



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**April 7, 2003**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Ohio Legacy, National Association  
Charter Number 23957**

**305 West Liberty Street  
Wooster, Ohio 44691**

**Comptroller of the Currency  
Cleveland Field Office  
3 Summit Park Drive, Suite 530  
Independence, Ohio 44131**

**NOTE: This document is an evaluation of this 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. 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.**

## TABLE OF CONTENTS

<b>INSTITUTION'S CRA RATING.....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>2</b>
<b>DESCRIPTION OF ASSESSMENT AREAS .....</b>	<b>3</b>
<b>CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....</b>	<b>4</b>

## INSTITUTION'S CRA RATING

**This institution is rated Satisfactory.**

The major factors that support OLB's rating include:

- A reasonable net loan-to-deposit ratio.
- A reasonable geographic distribution of loans within the assessment areas.
- An excellent level of lending to businesses of different sizes.
- An excellent record of lending within the assessment areas.
- A reasonable level of home mortgage loans to borrowers of different income levels.

## DESCRIPTION OF INSTITUTION

The Ohio Legacy Bank, National Association (OLB) is a \$136 million intrastate financial institution headquartered in Wooster, Ohio. Wooster is located approximately 60 miles south of Cleveland, Ohio. OLB is a wholly owned subsidiary of Ohio Legacy Corporation (OLC), a single-bank holding company. OLC also owns Ohio Legacy Trust I, a special purpose finance subsidiary for the Trust Preferred Stock, 100% owned by Ohio Legacy Corp. OLB and OLC were chartered on October 3, 2000. As of December 31, 2002 OLC had consolidated assets of \$136 million. OLC has no other operating subsidiaries.

As of December 31, 2002, OLB had approximately \$78 million in outstanding net loans and deposits of approximately \$119 million, for a net loan-to-deposit ratio of 69 percent. OLB had approximately \$14 million in Tier One capital. The gross loan portfolio consisted of the following:

<b>Loan Category</b>	<b>\$(000s)</b>	<b>percent</b>
Residential Real Estate	\$ 43,271	54.61%
Commercial Real Estate	\$ 23,801	30.04%
Commercial	\$ 9,433	11.91%
Consumer Loans	\$ 1,689	2.13%
Agricultural Loans	\$ 777	0.98%
Other	\$ 260	0.33%
<b>Total</b>	<b>\$ 79,231</b>	<b>100.00%</b>

OLB has three full-service locations, with the main office located in the city of Wooster, and branch offices located in Millersburg, and Canton, respectively. Each branch has an automated

teller machine (ATM) and the Millersburg office has an additional stand-alone ATM. The bank is a traditional retail lender primarily focused on residential and commercial real estate lending. Consumer and Agricultural loans are not primary loan products.

This is the first CRA performance evaluation since OLB was chartered on October 3, 2000. There are no financial conditions, legal constraints or other factors that would hinder its ability to meet the credit needs of its community.

## **DESCRIPTION OF ASSESSMENT AREAS:**

OLB has two assessment areas (AAs): the **Wayne-Holmes Counties AA**, which includes all portions of Wayne and Holmes counties including the City of Wooster; and the **Stark County AA**, which comprises a small portion of the Canton-Massillon MSA. The AAs are contiguous.

### **Wayne-Holmes Counties non-MSA AA**

This AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. Within the AA there are no low-income geographies, 1 moderate-income geography, 29 middle-income geographies, and 8 upper-income geographies.

Competitors in the AA include large commercial banks as well as several local community banks and savings banks.

The unemployment rate as of February 2003 for Wooster and Holmes counties is 5.9 percent and 4.2 percent, respectively. The unemployment rate in Stark County is 6.2 percent. These unemployment rates are slightly below the Ohio state average of 6.6 percent. Historically, the Wayne County economy is manufacturing oriented. Wholesale and retail trade is also a primary industry, closely followed by services and government. Wayne County is one of the most productive agricultural counties in the state of Ohio and is the site of the OSU Agricultural Research & Development Center and OSU Agricultural Institute. The City of Wooster is the retail and economic center of the county.

The HUD 2002 adjusted median family income in the AA is \$48,700. Based on 1990 census data, approximately 16 percent of the families in the AA are low-income and approximately 18 percent of the families are moderate-income. In addition, approximately 11 percent of the households are below poverty level. The 1990 median housing value is \$65,032.

Competitors in the AA include, but are not limited to a large commercial bank as well as local community banks and savings banks.

Holmes County is primarily rural with a large Amish population. The town of Millersburg is its retail center.

We determined the community's credit needs by contacting representatives from local housing and community service agencies and small business development organizations. Information regarding community credit needs was also obtained from bank management and the CED Community Affairs Officer.

We identified the following credit and non-credit related needs in this AA:

- Affordable housing (i.e. single family rental, multifamily rental, homeownership and rehabilitation) for low- and moderate-income individuals.
- Small business working capital loans to existing and start-up businesses in amounts of \$100M and less. Technical assistance to new and existing small businesses was also identified as a need.
- Social services to low- and moderate-income families, including child care services, counseling and job training, credit and home ownership, food donation, and health care services.

### **Stark County AA**

This AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. Within the AA there are 5 low-income geographies, 15 moderate-income geographies, 44 middle-income geographies, and 11 upper income geographies.

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Competitors in the AA include several large commercial banks as well as local community banks.

The 2002 HUD adjusted median family income in the Stark County MA portion of the assessment area is \$51,900. Based on 1990 census data, approximately 18 percent of the families in the AA are low-income and approximately 18 percent of the families are moderate-income. In addition, approximately 11 percent of the households are below poverty level. The 1990 median housing value is \$56,477.

Stark County is the headquarters of major manufacturers such as The Timken Company, The Hoover Company and Diebold, Inc. The city of Canton is its retail center.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio:**

OLB's net loan-to-deposit ratio as of December 31, 2002 is reasonable at 66 percent. The bank's average quarterly net loan-to-deposit ratio from December 31, 2000 to December 31, 2002 was 68.9 percent. In comparison, the peer average quarterly net loan-to-deposit ratio ranged from 66.9 percent to 74.7 percent. The peer group was chosen based on an asset size range of \$100-250 million and locations in Wayne and Holmes counties. Over the last eight quarters OLB's net loan-to deposit ratio averaged 68.9 percent.

### **Lending in Assessment Area**

OLB's record of lending within its AAs is excellent. A substantial majority of the bank's loans are made within its AAs. The following table details the bank's lending within the AAs by number of loan originations and dollar volume since it was chartered.

Loans Originated in Assessment Area						
Loan Type	# in AAs	\$ in AAs (000's)	Total #	Total \$ (000's)	Percent # in AAs	Percent \$ in AAs
Home Purchase*	62	\$6,134	67	\$6,636	92.5%	92.4%
Home Refinance*	53	\$6,329	60	\$7,607	88.3%	83.2%
Home Improvement*	10	\$99	10	\$99	100.0%	100.0%
Total HMDA*	125	\$14,891	137	\$16,982	92.4%	87.6%
Business/Commercial/Agricultural**	18	\$2,292	20	\$2,397	90.0%	95.6%

\* Represents loans originated in 2002 as reported under the Home Mortgage Disclosure Act.

\*\* Represents sample of 20 loans selected from 10/3/00 through 3/31/03.

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

#### *Wayne & Holmes Counties AA*

The bank's record of extending credit to individuals of different income levels reflects reasonable penetration among individuals of different income levels, including low- and moderate-income and businesses of different sizes. Both loans to low- and moderate-income borrowers and to small businesses are primary credit needs in this AA.

#### HMDA Loan Originations -

The borrower distribution of home purchase loans is good. Home purchase loans made to low-income borrowers (10.81 percent) were below the percentage of low-income families (16.03 percent) within the non-MSA AA. However, home purchase loans made to moderate-income borrowers (21.62 percent) exceeded the percentage of moderate-income families (18.15 percent) within this AA. Since it began reporting its home mortgage loans in 2002, the bank made 39 home purchase loans within this AA. Four loans (10.3 percent) totaling \$264 thousand were made to low-income borrowers and 8 loans (20.5 percent) totaling \$776 thousand were made to moderate-income borrowers.

The borrower distribution of home refinance loans is good. Home refinance loans made to low-income borrowers (7.69 percent) are below the percentage of low-income families (16.03 percent) within the AA. However, home refinance loans made to moderate-income borrowers (28.21 percent) exceeded the percentage of moderate-income families (18.15 percent) within this AA. Since it began reporting its home mortgage loans in 2002, the bank made 39 home refinance loans within the AA. Three loans (7.7 percent) totaling \$163 thousand were made to low-income borrowers and eleven loans (28.2 percent) totaling \$724 thousand were made to moderate-income borrowers.

#### Home Improvement Originations-

Home Improvement loans were not evaluated for the Wayne & Holmes Counties AA because they do not represent a primary product type in this AA.

Borrower Income Level	Wayne-Holmes Counties AA Percentage of HMDA Loans								Percentage of Families in AA***
	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans* **		
	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	
<b>Low</b>	10.81	6.34	11.11	1.20	7.69	4.36	9.41	5.36	16.03
<b>Moderate</b>	21.62	18.65	0.00	0.00	28.21	19.38	22.35	18.80	18.15
<b>Middle</b>	29.73	20.60	0.00	0.00	12.82	14.36	18.88	17.56	25.46
<b>Upper</b>	37.84	54.41	88.89	98.80	51.28	61.69	49.41	58.28	40.35

\* Represents loans originated in 2002 as reported under the Home Mortgage Disclosure Act.

\*\* No income information was available for 4.49% of loans originated and purchased by the bank.

\*\*\* Percentage of Families is based on 1990 Census information.

#### Commercial Loan Originations -

The borrower distribution of commercial loans within the Wayne-Holmes Counties AA is excellent. Of the 20 commercial loans reviewed, 19 loans (95.00 percent) totaling \$2.4 million (97.00 percent) were made to businesses with annual revenues of less than \$1 million. This exceeds the percentage of businesses (77.35 percent) with revenues of \$1 million or less in this AA. The distribution analysis of commercial loans was based on a sample of 20 loans that were made within this AA during the evaluation period.

Wayne-Holmes Counties AA Lending to Businesses of Different Sizes								
Revenue Ranges	\$1 Million or Less				Greater than \$1 Million			
	#	percent	\$ (000s)	percent	#	percent	\$ (000s)	percent
<b>Total</b>	19	95.0%	\$2,406	97.0%	1	5.0%	\$75	3.0%

#### Agricultural Loan Originations -

Agricultural loans were not evaluated for Wayne-Holmes Counties AA because they do not represent a primary product type in this AA.

#### Consumer Loan Originations -

Consumer loans were not evaluated for Wayne-Holmes Counties AA because they do not represent a primary product type in this AA.

#### **Stark County AA**

The bank's record of extending credit to individuals of different income levels reflects reasonable penetration among individuals of different income levels, including low- and moderate-income and businesses of different sizes.

#### HMDA Loan Originations -

The borrower distribution of home purchase loans is reasonable. Non-multi family home purchase loans made to low-income borrowers (50.00 percent) exceeded the percentage of low-income families (17.76 percent) within the AA. In addition, non-multi family home purchase loans made to moderate-income borrowers (41.67 percent) exceeded the percentage of moderate-income families (18.13 percent) within this AA. The bank's performance in this category considers that a complete analysis could not be performed due to the significant percentage of loans for which income information was not provided. Since it began reporting its home

mortgage loans in 2002, the bank made 23 home purchase loans within this AA. Six loans (26.1 percent) totaling \$212 thousand were made to low-income borrowers and 5 loans (21.7 percent) totaling \$542 thousand were made to moderate-income borrowers. Eleven loans (47.8) totaling \$945 thousand were made to borrowers to purchase multi-family or non-owner occupied units for which borrower income information was not provided.

The borrower distribution of home refinance loans is good. Home refinance loans made to low-income borrowers (40.00 percent) exceeds the percentage of low-income families (17.76 percent) within the AA. Home refinance loans made to moderate-income borrowers (10.00 percent) is below the percentage of moderate-income families (18.13 percent) within this AA. The bank's performance in this category considers that a complete analysis could not be performed due to the significant percentage of loans for which income information was not provided. Since it began reporting its home mortgage loans in 2002, the bank made 14 home refinance loans within the AA. Four loans (28.6 percent) totaling \$397 thousand were made to low-income borrowers and one loan (7.1 percent) totaling \$148 thousand were made to moderate-income borrowers. Four loans (28.6 percent) totaling \$192 thousand were made to borrowers to purchase multi-family or non-owner occupied units for which borrower income information was not provided.

**Home Improvement Originations-**

Home Improvement loans were not evaluated for the Stark County AA because they do not represent a primary product type in this AA.

Borrower Income Level	Stark County AA Percentage of HMDA Loans								Percentage of Families in AA***
	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans* **		
	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	
<b>Low</b>	50.00	24.91	0.00	0.00	40.00	16.53	43.48	18.63	17.76
<b>Moderate</b>	41.67	63.69	0.00	0.00	10.00	6.16	26.09	21.11	18.13
<b>Middle</b>	0.00	0.00	0.00	0.00	10.00	4.20	4.35	3.09	25.09
<b>Upper</b>	8.33	11.40	100.00	100.00	40.00	73.11	26.09	57.17	39.03

\* Represents loans originated in 2002 as reported under the Home Mortgage Disclosure Act.

\*\* No income information was available for 54% of loans originated and purchased by the bank.

\*\*\* Percentage of Families is based on 1990 Census information.

**Commercial Loan Originations -**

The borrower distribution of commercial loans within the Stark County AA is excellent. Of the 20 commercial loans reviewed, 19 loans (95.00 percent) totaling \$4.7 million (97.00 percent) were made to businesses with annual revenues of less than \$1 million. This exceeds the percentage of businesses (78.49 percent) with revenues of \$1 million or less in this AA. The distribution analysis of commercial loans was based on a sample of 20 loans that were made within this AA during the evaluation period.

Stark County AA Lending to Businesses of Different Sizes		
Revenue	\$1 Million or Less	Greater than \$1 Million



Ranges	#	percent	\$ (000s)	percent	#	percent	\$ (000s)	percent
<b>Total</b>	19	95.0%	\$4,688	93.57%	1	5.0%	\$322	6.43%

**Agricultural Loan Originations -**

Agricultural loans were not evaluated for the Stark County AA because they do not represent a primary product type in this AA.

**Consumer Loan Originations -**

Consumer loans were not evaluated for the Stark County AA because they do not represent a primary product type in this AA.

**Geographic Distribution of Loans**

**Wayne & Holmes Counties AA**

This AA is made up of 38 geographies, none of which are low-income, one is moderate-income, 29 are middle-income, and 8 are upper-income.

The geographic distribution of the bank's home mortgage loans and commercial loans reflects a reasonable penetration throughout the AA's middle- and upper-income geographies. Although the bank made no home mortgage loans in the AA's one moderate-income geography, only 3.21 percent of the AA's owner-occupied units are located in the AA's one moderate-income census tract. There are no OLB branches located within 10 miles of this geography. This limits the bank's ability to lend in this area.

Census Tract Income Level	Wayne-Holmes Counties AA Percentage of HMDA Loans								Percentage of Owner-Occupied Units in AA
	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans*		
	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	
<b>Low</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Moderate</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.21
<b>Middle</b>	79.04	73.17	100.00	100.00	92.31	90.71	84.27	82.16	79.04
<b>Upper</b>	17.74	26.83	0.00	0.00	7.69	9.29	15.73	17.84	17.74

\* Represents loans originated in 2002 as reported under the Home Mortgage Disclosure Act.

**Commercial Loan Originations -**

The geographic distribution of commercial loans is reasonable. The geographic analysis of commercial loans was based on a sample of 20 loans that were made within the bank's AA during the evaluation period. OLB made one loan (5.0 percent) in the AA's only moderate-income geography where 2.99 percent of the AA's businesses are located. This is considered reasonable since the moderate-income geography is not in close proximity to the bank's branch locations.

**Agricultural Loan Originations -**

Agricultural loans were not evaluated for Wayne-Holmes Counties AA because they do not represent a primary product type in this AA.

**Consumer Loan Originations -**

Consumer loans were not evaluated for Wayne-Holmes Counties AA because they do not represent a primary product type in this AA.

***Stark County AA***

This AA is made up of 75 geographies, 5 of which are low-income, 15 are moderate-income, 44 are middle-income, and 11 are upper-income.

The geographic distribution of the bank's home mortgage loans and commercial loans reflects reasonable dispersion throughout the AA. Agricultural loans and home improvement loans were not evaluated for the AA because they do not represent a primary product type in the AA.

**HMDA Loan Originations -**

The geographic distribution of home purchase loans within this AA is good. Home purchase loans made in low-income geographies (4.35 percent) exceeds the percentage of owner-occupied units in low-income geographies (2.05 percent) within the AA. Home purchase loans made in moderate-income geographies (26.09 percent) exceeds the percentage of owner-occupied units in moderate-income geographies (13.69 percent) within the AA.

The geographic distribution of home refinance loans within this AA is reasonable. Home refinance loans made in low-income geographies (14.29 percent) exceeds the percentage of owner-occupied units in low-income geographies (2.05 percent) within the AA. However, home refinance loans made in moderate-income geographies (7.14 percent) is below the percentage of owner-occupied units in moderate-income geographies (13.69 percent) within the AA.

Census Tract Income Level	Stark County AA Percentage of HMDA Loans								Percentage of Owner-Occupied Units in AA
	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans* **		
	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	
<b>Low</b>	4.35	5.35	0.00	0.00	14.29	7.71	8.00	4.24	2.05
<b>Moderate</b>	26.09	19.43	0.00	0.00	7.14	1.54	18.00	6.97	13.69
<b>Middle</b>	60.87	60.41	0.00	0.00	35.71	12.88	54.00	59.05	61.26
<b>Upper</b>	8.70	14.81	100.00	100.00	42.86	77.87	20.00	29.74	23.00

\* Represents loans originated in 2002 as reported under the Home Mortgage Disclosure Act.

\*\* Includes multi-family originations

**Commercial Loan Originations -**

The geographic distribution of commercial loans is reasonable. The geographic analysis of commercial loans was based on a sample of 20 loans that were made within the bank's AA during the evaluation period. One of the sampled loans (5 percent) was made in low-income geography and one other of the sampled loans (5 percent) was made in a moderate-income geography. The percentages of businesses within those geographies are 6.76 percent and 10.80 percent respectively.

Home Improvement Loan Originations -  
Home Improvement loans were not evaluated for the Stark County AA because they do not represent a primary product type in this AA.

Agricultural Loan Originations -  
Agricultural loans were not evaluated for Stark County AA because they do not represent a primary product type in this AA.

Consumer Loan Originations -  
Consumer loans were not evaluated for Stark County AA because they do not represent a primary product type in this AA.

### ***Responses to Complaints***

OLB has not received any written complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

### **Fair Lending Review**

An analysis of recent public comments and consumer compliant information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. OLB has not received a comprehensive fair lending exam since its charter date in October, 2000.