



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

November 17, 2008

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Landmark Bank, N. A.  
Charter Number: 23658

2600 Commercial Boulevard  
Fort Lauderdale, Florida 33308

Office of the Comptroller of the Currency

South Florida Field Office  
9800 NW 41<sup>st</sup> Street, Suite 120  
Miami, Florida 33178

**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 Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors that support this rating include:

- Since the last examination, the bank's average quarterly loan-to-deposit ratio exceeds the standard for satisfactory.
- A majority of loan originations are within the bank's assessment area.
- The distribution of loans among businesses of different sizes exceeds the standard for satisfactory.
- The geographic distribution of loans reflects excellent distribution within the assessment area.
- The level and responsiveness of community development lending, investments and services is good and had a positive impact on the bank's assessment area.

## **Scope of Examination**

This Performance Evaluation assesses the bank's performance under the Lending and Community Development Tests. The evaluation period ranged from September 28, 2005 to November 17, 2008. The Lending Test concentrated on activity from January 1, 2006 to September 30, 2008. The Community Development Test concentrated on activity from September 28, 2005, the date of the last examination, to November 17, 2008.

In evaluating the bank's lending performance, we reviewed loans to businesses, the bank's primary loan product. This evaluation is based on accurate data. Loan reports and community development loans, investments, and services submitted by bank management were verified to ensure accuracy and that, where applicable, they met the regulatory definition for community development.

## **Description of Institution**

Landmark Bank, N.A. (Landmark), established in 1998, is an intrastate community bank headquartered in Fort Lauderdale (Broward County), Florida. Giant Holdings, Inc., also headquartered in Fort Lauderdale, wholly owns the bank. Landmark's headquarters office, located in an upper-income census tract, is the only banking location. The bank offers a variety of consumer and commercial deposit services at its office, but deposits are primarily (81%) obtained through giantbank.com, the Internet banking division of Landmark. This method of deposit gathering attracts customers from throughout the United States. Of the deposits obtained through giantbank.com, approximately 27 percent are from the state of Florida and of those

deposits approximately 36 percent are from the bank's assessment area.

A variety of consumer and commercial loan products are offered at the bank's office however, the bank's primary focus is business lending, including multi-family housing loans. A complete listing of the products and services offered by the bank can be found in its CRA Public File.

As of September 30, 2008 the bank had total assets of \$340 million and total deposits of \$274 million. Total loans (net of unearned income and allowance), which represent 88 percent of total assets, equaled \$298 million and consisted of 73 percent commercial real estate loans and 21 percent multi-family housing loans. The remainder of the loan portfolio is comprised of residential mortgage loans, commercial loans, and construction/land development loans. Tier one capital was \$40 million.

There are no legal, financial, or other factors to impede the bank's ability to meet the credit needs in its assessment area. At its last CRA examination, dated September 28, 2005, the bank was rated satisfactory using Small Bank CRA Examination Procedures. This is the first time the bank is being evaluated using Intermediate Small Bank Examination Procedures.

## **Description of the Assessment Area**

Landmark's assessment area is comprised of all of Broward County, which is equivalent to Metropolitan Division 22744 (Fort Lauderdale-Pompano Beach-Deerfield Beach, FL). The assessment area meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas.

Based on the 2000 Census, the assessment area consists of 279 census tracts of which 13 (5%) are low-income, 71 (25%) are moderate-income, 117 (42%) are middle-income, and 78 (28%) are upper-income. In 2008, the HUD Adjusted Median Family Income for Broward County is \$64,000.

According to the 2000 Census the total population of the assessment area is 1.6 million. Owner occupancy is high in the overall assessment area reaching 61 percent based on the 2000 Census, however, in low-income geographies owner occupancy is only 25 percent, indicating a need for affordable rental housing.

Housing costs in Broward County continue to be high, but have declined since the beginning of 2006 as the housing boom came to an end. The National Association of Realtors estimated the median sales price of an existing single-family home in the Fort Lauderdale-Miami-Palm Beach Metropolitan area to be approximately \$310,000 during the second quarter of 2008, almost the exact figure it was at the same time in 2004. However, much lower prices are currently being advertised for "distress sales". In the assessment area the amount of time a home stays on the market before being sold is approximately six months, according to a report released in October by Altos Research and Real IQ, indicating a limited market for mortgage loans.

According to Realty Trac, for the second quarter of 2008 Broward County has the fifth highest level of home foreclosures in the nation providing the potential for community organizations to

obtain such properties, rehabilitate them, and make them available to low- and moderate-income families. State and federal funds (through the Department of Housing and Urban Development) are being made available for this purpose in order to stabilize neighborhoods hit hardest by foreclosures. Broward County is slated to receive \$17.8 million in federal funds. According to a community contact made for this examination, foreclosure recovery programs are a critical need in the assessment area.

Economic issues have not escaped Broward County as the decline in real estate, construction and construction-related jobs, a mainstay of the local economy, have driven the unemployment rate to 6.3 percent in September for the overall Metropolitan Division, compared with a statewide rate of 6.6 percent. Education and health services continue to provide job opportunities. Even jobs in tourism are being negatively impacted. Broward Alliance, an economic development group working to attract new businesses to Broward County, recently announced that it is raising funds from several large businesses already located there, in order to expand its efforts to attract new businesses and jobs. All of these factors indicate a need for lending to businesses.

Based on 2008 Dunn & Bradstreet data there are approximately 245 thousand non-farm businesses in the Broward County assessment area of which 67 percent are considered to be small business, with revenues of \$1 million or less. The majority (73%) of all non-farm businesses are concentrated in the county's middle-and upper-income geographies.

Banking competition within the assessment area is high. In addition to community and mid-size banks, branches of the largest banks in the country operate in Broward County. As of June 30, 2008, there were 67 deposit taking financial institutions in Broward County operating 474 branches. In terms of deposits, Landmark is ranked 15th, with a deposit market share of .77 percent.

Opportunities for community development lending and investments throughout the bank's Broward County assessment area have become limited, being more prevalent in the earlier part of the evaluation period. The impact of the mortgage crisis has caused community development organizations to change their focus from new construction to acquiring foreclosed properties, rehabilitating them, and then making them available for rent or for sale to low- and moderate-income persons or families. Also, stabilizing neighborhoods in high foreclosure areas is a high priority with non-profits working in affordable housing. Many organizations are working on establishing the best plans to accomplish these new goals, limiting banks' immediate opportunities to technical support, foreclosure assistance programs, and donations.

Mortgage-backed securities, once a common community development investment particularly for small-intermediate institutions, are no longer in high demand. Opportunities exist to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing and community services for low- and moderate-income persons, particularly in the areas of job training and job placement. Economic development and revitalization and stabilization opportunities exist in the assessment area. There are local and state designated zones targeted for redevelopment by revitalizing the areas and/or attracting new businesses and expanding existing ones.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank’s performance under the Lending Test is rated “outstanding”.

#### Loan-to-Deposit Ratio

The bank’s loan-to-deposit ratio exceeds the standard for satisfactory performance. Landmark’s quarterly average loan-to-deposit ratio since the last CRA examination is 105.65 percent. This ratio is more than reasonable. For the same period, the average quarterly loan-to-deposit ratio of peer group banks operating in the state of Florida is 90.35 percent, ranging from a low of 29.14 percent to a high of 111.17 percent. No peer group banks operate in the bank’s assessment area eliminating any direct comparisons.

#### Lending in Assessment Area

Lending in the assessment area meets the standard for satisfactory performance. A majority of loan originations are in the bank’s assessment area. Overall, 80 percent of loans by number and 73 percent by dollar of loans originated during the evaluation period were originated in Landmark’s assessment area.

<b>Table 1 - Lending in the Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	82	80%	21	20%	103	68,985	73%	25,284	27%	94,269

Source: Bank loan origination reports.

Of the loans outside the bank’s assessment area four loans totaling \$4 million are in Boca Raton. Boca Raton is located in Palm Beach County and is immediately adjacent to the bank’s Broward County assessment area.

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

Overall, the distribution of borrowers exceeds the standard for satisfactory performance, given the demographics of the assessment area.

The distribution of loans to businesses of different sizes is more than reasonable. The level of the bank’s loans to small businesses (businesses with revenues of \$1 million or less) exceeds the level of small businesses in the assessment area.

<b>Table 2 – Borrower Distribution of Loans to Businesses in Assessment Area</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.53	3.59	29.88	100%
% of Bank Loans in AA by #	73.17	15.85	10.98	100%

Source: Bank loan origination reports; Dunn and Bradstreet data 2008.

### **Geographic Distribution of Loans**

Overall, the geographic distribution of loans throughout the assessment area exceeds the standard for satisfactory performance, given the demographics of the assessment area.

The geographic distribution of loans to businesses is more than reasonable. In low-income geographies, the percentage of the bank’s loan originations substantially exceeds the level of businesses located there. In moderate-income geographies the percentage of the bank’s loans exceeds the level of businesses located there.

<b>Table 3 - Geographic Distribution of Loans to Businesses in the Assessment Area</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans						
Loans to Businesses	4.66	12.19	25.45	28.05	41.94	41.46	27.96	18.29

Source: Bank loan origination reports; D & B data 2008.

### **Responses to Complaints**

Since the last examination the bank has not received any complaints regarding its CRA performance.

### **COMMUNITY DEVELOPMENT TEST**

The bank’s performance under the Community Development Test is rated “Satisfactory”.

The bank’s community development performance demonstrates good responsiveness to community development needs in its assessment area considering the bank’s capacity and the availability of opportunities for community development throughout the evaluation period in the bank’s assessment area. Responsiveness is concentrated in the bank’s community development loan activities where it helped to provide rental housing units affordable to low- and moderate-income individuals and families, job opportunities through its economic development loans and the revitalization and stabilization of low- and moderate-income geographies. Affordable rental

housing and job opportunities are important needs in the bank's assessment area.

### **Number and Amount of Community Development Loans**

During the evaluation period, Landmark originated 18 community development loans totaling \$6.4 million. Eleven community development loans totaling \$6.4 million, or 34 percent of all community development loan dollars, supported affordable rental housing opportunities for low- and moderate-income individuals and families in the bank's assessment area. These were primarily loans to investors to purchase multi-family rental units in low- and moderate-income geographies of Broward County. Five loans totaling \$8.9 million or 47 percent of total community development loan dollars were to help revitalize and stabilize low- and moderate-income geographies in the bank's assessment area. These loans generally had as their primary purpose the purchase and/or rehabilitation of business locations such as shopping centers and hotels in order for the locations to remain viable, providing jobs and goods and services to local residents. The purpose of the remaining loans met the definition of economic development and will help to provide jobs in the assessment area with salaries that are within the range of low- and moderate-income.

In addition, the bank originated six loans totaling \$10.8 million that meet the definition of community development but are outside the bank's assessment area.

### **Number and Amount of Qualified Investments**

The bank had two qualified investments equaling \$76,000. One investment is a \$75,000 deposit in a minority-owned financial institution located in Miami and the other a donation of computer equipment to a non-profit organization that provides community services to primarily low- and moderate-income persons in the bank's assessment area.

### **Extent to Which the Bank Provides Community Development Services**

The bank has a very limited level of community development services even when consideration is given to the number of bank employees and the level of opportunities in the assessment area. While the bank's branch location is not located in either a low- or moderate-income geography it does offer free checking accounts to customers which require only \$100 to open and have no minimum balance requirements.

### **Responsiveness to Community Development Needs**

Overall, the level and responsiveness of the bank's community development activities is good and they help to meet the assessment area's most relevant needs for affordable housing and new job opportunities. Community contacts consistently rank affordable housing as the most pressing need in Broward County. The need for affordable rental housing has risen significantly

given the level of condo conversions in the early part of the evaluation period and the current high level of foreclosures in the market, making affordable rental housing an even more significant issue according to a community contact made for this examination. Of the 116 affordable rental housing units for which the bank provided financing, about half of the bank's affordable housing loans help to provide rental units that are considered affordable to families or persons who have incomes that are considered low-or moderate-income. The remaining units are affordable to families or persons whose incomes are at the high-end of the moderate-income range.

Economic development and revitalization and stabilization loans help to maintain neighborhoods that are low-and moderate-income and provide jobs in those areas. Current unemployment rates point to the need for the creation of new jobs and the continuation of current job opportunities, particularly among low- and moderate-income employees.

### **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. .