

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Griffin Federal Savings Bank, Griffin, Georgia prepared by the Office of Thrift Supervision, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of October 5, 1992. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings:

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

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

This institution is rated "Satisfactory record of meeting community credit needs" based on the findings presented below.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

The institution has developed an effective program for communicating with members of its local community including community leaders, and civic and government officials.

In an effort to assess local credit needs, the CRA officer has been instrumental in establishing the low-income home loan program at Griffin Federal, and establishing the necessary community contacts in order to promote the product. In addition, the institution has developed and implemented a loan officer call program which encompasses each broker house in the community, including those that serve low- and moderate-income neighborhoods. Contacts with community leaders, government officials, and private developers which serve low- and moderate-income areas are conducted on a regular basis and documented by the CRA Officer. These contacts include formal meetings, telephone conversations, and written correspondence. A report of the information gathered from the contacts is submitted and discussed with the board of directors.

Additionally, the CRA Officer of the institution currently analyzes the demographic data regarding lending activities for the Griffin (Spalding County), Georgia area only. This is considered to be its delineated community, since the institution has its main office located in Griffin. Twelve loan production offices (LPOs) located throughout metropolitan Atlanta represent the institution's effective lending territory as well. The demographic information is collected quarterly and submitted to the board for review.

The CRA officer has assumed an active role in communicating with the local community and identifying needs and developing products to meet those needs.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The board of directors and senior management are an integral part of the institution's CRA process.

The institution's CRA process includes the board of directors, which is provided quarterly updates and information with regard to CRA activities. The board is the oversight and policy arm of the CRA process, and the CRA Officer is the informational source. Activities are carried out through the CRA Officer, with regular reports of these activities submitted to the board committee for review and comment.

In addition to the formal structure as noted above, the CRA officer uses the weekly loan committee meetings to update individual loan officers and board members of CRA activities.

The institution's board of directors have approved formal written CRA policy and procedures. The policy includes a review of the regulatory guidelines, the Board's resolution statement, outlines the CRA program and defines the CRA officer's duties and responsibilities, and discusses the technical requirements of the Act. The CRA procedures cover the more technical aspects of the CRA process, such as designating the CRA officer and the location of the CRA public files.

The board regularly reviews the institution's CRA activities and performance. The board of directors has assumed a proactive role in the institution's CRA activities.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

The institution's marketing program is reasonably designed to inform all members of its community concerning its products and services.

In an effort to make members of the community aware of the credit services offered, the institution regularly advertises its credit services in the Griffin Daily News, a widely circulated local newspaper. Additionally, the institution regularly advertises on several local radio stations. The institution also uses more informal sources such as local churches and the distribution of

brochures. As part of its real estate broker call program, the institution distributes rate sheets to local real estate agents and discusses products and services offered.

Through several local community organizations such as the Chamber of Commerce, Griffin Housing Authority, and contact with a local minority realtor, the CRA officer coordinated two community home buyers seminars. These seminars are targeted to low- and moderate-income, first time home buyers and include topics on budgeting, applying for a mortgage, and preparing for homeownership.

In addition to the governmentally-assisted loan programs discussed under Assessment Factor J, the institution offers high loan-to-value loans with private mortgage insurance, and has committed to two programs specifically designed to assist low- and moderate-income applicants obtain a mortgage. One of these is the FNMA 3/2 program which allows more flexible down payments and the other is a FMHA program which is targeted to rural properties.

In addition, the institution uses its call program to promote the special credit-related programs, such as the Community Home Buyers Program as sponsored by FNMA and its own low-income, in-house program.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The substantial portion of lending activities designed to help meet local credit needs has involved a large volume of residential mortgage and home improvement loans. Because of the location of its 12 loan production offices (LPO), a substantial majority of loans originated in 1991 were secured by property located outside the local community. However, due to the high volume of LPO mortgage loan originations (which are sold in the secondary market), the institution demonstrates a reasonable effort to serve its local delineated community, including low- and moderate-income areas. In fact, the institution is the leading residential mortgage lender in the local community.

In summary, institution displays a general responsiveness to the credit needs of its community.

A review of the institution's demographic analysis based on information from the 1991 Home Mortgage Disclosure Act (HMDA) disclosed that a substantial majority (180 of 199, or 90.5 percent) of the institution's applications were received from

within the delineated community (Spalding County, Griffin, Georgia only). The 1992 Loan Application Register (LARs) from the period January 1 through September 30, 1992, also disclosed that a substantial majority of the institution's applications (216/284, or 76.1 percent) were received from within the delineated community.

Additionally since the institution is located in the Atlanta, Georgia MSA, it is required to report information as found in the 1991 HMDA report. A review of the 1991 HMDA information indicates that the institution originated 391 mortgage loans totaling \$37.9 million in-home purchase loans; and 448 mortgage loans totaling \$42.2 million in refinance loans. The 1992 year-to-date (through September-total MSA) loan application register indicated a total of 559 mortgage loans totaling \$62.6 million in home purchase loans, and 903 mortgage loans totaling \$95.7 million in refinance loans.

According to the institution's June 30, 1992 Thrift Financial Report, 77 percent of the institution's assets consisted of residential mortgage and construction loans (including FHA/FmHA/VA loans, noted below).

Among the loan types offered the institution makes high loan-to-value loans (LTV), up to 95 percent both with PMI (Private Mortgage Insurance) and without PMI. In order to make its recently marketed low-income funds available, the institution offers 95 percent LTV loans without PMI.

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

The institution is a very active participant in governmentally-insured, guaranteed or subsidized loan programs.

In 1991, the institution originated 657 VA/FHA loans for a total of \$52.7 million. For the first nine months of 1992, Griffin originated 793 such loans, totaling \$66.3 million. Combined, this represents 38.7 percent of the total number loans, and 33.2 percent of the total dollar volume of loans, originated for the review period.

The institution also participates in the Georgia Housing Finance Authority issuances, which is a state sponsored loan program for first-time home buyers in the low- and moderate-income range. The institution has participated in every available issuance of the authority.

Recently the institution has begun offering its own in-house low-income funds and has granted seven residential mortgage loans under this program. Additionally, the board approved more funding for these types of loans.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

The institution's community delineation, as described in its most recent CRA Statement, consists of all of Spalding County, Georgia. The method of delineation chosen is an acceptable method, using an effective lending territory and geographic boundaries. Based on a review of the institution's community, the delineation is considered reasonable; no low- and moderate-income areas were arbitrarily excluded. In addition, the required map used to portray the institution's community appears to adequately reflect this delineation.

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

The institution's records appears to reflect a reasonable penetration of all segments of its community. The institution has analyzed its own lending patterns to identify and address any disproportionate lending patterns.

The institution is located in an MSA for the purposes of HMDA reporting requirements relative to its LPO operations. However, the institution's delineated community is Spalding county, primarily the town of Griffin, Georgia. Under the 1980 census data, Griffin does not have census tracts but rather minor civil divisions, which are the rural equivalent of census tracts. The institution has collected information from local government authorities and from HUD to assist it in identifying low- and moderate-income areas. Although the institution collected income information for the various minor civil divisions, there does not appear to be a comprehensive analysis based on the information collected. However, the 1991 HMDA data for the institution's entire MSA shows 42.2 percent (722 LMI applications approved /1711 total applications approved) were in the (1980-designated) low- and moderate-income areas. This reflects favorably given the 22.8 percent of low- and moderate-income (LMI) residents to total population of the community (i.e., Clayton, Henry, Fayette, and Spalding county); and, the 25 percent LMI census tracts in the MSA to total census tracts in the community.

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

Since the preceding examination in which CRA was reviewed, the institution has not closed or opened any branch offices.

The institution operates one full service main/branch office in the city of Griffin. Griffin Federal accepts deposits and applications for residential, consumer, and home equity loans, and the loan applications can be completed at its LPOs. The institution operates 12 LPOs located throughout metropolitan Atlanta including Cartersville, Fayetteville, Jonesboro, and two LPOs recently opened in Birmingham and Huntsville, Alabama. Given the size of the city of Griffin, and the location of the office, the examiner concludes that this does not present a hardship to credit applicants.

All offices (including LPOs) appear to be accessible to all segments of the institution's community. The institution maintains extended hours at its main office facility and offers weekend hours at its main office. The institution also offers an ATM facility.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

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

No practices intended to discourage applications for the types of credit set forth in the institution's CRA statement were noted.

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

There was no evidence found of illegal credit discrimination regarding credit decisions identified. However, some substantive and technical exceptions were noted regarding certain of the nondiscrimination regulations' notification and recordkeeping requirements.

V. COMMUNITY DEVELOPMENT

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

The institution has participated somewhat in programs to enhance the community.

The institution has provided financing to local developers and investors who develop or maintain properties in low- and moderate-income areas. The institution, through its financing to local developers has participated in past governmental grants (e.g., community development block grants, urban development assistance grants).

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

There were no limiting factors noted which would adversely affect the institution's ability to help meet community credit needs.

Assessment Factor L: Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

The CRA officer serves in different capacities on several local organizations including the Griffin Housing Authority. This is a nonprofit organization designed to address the housing needs of low- and moderate-income residents. Through this organization, the institution has been involved in educational seminars. Through this affiliation, the CRA officer is working with local public officials and private individuals to try to establish a loan program combining public and private funds to address the needs of low- and moderate-income neighborhoods. Other staff members have been involved in organizations which include the Griffin Housing Authority and Chamber of Commerce.

The institution developed a new credit product within the review period targeted to low-income home buyers. Along with this product, the institution offers up to a 95 loan-to-value ratio with minimal downpayment to encourage low income individuals to apply. The product has been marketed at several educational seminars promoted by the institution.