



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 1, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community National Bank
Charter Number: 1368

4811 US Route 5
Derby, VT 05829

Office of the Comptroller of the Currency

New England Field Office
20 Winthrop Square, Suite 200
Boston, MA 02110

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.

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

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- Community National Bank's (CNB) loan-to-deposit ratio is more than reasonable.
- A substantial majority of CNB's primary loan products were originated within the bank's assessment area.
- CNB's geographical distribution of loans reflects excellent penetration throughout the assessment area.
- CNB was found to have reasonable dispersion among borrowers of different income levels and businesses of different sizes.
- CNB's responsiveness to community development needs and opportunities in its assessment area is excellent.

Scope of Examination

Community National Bank (CNB) was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The lending test for CNB covers its performance from January 1, 2005 through December 31, 2007, as this is representative of its lending strategy since the last CRA examination. The evaluation period for the CD test is from August 17, 2005 through April 1, 2008. CD loans, investments, and services submitted by management were verified to ensure that they met the regulatory definition for community development.

CNB's primary loan products are home mortgage and small business loans. The bank is not required to report data under the requirements of the Home Mortgage Disclosure Act (HMDA) or the Community Reinvestment Act (CRA) small business loans. Therefore, in order to evaluate the bank's home mortgage lending performance, we selected a sample of 60 home purchase and refinance loans made from January 1, 2005 through December 31, 2007. We also selected a sample of 46 CRA small business loans made from January 1, 2005

through December 31, 2007 to evaluate the bank's small business lending performance. The home purchase and refinance loans were given more weight than the small business loans during the exam due to volume.

On December 31, 2007, CNB purchased LyndonBank and acquired the majority of its branches. Therefore, CNB's asset size and assessment area have increased significantly. However, since the acquisition of LyndonBank was very recent it was not considered during our evaluation.

Description of Institution

CNB is a full-service intrastate bank headquartered in Derby, Vermont. As of December 31, 2007, CNB had total assets of \$372 million and Tier 1 Capital of \$46 million. CNB is wholly owned by Community Bancorp, a one-bank holding company with consolidated assets of \$502 million. The bank does not have any subsidiaries. However, it owns a one-third interest with two unaffiliated financial institutions in Community Financial Services Partners, LLC, which in turn owns 100% of the equity interest in Community Financial Services Group, LLC. Community Financial Services Group is a Vermont-chartered non-depository trust company headquartered in Newport, VT. We did not consider the trust company's activities in this evaluation.

On December 31, 2007, CNB purchased LyndonBank and acquired five of its branches. CNB did not open or close any branches besides those acquired in the merger. With the LyndonBank acquisition, CNB now has a total of fourteen full-service offices/branches, all with deposit-taking ATMs, as well as eight other ATM locations throughout the area. The acquisition has expanded CNB's AA into two new counties, Franklin and Lamoille. With the addition of Franklin County, part of CNB's AA is now in the Burlington-South Burlington, VT Metropolitan Statistical Area (#15540). However, since the acquisition of LyndonBank occurred at the end of 2007, CNB's new AA was not used during the examination. Instead, CNB's previous four-county AA consisting of Orleans, Essex, Caledonia, and Washington Counties was used.

The bank offers a full range of consumer and commercial banking products and services. Commercial customers are primarily small and medium size businesses in a variety of industries. Commercial loan products include secured and unsecured business loans, commercial real estate mortgages, farm loans, and commercial leases. Products available to small businesses include guaranteed loan programs through the Small Business Administration, Rural Development, and Northern Community Investment Corporation. Consumer loan products include fixed and adjustable rate mortgages, home equity lines of credit, home improvement, automobile, mobile home, credit cards, and personal notes. Through its Municipal Services department, the bank has made different types of loans to municipalities that include current expense notes, tax anticipation loans,

road equipment notes, grant anticipation notes, bond anticipation notes, and capital improvement loans. Bank management has identified affordable housing and assistance to small businesses as primary credit needs in the assessment area.

As of December 31, 2007, CNB reported net loans of \$258 million and had a net loans and leases to total assets ratio of 69%. The total loan portfolio of \$260 million is 86% real estate, 8% commercial & other loans, and 6% consumer.

Loan Portfolio Summary by Loan Product December 31, 2007	
Loan Category	% of Gross Loans and Leases
Home Mortgage Loans	60.9%
Commercial RE Loans	19.5%
Commercial & Industrial	7.2%
Consumer Loans	6.2%
Construction and Land Development	3.7%
Other Loans	2.5%

The bank has no financial or legal impediments to meeting the credit needs of the community. The bank was rated “Outstanding” at the last CRA examination using large bank procedures dated August 16, 2005.

Description of Assessment Area

CNB has one assessment area in Northeastern Vermont, which is described below.

CNB’s Assessment Area (AA)

CNB’s AA is comprised of four complete counties; Orleans, Essex, Caledonia and Washington Counties. These counties are located in Northeastern Vermont and are not located in a Metropolitan Statistical Area. In Orleans County, the total ten census tracts are comprised of six moderate-income geographies and four middle-income geographies which have been designated as underserved. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Here is a summary of some demographic information for the AA:

Demographic Information for CNB's AA					
Income Level	Total #	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	43	0%	20.93%	62.79%	16.28%
Population by Geography	120,477	0%	18.10%	66.84%	15.06%
Owner-Occupied Housing by Geography	34,517	0%	18.26%	65.65%	16.09%
Businesses by Geography	11,840	0%	17.20%	64.70%	18.10%
Farms by Geography	474	0%	25.32%	63.71%	10.97%
Family Distribution by Income Level	32,107	20.00%	19.88%	23.96%	36.15%
Household Distribution by Income Level	48,377	24.46%	17.77%	20.20%	37.57%
Census Median Family Income (MFI)		\$46,084	Median Housing Value		\$95,416
HUD-Adjusted MFI: 2007		\$57,300	Families Below the Poverty Level		11.17%
			Unemployment Rate		5.0%*

Source: 2000 U.S. Census Data

* State of Vermont 2/08 unemployment rate, not seasonally adjusted

The current local economy for Northeastern Vermont is described as challenged due to a low workforce population and few large employers. The primary industries in the area are logging, dairy, furniture making, government, health care, and tourism. Major employers in Northeastern Vermont include Ethan Allen, Newport Hospital, Columbia Forest Products, Tivoly Inc., and the state government. The unemployment rate not seasonally adjusted, as of February 2008, for the state of Vermont is 5.0%, compared to the national unemployment rate of 5.2%.

CNB operates in a highly competitive market, with competition from other regional community banks, mortgage companies, savings banks, credit unions, and captive finance companies. The bank's competitors include Passumpsic Savings Bank, Chittenden Trust Company, Northfield Savings Bank, and TD BankNorth N.A.

We held discussions with bank management to determine what they felt were the lending needs in the community. We were informed that there is a lack of affordable housing in the area. Most of the cheaper housing stock is of very poor quality. There are no large apartment complexes in the area and limited new housing construction. The bank is pushing for affordable housing of good quality for low- and moderate-income borrowers. CNB does, however, feel that adequate credit is available for small business borrowers.

In conducting the assessment of the bank's performance, we contacted a local government organization. The contact indicated there was a need for more small business lending and affordable housing for low- and moderate-income

individuals and families. The contact stated that Northeastern Vermont is economically challenged and would like to see more businesses locate into the area. The contact also mentioned the need for additional job training so the local workforce can become more competitive in today's market. In addition, the contact stated that the area needs various infrastructure improvements such as internet, telecommunications, and transportation enhancements.

Conclusions with Respect to Performance Tests

LENDING TEST

CNB's performance under the lending test is outstanding. CNB's loan-to-deposit ratio is more than reasonable. A substantial majority of CNB's primary loan products are within CNB's AA. CNB was found to have reasonable dispersion among borrowers of different income levels and businesses of different sizes. CNB's geographical distribution of loans reflects excellent penetration throughout the AA. The assessment took into account the AA does not contain any low-income census tracts.

All criteria of the lending test are documented below:

Loan-to-Deposit Ratio

CNB's net loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and AA's credit needs. The bank's net loan-to-deposit ratio averaged 88.67% over the last 10 quarters since the previous CRA examination dated August 16, 2005. This ratio ranged from a quarterly low of 84.13% to a quarterly high of 96.71% during the time period. The bank sells mortgages to the secondary market. During the evaluation period, CNB sold over \$86 million of its home loans to the secondary market. If CNB had retained the loans, its loan to deposit ratio would have been approximately 6.61% higher based on the original amount of the mortgages and the average deposit amounts over the time period.

The bank's net loan-to-deposit ratio compares favorably with other financial institutions of similar size, location, and product offerings. The average net loan-to-deposit ratio for the nation-wide peer over the same 10 quarters was 87.07%. The peer ratio ranged from a quarterly low of 85.43% to a quarterly high of 89.46% during the time period.

Lending in Assessment Area

A substantial majority of CNB's primary loan products were made within the bank's AA. The following table details the bank's lending within the AA by number and dollar amount of loans. Ninety-seven percent of both the number

and dollar amount of loans originated in these primary loan products were made within the AA.

Table 1 – Lending in CNB’s AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	17	100	0	0	17	2,115	100	0	0	2,115
Home Refinance	42	97.67	1	2.33	43	4,827	97.48	125	2.52	4,952
Small Business	44	95.65	2	4.35	46	2,551	94.97	135	5.03	2,686
Totals	103	97.17	3	2.83	106	9,493	97.33	260	2.67	9,753

Source: Sampled home purchase, home refinance and small business loan data from 1/1/2005 and 12/31/2007

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

The distribution of loans for the bank’s AA reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Loans

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels.

The percent of home purchases and refinances to low-income families is significantly lower than the percent of low-income families in the AA. Lending opportunities to this group are limited given the median home price in the AA of \$95,416. The maximum income that is considered low-income is \$23,042. Therefore, low-income borrowers would have difficulty qualifying for a home purchase loan. This is reflected in the low number of home purchase loans originated in the 2006 peer mortgage market share data. Only 201 home purchase loans were originated in 2006 to low-income families which represent only 9.92% of the total home purchase loans originated within CNB’s AA. This is well below the 20% of families which are low-income.

In addition, market competition for these home mortgages is very competitive and limits CNB’s ability to originate mortgages to low-income families. Mortgage lending in CNB’s market area is dominated by larger financial and mortgage institutions. Although CNB was not a HMDA filer, when comparing its numbers to all the lenders within the AA using 2006 peer mortgage market share data, CNB would have ranked around 28th out of 51 lenders by count for purchase loans and 21st out of 70 lenders by count for refinance loans to low-income families in the AA. The top 10 lenders in the AA dominated over 60% of the market share for home purchase loans to low-income families. In addition, the

top 10 lenders in the AA dominated over 58% of market share for refinance loans to low-income families.

The percent of home purchase and home refinance loans to moderate-income families meets the percent of moderate-income families in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels for the period of January 1, 2005 through December 31, 2007 as compared to the percent of families in each income category.

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.00	5.88	19.88	17.65	23.96	29.41	36.15	47.06
Home Refinance	20.00	13.95	19.88	18.60	23.96	25.58	36.15	41.86

Source: Sampled home purchase and refinance loans from 1/1/2005 and 12/31/2007 and 2000 U.S. Census data

Business Loans

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. During the loan sampling period, 78.26% of bank loans generated were to small businesses with gross annual revenues of \$1 million or less. This is considered excellent compared to demographic data that shows 58.99% of the area’s businesses are considered small businesses. Another indication the bank is lending to small businesses is the size of the loans. We found that 97.83% of the business loans in our sample were loans under \$250 thousand and the average loan amount was \$41 thousand, which provides additional support for an excellent distribution of loans to small businesses.

The following table shows the distribution of commercial loans among different sized businesses in the AA.

Business Revenues (or Sales)	< \$1,000,000	≥\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	58.99	5.01	36.01	100%
% of Bank Loans in AA by #	78.26	15.22	6.52	100%
% of Bank Loans in AA by \$	21.61	77.66	0.73	100%

Source: small business loans sampled from 1/1/2005 and 12/31/2007 and 2000 U.S. Census data.

Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion throughout the bank's AA.

There was a conspicuous gap of loans identified for the four census tracts located in Essex County within CNB's AA. Through our sample, we identified only one small business loan and no home purchase or refinance loans originated in Essex County. However, lending opportunities for CNB are limited in Essex County due to the limited number of owner-occupied units and small businesses, the income level of the population in Essex County, and low volumes of lending to Essex County as evidenced in the 2006 market share data for both home mortgage and small business loans.

The opportunities for home purchase and refinance lending in Essex County is limited. There are only 2,073 owner-occupied housing units in Essex County or 6% of the total owner-occupied housing units in CNB's AA. Of the total 4,762 housing units in Essex County, approximately 46% were vacant based upon the 2000 census data. The population in Essex County was centered in low- and moderate-income families with 28.4% of the families low-income and 25.0% moderate-income. In addition, 13.9% of the population was below the poverty level. These individuals might have difficulty qualifying for a home purchase or refinance loan based on the median housing price of \$71,246 and average median family income of \$35,189. 2006 Peer Mortgage Market Share Data by County shows only 224 home purchase and refinance loans originated in Essex County which represents only 4.7% of all the home purchase and refinancing loans made in 2006 within CNB's AA. The top seven of the 62 lenders in Essex County only had a 44.6% market share. 50 of the lenders or 80.6% of the total lenders originated less than 5 loans in Essex County in 2006. This again evidences the limited opportunities to lend in Essex County.

Management provided information about home purchase and refinance loans originated in Essex County during the evaluation period. CNB originated 43 home purchase and refinance loans in Essex County which represents 3.3% of the total home purchase and refinance loans originated within CNB's AA during the evaluation period. While slightly lower than the percent of owner-occupied units in Essex County and the percent of home purchase and refinance loans originated in Essex County in 2006, the volume is still reasonable based upon the other limiting factors.

There are limited opportunities for lending to small business loans in Essex County. Therefore, CNB's origination of one small business loan in Essex County in our sample is reasonable as the following analysis. There are only 513 small businesses located in Essex County. Based upon the percentage of business in Essex County at 4.3% of the total number of business in the AA, a sample of 46 loans should have resulted in only 2 small business loans that were

originated in Essex County. The limited lending opportunities is also confirmed by the low number of small business loans based upon the 2006 business market share data. The 170 loans originated in 2006 in Essex County represent 3.4% of the total number of small business loans made within the AA in 2006. If that number was multiplied by the sample of 46, it would be 1.6 loans.

The bank's AA contains no low-income census tracts. Therefore, we did not evaluate lending in these areas.

Home Loans

The bank's geographic distribution of home loans in CNB's AA reflects an excellent dispersion throughout the moderate-income census tracts.

The percent of CNB's lending for home purchase and home refinance loans in the moderate-income geographies significantly exceeds the percent of owner-occupied housing in these geographies.

Following is a table that details the bank's performance as compared to the percentage of owner-occupied housing units in each census tract income level.

Table 3 – Geographic Distribution of Home Purchase and Refinance Loans in CNB's AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	N/A	N/A	18.26	29.41	65.65	64.71	16.09	5.88
Home Refinance	N/A	N/A	18.26	46.51	65.65	48.84	16.09	4.65

Source: Sample home purchase and home refinance loans from 1/1/2005 and 12/31/2007 and 2000 U.S. Census data.

Business Loans

The bank's geographic distribution of business loans reflects excellent dispersion throughout the moderate-income census tracts. CNB has made a significant number of loans to smaller businesses in moderate-income geographies based upon our sample.

Following is a table that details the bank's performance as compared to the percentage of businesses in each census tract income level.

Table 3A – Geographic Distribution of Loans to Businesses in CNB’s AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	N/A	N/A	17.20%	34.78%	64.70%	56.52%	18.10%	6.52%

Source: small business loans sampled from 1/1/2005 and 12/31/200 and 2000 U.S. Census data.

Note: One loan was made out of the country and thus not included in the geographic distribution of loans, thus % of number of loans does not add up to 100%.

Responses to Complaints

CNB did not receive any CRA complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Community Development (CD) Test is rated outstanding. CNB’s community development performance demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. CNB is a leader in providing community development loans in the AA with loans representing 12% of Tier 1 Capital. During the evaluation period, CNB’s CRA qualified investments and donations at approximately 4.5% of Tier 1 Capital demonstrated excellent responsiveness to the community development needs of the AA. CNB is a leader in providing CD services as bank personnel provided financial expertise to ten community development organizations serving the AA.

Number and Amount of Community Development Loans

During this evaluation period, CNB originated or participated in eleven community development loans totaling \$5.5 million, which represent approximately 12% of Tier 1 Capital.

A summary of the CD loans follows:

- A \$200 thousand loan made to a local affordable housing organization that assists low-income Vermonters stabilize their lives by creating safe, decent, and permanently affordable housing and community facilities. The funds were used to bridge financing for a development project for Shattuck Hill Senior Park. This organization serves Essex, Orleans, and Caledonia counties.
- A \$500 thousand line of credit originated during the evaluation period and then renewed once to a non-profit organization that provides affordable

housing for local communities. These loans provided financing for this organization to support its quality affordable housing programs.

- A \$200 thousand line of credit loan originated during the evaluation period and then renewed twice to a non-profit organization that provides affordable housing to low- and moderate-income families. This organization owns and manages several low-income rental properties; develops, purchases, or rehabilitates real estate for sale or rental to low- and moderate-income families; and makes loans to low- and moderate-income families to acquire homes in the community.
- A \$1 million loan to a non-profit Vermont organization that provides home health care services to low- to moderate-income residents in the Northeastern Vermont's rural communities. This loan provided the financing to construct housing for physician practices.
- A \$30 thousand loan to a non-profit housing management company that manages the rental and maintenance of low- to moderate-income housing that is owned by local non-profit affordable housing entities. This loan financed the software management system that allowed the organization to stream line its account functions.
- A \$60 thousand loan to a local organization that arranges for local vocational students to construct a home for a low-income family in central Vermont each year. The home is sold to the family for the cost of construction plus 10%. This loan finances the purchase of materials to build the home.
- A \$1.1 million restructuring loan secured by cash and inventory that allowed a major employer in Orleans County to keep its operations in the town instead of relocating elsewhere. This loan stabilized the moderate-income and underserved middle-income communities in that county as the bank provided interim financing while the company refinanced, keeping 175 people employed.
- A \$1.5 million loan to a major local employer to purchase a building for the purpose of commercial rental space for commercial and industrial entities. This was a stabilizing loan to the moderate-income community, as the employer would have had to close the business if someone did not buy the building. This loan assisted in keeping and creating new job opportunities.

Number and Amount of Qualified Investments

During the evaluation period, CNB made 33 qualifying grants, donations, or investments totaling \$2 million in the AA representing 4.53% of Tier 1 Capital.

CNB made investments totaling \$2.1 million in partnerships eligible for low-income housing tax credits. The nine limited partnerships develop affordable housing projects in the assessment area. During the evaluation period, CNB made eight investments in three different partnerships totaling \$806 thousand. Prior period investments outstanding as of April 1, 2008 totaled \$1.3 million. CNB has eight remaining investments in seven different partnerships from prior period investments.

The bank made seventeen qualifying donations to eleven different organizations totaling over \$32 thousand during the evaluation period. These donations benefit low- and moderate-income individuals and families in the assessment area.

Extent to Which the Bank Provides Community Development Services

Of CNB's nine branches, four are in moderate-income census tracts, and two are adjacent to moderate-income census tracts. Therefore, CNB operates 44.4% of its branches in moderate-income geographies, which significantly exceeds the 18.10% of the population living in moderate-income geographies. This shows that CNB provides a strong financial presence in moderate-income census tracts, and indicates that the bank is helping to provide retail and community development services to the lower-income areas of the AA. This is also evidenced by the CNB's products, which include free checking accounts with no minimum balance, free savings accounts, and electronic transfer accounts. The bank also offers weekly payment plans to benefit those customers who are paid weekly, as well as an individual development account (IDA), designed as a matched savings program account for low- and moderate-income customers. These services generally help to increase access to financial services for low- and moderate-income individuals.

During the evaluation period, seven bank employees provided financial expertise and leadership services to ten different qualifying community development organizations serving the AA. The bank provides an outstanding level of community development services. The following are the CD services provided by CNB in which employees hold key financial positions:

- **Vermont Council on Rural Development** (The organization operates as a partnership of federal, state, local, non-profit, and private partners and targets low- and moderate-income individuals in Vermont rural communities. The group provides financial support for rural community housing.)
 - Board Vice Chair, Executive Committee

- **Vermont Community Foundation** (A statewide public charity that targets low- and moderate-income individuals and families in Vermont to receive services, education, and shelter.)
-Nominating Committee, Director
- **Northeastern Vermont Development Association** (supports sustainable job programs and business development. The group targets low- and moderate-income individuals and families in Vermont to receive services, education, and shelter.)
-Board Member
- **Gilman Housing Trust** (Creates and preserves affordable housing for low- and moderate-income persons. The organization is the largest rural regional housing non-profit organization in Vermont with offices in Newport.)
-Chair, Mortgage Committee Member
- **Franklin Home Health Agency** (Provides high quality health care programs and related support services in a community setting to low-income elderly and people with disabilities in need of homemaking support to stay independent in their homes.)
-Finance Committee, Chair
- **Housing Vermont** (A housing organization that creates permanently affordable rental housing for Vermonters through partnerships with local organizations, public agencies, and the private sector.)
-Board Member
- **Northeast Kingdom Community Action** (The group targets low- and moderate-income individuals and families to assist them become homeowners as well as assistance in paying rent.)
-Finance Committee, Chair
- **Central VT Community Land Trust** (A non-profit community housing development organization that acquires and retains permanent ownership of underlying parcels of land for use with affordable housing programs. The group also participates in Home Buyer Workshops.)
- Board Member, Mortgage Originator
- **Vermont Housing Finance Agency** (A state housing agency that targets low- and moderate-income individuals and families for affordable housing.)
-Vice Chair, Board of Commissioners
- **Vermont Housing and Conservation Board** (Funds the acquisition, rehabilitation and construction of affordable housing by non-profit housing organizations.)
-Executive Director

In addition to the staff's assistance to community development organizations and activities described above, the bank is actively involved in financial literacy efforts throughout its community. Gilman Housing Trust, an affordable housing organization, co-sponsored this program. These activities include participating in first time homebuyer seminars. CNB conducted five training sessions for first time homebuyers during the evaluation period.

Responsiveness to Community Development Needs

CNB's community development activities, as a whole, demonstrate excellent responsiveness to the needs and opportunities in this AA. Identified needs include affordable housing and economic development. CNB met these needs by investments eligible for tax credits for low-income housing. CNB is a demonstrated leader in providing CD loans, investments, and services to Gilman Housing Trust, an affordable housing organization serving the AA. CNB made qualifying grants, donations, and investments that represent 4.53% of Tier 1 Capital. The majority of these investments were made to organizations that target affordable housing and economic development. Of CNB's CD loans, eight were to organizations that offer affordable housing, while two provide economic stabilization and revitalization to the AA, and one provides health care to low-income individuals. CNB's CD services also contribute to its excellent responsiveness to the needs in the AA, as its employees hold positions on eight organizations that deal with affordable housing, one organization that promotes economic development, and one organization that provides health care to low-income individuals.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.