414	2%	<i>nil</i>	nil
Moderate Income	7,983	11%	8,501	<b>11%</b>	<b>3%</b>	<b>4%</b>
Middle Income	46,939	64%	48,017	64%	64%	62%
Upper Income	15,734	21%	17,159	23%	33%	31%
NA	0	0%	0	0%	0%	3%
<b>Total</b>	<b>73,773</b>	<b>100%</b>	<b>75,091</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: FFIEC, 1996 HMDA data and 1997 HMDA Loan Register

Table 10 shows reasonable distribution of small business loans in low income geographies and good penetration in moderate income geographies. The bank's 2% level of small business lending in low income tracts during 1996 and YTD 1997 was below the 4% proportionate share of businesses operating in low income tracts. This penetration level is reasonable given that all three low income geographies are in St. Lucie County, where the bank does not have a dominant

market share and has only one branch in a low income tract.

The bank's penetration of small business lending in moderate income geographies was good. During 1996, the 28% of the bank's small business/small farm loans made in moderate income geographies exceeded the 22% of businesses located in moderate income geographies. YTD 1997, the proportion of small business loans made in moderate income tracts remained good at 27% of total small business loans made. See Table 10.

<b>Table 10 Geographic Distribution of Small Business Loans Ft. Pierce-Port St. Lucie MSA</b>					
Tract Income Level	% of Businesses by Location	Distribution of Small Business Loans by Location			
		1996		YTD 1997	
		Number	Percent	Number	Percent
Low Income	4%	7	2%	3	2%
Moderate Income	22%	81	28%	47	27%
Middle Income	59%	149	52%	86	50%
Upper Income	15%	52	18%	35	21%
Total	100%	289	100%	171	100%

Source: Dun & Bradstreet, Inc. and Bank prepared Small Business Data Collection Register

### ***Distribution by Borrower Income Characteristics***

The bank's penetration of HMDA loans to low income borrowers is reasonable. During 1996 and YTD 1997, FNB-Treasure Coast made 8% and 7% of its HMDA loans to low income borrowers in MSA 2710. These percentages were below the 18% of low income families residing in MSA 2710. See Table 11. This low penetration to low income families throughout MSA 2710 is mitigated by the bank's #1 ranking in Martin County for HMDA loans to low income families. The bank only has one branch with \$12 million in deposits in St. Lucie County where the majority of low income tracts, and a disproportionate number of low income families, are located.

The bank's penetration of HMDA lending to moderate income borrowers is reasonable given the demographics of MSA 2710. Table 11 shows that, during 1996 and YTD 1997, respectively, 17% and 19% of HMDA loans were made to moderate income borrowers compared to 19% of families being moderate income.

During 1996, the bank's HMDA lending to low and moderate income individuals was comparable to aggregate HMDA lending within MSA 2710. During 1996 and YTD 1997, the bank originated, respectively 8% and 7%, of its HMDA loans to low income borrowers in MSA 2710. This was comparable to the 8% aggregate HMDA lending to low income borrowers. During

1996 and YTD 1997, respectively, the bank originated 17% and 19% of its HMDA loans to moderate income borrowers. These percentages were slightly below the 20% of aggregate lending to moderate income borrowers during 1996. Aggregate HMDA data is not yet available for 1997.

<b>Table 11 Distribution of HMDA Loans By Borrower Income Level Ft. Pierce-Port St. Lucie MSA</b>				
<b>Borrower Income Distribution</b>	Families		1996	YTD 1997
	Number	Percent	Percent(#)	Percent(#)
Low Income	13,410	18%	8%	7%
Moderate Income	14,055	19%	17%	19%
Middle Income	17,456	24%	24%	22%
Upper Income	28,852	39%	48%	49%
Not Available	0	0%	3%	3%
<b>Total</b>	<b>73,773</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: FFIEC, 1996 HMDA Data and 1997 HMDA Loan Register

Table 12 shows good loan penetration among business customers of different sizes. In 1996 and YTD 1997, 87% and 90%, respectively, of business loans were for amounts of \$100,000 or less. During 1996 and YTD 1997, respectively, 68% and 69% of businesses and farms to which the bank made loans had annual revenues of less than \$1 million.

<b>Table 12 Distribution of Small Business Loans by Loan Size Ft. Pierce-Port St. Lucie MSA</b>				
Loan Size	1996		YTD 1997	
	Number	Percent	Number	Percent
Less than \$100,000	250	87%	154	90%
Between \$100,000 and \$250,000	18	6%	10	6%
Greater than \$250,000	21	7%	7	4%
<b>Total</b>	<b>289</b>	<b>100%</b>	<b>171</b>	<b>100%</b>

Source: Bank prepared Small Business Data Collection Register

### ***Community Development Lending***

In MSA 2710, the primary community development lending need was affordable housing. To address this need, the bank originated an adequate level of community development loans.

Significant community development projects were discussed under Community Development Lending for the total bank.

***Flexible Loan Programs***

FNB-Treasure Coast uses flexible loan programs to serve credit needs in MSA 2710. Specific programs were discussed under the lending test for the total bank.

**INVESTMENT TEST**

FNB-Treasure Coast’s performance under the Investment Test in MSA 2710 is consistent with the overall rating assigned to FNB-Treasure Coast.

**SERVICE TEST**

Retail banking services are accessible to different geographies and persons of different incomes in MSA 2710. Given the demographics of MSA 2710, the bank has a good distribution of branches and off-site ATM’s in geographies of different incomes. Table 13 shows that 6% of the bank’s branches are in low income geographies. This approximates the proportionate 4% share of families in low income geographies. Twenty four percent (24%) of branches are in moderate income geographies, which exceeds the 11% of families in moderate income geographies.

<b>Table 13                      Distribution of Branch Offices and ATM’s                      Ft. Pierce-Port St. Lucie MSA</b>								
<b>Tract Income Designation</b>	<b>Census Tracts</b>		<b>Families</b>		<b>Branches</b>		<b>Off-Site ATM’s</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low Income	3	5%	3,117	4%	1	6%	0	0%
Moderate Income	9	16%	7,983	11%	4	24%	1	50%
Middle Income	31	53%	46,939	64%	9	53%	1	50%
Upper Income	12	21%	15,734	21%	3	17%	0	0%
Uninhabited	3	5%	0	0%	0	0%	0	0%
Total	58	100%	73,773	100%	17	100%	2	100%

FNB-Treasure Coast provides a reasonable level of community development services. Community development services have primarily been related to housing and community services targeted to low and moderate income individuals.

## APPENDIX

### Definition of Terms

The following are definitions of terms used throughout this public evaluation. The definitions are not the strict legal definitions contained in 12 C.F.R. 25.12, but rather a more concise synopsis of their meaning.

Community Development - The primary purpose of the loan, investment, or service is for (1) affordable housing for low or moderate income individuals; (2) community services targeted to low or moderate income individuals; (3) activities that promote economic development by financing small businesses and farms; and (4) activities that revitalize or stabilize low or moderate income areas.

Consumer Loan - A loan to one or more individuals for household, family, or other personal expenditures.

HMDA Loan - A residential real estate loan (home purchase, home refinance, home improvement, or multifamily).

Geography - A census tract or block numbering area.

Low, Moderate, Middle, and Upper Income Area - A low income area is one in which the median family income is less than 50% of the area median income, moderate income is 50% to 79% of the area media Community development services have primarily been related to housing and community services targeted n family income, middle income is 80% to 119% of the area median family income, and upper income is 120% or more of the area median family income.

Qualified Investment - A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business Loan - A commercial loan with an original loan amount of \$1 million or less.

Small Farm Loan - A farm loan with an original loan amount of \$500,000 or less.