



PUBLIC DISCLOSURE

March 30, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Eaton Federal Savings Bank
Charter Number 704194

236 S Cochran Ave
Charlotte, MI 48813-1551

Office of the Comptroller of the Currency

200 Public Square Suite 1610
Cleveland, OH 44114-2301

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

Major factors supporting this bank's rating include:

- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- The bank originated a majority of loans within its assessment area (AA) and meets the standard for satisfactory performance.
- The distribution of residential loans to low- and moderate-income borrowers is reasonable and meets the standard for satisfactory performance.
- The distribution of residential loans in low- and moderate-income geographies is excellent and exceeds the standards for satisfactory performance.

Scope of Examination

We evaluated Eaton Federal Savings Bank (Eaton or bank) using small bank Community Reinvestment Act (CRA) procedures. The evaluation covers lending and community development information for the period from January 1, 2012 to December 31, 2014. The institutions prior CRA examination used lending and community development information from the period of January 1, 2009 through September 30, 2011. The bank was rated Satisfactory at the last performance evaluation dated May 10, 2012.

The procedures used to assess Eaton's performance focused on the bank's primary lending focus. We also considered the bank's qualifying community development (CD) activities. To determine the bank's primary lending focus, we analyzed the institution's lending activities over the review period, Reports of Condition and Income, and interviewed bank management. We concluded Eaton's primary lending focus is home mortgage lending, which includes home purchase and home refinance loans. We also found the bank offers home improvement, commercial, and consumer loans; however, these loans are not a primary lending focus. The bank does not offer farm loans. As such, we did not include home improvement, commercial, consumer or farm loans as part of this evaluation because an analysis of this data would not be meaningful.

In 2013, the Office of Management and Budget (OMB) revised the delineations of metropolitan statistical areas and metropolitan divisions. The new delineations applied as of January 1, 2014. The OMB changes affected the bank's AAs. As a result, we will assess the bank's performance based on the combined lending data of 2012 and 2013 with a separate analysis of 2014 data.

We evaluated the bank's lending activities based on its net loan-to-deposit ratio, AA concentration, geographic distribution of loans, lending to borrowers of different incomes, and compliance with anti-discrimination laws and regulations. We also considered the bank's CD activities relative to its qualified CD loans, investments and services and the impact from these activities on the final CRA performance rating. In addition, we utilized other supporting information while evaluating the bank's CRA performance. The information included 2010 Census Data, bank records, FDIC deposit market share data, and information from governmental web sites regarding the characteristics and economy of the bank's AAs. Part of our evaluation included discussions with management of local non-for profit organizations that benefit low- to moderate-income individuals.

As described in the Description of the Institution portion of this Public Evaluation, Eaton has two assessment areas. The bank's primary AA is its Eaton County AA, where the bank is headquartered and has most of its branch offices, deposits, and originates most of its loans. The bank's secondary AA includes two census tracts in Barry County. The Barry County AA includes one branch office located in Nashville, MI. Therefore, we will be performing a full-scope review of the bank's performance in the Eaton County AA and a limited scope review for its performance in the Barry County AA. In determining our overall rating, we placed more weight on Eaton's performance within the Eaton County AA.

Prior to the examination, we tested the accuracy of the bank's reported Home Mortgage Disclosure Act (HMDA) data. We identified some data errors, which the bank corrected. This evaluation is based on the corrected HMDA data. As we performed our evaluation, we reviewed and only gave consideration to qualified CD loans, investments, and services in this evaluation.

Description of Institution

Eaton is an intrastate mutual savings bank headquartered in Charlotte, Michigan. Eaton does not operate under a holding company structure. It has one subsidiary, Discover Financial Services Corporation, offering private mortgage reinsurance and holds partial ownership of a title insurance agency. The bank offers traditional banking products through its main office and four branches located in Eaton Rapids, Grand Ledge, Nashville, and Olivet. The bank did not open or close any branches during the evaluation period.

The bank's primary loan product is residential real estate loans. The bank also offers commercial real estate, commercial and industrial, and consumer loans. The loan portfolio consists of 99 percent real estate loans and less than one percent each for consumer and commercial loans. Residential real estate loans represent 88 percent of the loan portfolio. As of March 31, 2015, the bank's loan portfolio totaled \$151 million, or 51 percent of total assets. This represents a decrease as compared to December 31, 2012 when the loan portfolio totaled \$169 million. The decrease is due to increased competition from banks, credit unions, and a large mortgage lender headquartered in

Detroit, MI.

Eaton offers a full range of deposit products and services for consumers and businesses. Products and services include checking, savings, certificates of deposits, Roth and traditional individual retirement accounts, electronic and telephone banking, and other services such as night depository, notary services and safe deposit boxes. Each branch is open and offers drive-through services Monday through Saturday. There are also 24 hour ATMs located at each branch office. Eaton is also a member of the MoneyPass ATM network, which allows customers surcharge fee free access to ATMs nationwide.

There are no legal or financial impediments limiting Eaton’s ability to meet the credit needs of its AAs.

Description of Assessment Areas

Eaton County AA

Demographic Information for the Eaton County AA 2012-2013					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	32	0	12.5	65.63	21.88
Population by Geography	124,316	0	11.85	63.6	24.55
Owner-Occupied Housing by Geography	38,121	0	10.83	61.98	27.19
Businesses by Geography	9,169	0	12.20	62.42	25.38
Farms by Geography	706	0	3.12	76.20	20.68
Family Distribution by Income Level	33,972	15.39	18.93	23.25	42.43
FFIEC Adjusted Median Family Income for 2013	= \$66,000				
Median Family Income	= \$64,523				
FFIEC Adjusted Median Family Income for 2012	= \$68,700				
Households Below the Poverty Level	= 8.8%				
				Median Housing Value = \$156,102 Unemployment Rate – Seasonal unadjusted Dec 2013 = 5.8%	

Source: 2010 U.S. Census data and 2013 Moody’s Analytics and Dun & Bradstreet data.

Demographic Information for the Eaton County AA 2014					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	32	0	12.5	65.63	21.88
Population by Geography	124,316	0	11.85	63.6	24.55
Owner-Occupied Housing by Geography	38,121	0	10.83	61.98	27.19
Businesses by Geography	7,629	0	12.50	61.84	25.65
Farms by Geography	639	0	3.13	76.53	20.34
Family Distribution by Income Level	33,972	15.39	18.93	23.25	42.43
Median Family Income	= \$64,523				
FFIEC Adjusted Median Family Income for 2014	= \$64,200				
Households Below the Poverty Level	= 8.8%				
				Median Housing Value = \$156,102	
				Unemployment Rate – Seasonal unadjusted Dec 2013 = 4.4%	

Source: 2010 U.S. Census data and 2013 Moody's Analytics and Dun & Bradstreet data.

The Eaton County AA includes Eaton County and two census tracts in both Ingham and Clinton County. Eaton, Ingham, and Clinton counties are all part of the Lansing-East Lansing, MI MSA. This is the bank's primary AA, with 90 percent of its deposits and predominantly most of the bank's home loans originated there during the evaluation period. The AA has no low-income tracts, four moderate-income tracts, 21 middle-income tracts, and seven upper-income tracts.

Economic conditions in the AA have improved. As of December 31, 2013, the unemployment rate of 4.4 percent is well below state averages and has improved from the December 31, 2012 figure of 5.8 percent. This compares favorably to the state average of 8.0 and less than the national average of 7.1 percent for December 31, 2013. Automobile manufacturing and healthcare provide the majority of the employment opportunities in the area. Sparrow Health Systems is Eaton County's largest employer. Other major employers in the area are General Motors, McLaren Health, Peckham Inc., and the state of Michigan.

Competition from other financial institutions in the AA is strong. Financial institutions in the AA range from local community banks to large regional and four of the largest national institutions. The bank also faces competition from local credit unions and mortgage originating companies. Deposit market share data from the FDIC as of June 30, 2014 reflected that 15 depository institutions operate 33 offices within the AA. According to the FDIC market share report, Eaton ranked number one of 15 financial institutions in the AA with 22.29 percent of the deposits. Please see the tables above for further demographic information on the AA.

Community Contact

We conducted one community contact servicing the bank’s primary AA, Eaton County. The purpose of the contact was to determine the credit and CD needs in the bank’s AA. Based on our community contact information, there have been opportunities to make qualifying CD loans and investments, as well as conduct CD services within the AA. However, competition for involvement in CD activities is high. The contact indicated the primary need is affordable housing, subsidies for rent-burdened households, and increased available funding for the contact’s organization. Other needs within the AAs include financial education related to foreclosure prevention, first-time home buying, credit repair, and home improvement. The assessment area also needs financial professionals to teach and mentor individuals about responsible personal financial practices. The contact mentioned Eaton as a financial institution within the Eaton County AA that was more responsive by providing outreach and support to the organization.

Barry County AA

Demographic Information for the Barry County AA 2012-2013					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	2	0	0	100	0
Population by Geography	9,097	0	0	100	0
Owner-Occupied Housing by Geography	3,023	0	0	100	0
Businesses by Geography	505	0	0	100	0
Farms by Geography	81	0	0	100	0
Family Distribution by Income Level	2,708	18.76	19.35	29.47	32.42
FFIEC Adjusted Median Family Income for 2012	= \$60,300	Median Housing Value = \$121,928 Unemployment Rate – Seasonal unadjusted Dec 2013 = 6.1%			
Median Family Income	= \$59,627				
FFIEC Adjusted Median Family Income for 2013	= \$59,600				
Households Below the Poverty Level	= 10.09%				

Source: 2010 U.S. Census data and 2013 Moody’s Analytics and Dun & Bradstreet data.

Demographic Information for the Barry County AA 2014					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	2	0.00	0	100	0
Population by Geography	9,097	0	0	100	0
Owner-Occupied Housing by Geography	3,023	0	0	100	0
Businesses by Geography	402	0	0	100	0
Farms by Geography	70	0	0	100	0
Family Distribution by Income Level	2,708	19.53	19.87	30.35	30.24
Median Family Income	= \$61,182	Median Housing Value = \$121,928 Unemployment Rate – Seasonal unadjusted Dec 2013 = 4.2%			
FFIEC Adjusted Median Family Income for 2014	= \$64,600				
Households Below the Poverty Level	= 10.09%				

Source: 2010 U.S. Census data and 2014 Moody's Analytics and Dun & Bradstreet data.

Eaton's Barry County AA is comprised of two census tracts on the east side of Barry County and is part of the Grand Rapids-Wyoming, MI MSA. This is the bank's secondary AA because the branch only has ten percent of Eaton's deposits. Additionally, the bank only originated or purchased three percent of the home loans in this AA. The bank's Nashville branch is located in this AA and is very close to the Eaton and Barry County border. Due to its location, this branch frequently lends to both the Eaton and Barry AAs. The AA only includes middle-income census tracts, and no low- or moderate-income tracts.

The Barry County AA's economy has improved. As of December 31, 2014, the unemployment rate of 4.2 percent was below the state averages and improved from the December 31, 2013 unemployment rate of 6.1 percent. The AA's unemployment rates also compared favorably to Michigan's unemployment rate of eight percent and is less than the national average of 7.1 percent.

Competition from other financial institutions in the AA is strong. Financial institutions in the AA range from local community banks to large regional and national institutions. The bank also faces fierce competition from local credit unions and mortgage originating companies. Deposit data from the FDIC as of June 30, 2014 reflected that eight depository institutions operate 11 offices within the county. The data also showed that Eaton ranked sixth out of the eight financial institutions in the AA with 5.5 percent of the deposits.

In assessing the bank's performance, we used OCC and bank information to identify the needs of the community. Due to Barry County being a limited scope review, we did not conduct any community contacts. Please see the tables above for further demographic information.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test is Satisfactory. As indicated in the scope of evaluation, to draw conclusions with regards to the bank's overall performance, we placed more weight on Eaton's performance within the Eaton County AA. In addition, we determined the rating by evaluating the bank's lending performance in conjunction with factors that impact the bank's ability to lend within its AAs. During our evaluation, we considered such factors as the level of competition. In addition, we also considered the bank's limited presence and location in the Barry County AA.

Loan-to-Deposit Ratio

Eaton's net loan-to-deposit (NLTD) ratio is reasonable given the bank's size, financial condition, and credit needs of the communities they serve. The bank's average NLTD ratio over the previous 13 quarters starting from December 31, 2011 through December 31, 2014 is 66.2. The ratio has been trending down from 75.5 percent as of December 31, 2011 to 64.0 percent at December 31, 2014. The bank attributes their low NLTD figures to competitive pressures in the marketplace.

We compared Eaton to four other banks that we determined to be similarly situated institutions. We selected the four similar banks based on their location in the same AA as Eaton and total asset size. In addition, we determined the banks to be true competitors of Eaton from discussions with management and peer analysis reports. The NLTD ratio for the four banks used in our analysis ranged from a low of 60.7 percent to a high of 76.4 percent with an average of 67.6 percent.

Lending in Assessment Area

Eaton's record of lending in the AAs meets the standard for satisfactory performance, as a majority of the bank's home purchase and home refinance loans were made inside their AAs. As shown in table 1, the bank originated a total of 72 percent of its home loans by number and 66 percent by dollar amount in its AAs.

Table 1 - Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$ (000's)	%	\$ (000's)	%	
Home Purchase	131	63.9	74	36.1	205	15,390	58.4	10,960	41.5	26,350
Refinance	291	76.4	90	23.6	381	34,745	70.1	14,852	29.9	49,597
Totals	422	72.0	164	28.0	586	50,135	66.0	25,812	34.0	75,947

Source: Bank generated reports; Data reported under HMDA for 2012, 2013, and 2014.

Lending to Borrowers of Different Incomes

Eaton’s lending within the AAs demonstrates a reasonable distribution of home mortgage loans to borrowers of different incomes and meets the standard for satisfactory performance.

Eaton County AA

Tables 2 and 3 below show Eaton’s distribution of home purchase and home refinance loans made from 2012 through 2014. Table 2 shows the combined data for 2012 and 2013 and table 3 includes data for 2014. Both tables also show the aggregate percentages for all depository lenders that made loans in the AA during the same period.

Table 2 - Borrower Distribution of Home Mortgage Loans in Eaton County AA 2012-2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans
Home Purchase	14.1	15.1	26.6	18.6	25.3	17.4	19.8	45.4
Home Refinance	11.2	8.9	17.2	19.0	25.1	31.2	33.1	38.8
Total	12.2	10.5	20.5	18.9	25.2	27.6	28.4	40.6

Source: Combined data reported under HMDA for 2012 and 2013; Combined 2012 and 2013 Peer Mortgage Aggregate Data. The bank originated a total of 2.5 percent of home mortgages to borrowers with non-designated income, peer originated 13.7 percent.

As shown in table 2, Eaton’s distribution of home mortgage loans to low- and moderate-income families in the Eaton AA reflects reasonable penetration among borrowers of different income levels. The bank’s percentage of home purchase loans exceed peer mortgage aggregate figures for low-income borrowers and is significantly below peer mortgage aggregate data for moderate-income borrowers. Additionally, the bank’s percentage of home refinance loans is near peer mortgage aggregate data for low-income borrowers and exceeds peer for moderate-income borrowers. Overall, the bank originated a total of 10.5 percent and 18.9 percent of its home mortgage loans to low- and moderate-income families, respectively. Though slightly below peer averages, the percentages are consistent with peer mortgage aggregate percentages within the AA.

Table 3 - Borrower Distribution of Home Mortgage Loans in Eaton County AA 2014								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans
Home Purchase	9.8	6.8	24.5	38.6	25.0	22.7	24.9	31.8
Home Refinance	7.3	6.3	19.3	22.9	23.8	29.2	31.6	37.5

Total	8.8	6.1	22.4	30.6	24.5	26.5	27.6	34.7
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Source: HMDA data for 2014. 2014 Peer Mortgage Aggregate Data. The bank originated a total of 2.1 percent of home mortgages to borrowers with non-designated income, peer originated 16.7 percent.

As shown in table 3, Eaton’s distribution of home mortgage loans to low- and moderate-income borrowers in the AA for 2014 reflects reasonable penetration among borrowers of different income levels. Home purchase loans to low-income borrowers does not meet peer aggregate data at 6.8 percent, however, figures for moderate-income borrowers exceed peer data at 38.6 percent. Home refinance loans drew similar parallels with loans to low-income borrowers not meeting peer mortgage aggregate data at 6.3 percent but the banks loans to moderate-income households exceeded peer data at 22.9 percent. Overall, the bank’s total percentage of home loans to low-income borrowers is near the total peer mortgage aggregate percentage and the percentage of loans to moderate-income borrowers exceeds peer. These percentages indicate the bank’s home mortgage lending is consistent with peer mortgage aggregate lending within the AA.

Barry County AA

Tables 4 and 5 show Eaton’s distribution of home mortgage loans made from 2012 through 2014 within the bank’s Barry County AA. Table 4 shows the combined data for 2012 and 2013 and Table 5 shows data for 2014. Both tables also show the aggregate percentages for all depository lenders that made loans in the AA during the same period.

Table 4 - Borrower Distribution of Home Mortgage Loans in Barry County AA 2012-2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans
Home Purchase	12.7	0.0	21.3	0.0	22.7	0.0	30.0	100
Home Refinance	8.6	0.0	20.6	40.0	29.2	60.0	31.1	0.0
Total	9.8	0.0	20.8	33.3	27.4	50.0	30.8	16.7

Source: Combined data reported under HMDA for 2012 and 2013; Combined 2012 and 2013 Peer Mortgage Aggregate Data. Peer originated a total of 11.2 percent of home mortgages to borrowers with non-designated income.

As illustrated in table 4, the bank’s lending in 2012 and 2013 to borrowers of different income levels is poor. The bank only originated a total of six home mortgage loans within the AA for these two years. In addition, the bank’s percentage of home purchase loans does not meet peer mortgage aggregate data for either low- or moderate-income borrowers. The bank’s ratio for home refinance loans is also significantly below peer aggregate percentage for low-income borrowers. However, the percentage of the bank’s home refinance loans exceeds peer aggregate percentage for moderate-income borrowers. Though below peer, this is not a concern as the bank maintains a limited

presence within the AA and services both AAs. Additionally, the bank faces significant competition within the AA.

Table 5 - Borrower Distribution of Home Mortgage Loans in Barry County AA 2014								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans
Home Purchase	11.9	0.0	19.1	0.0	26.2	0.0	27.4	0.0
Home Refinance	15.9	0.0	27.5	0.0	21.7	0.0	27.5	100.0
Total	13.3	0.0	22.9	0.0	24.2	0.0	27.5	100.0

Source: Data reported under HMDA for 2014. 2014 Peer Mortgage Aggregate Data. Peer originated a total of 12.1 percent of home mortgages to borrowers with non-designated income, peer originated 13.7 percent.

As illustrated in table 5, the bank’s lending in 2014 to borrowers of different income levels is inadequate. The percentage of the bank’s home purchase and home refinance loans to low- and moderate-income borrowers is significantly below peer aggregate data. This can be attributable to the fact that the bank only originated one home refinance loan and no home purchase loans in this AA in 2014. Similar to 2012 and 2013, this is due to competition as well as the bank’s limited presence within the AA.

Geographic Distribution of Loans

Eaton’s lending within the Eaton County AA demonstrates an excellent geographic distribution of loans and exceeds the standard for satisfactory performance.

Eaton County AA

Tables 6 and 7 show the bank’s overall geographic distribution of home mortgage loans originated or purchased from 2012 through 2014. Table 6 shows the combined data of 2012 and 2013 and Table 7 shows data for 2014. Both tables also show the aggregate percentages for all depository lenders that made loans in the AA during the same period. As indicated in the Description of the Assessment Areas, the Eaton County AA has no low-income census tracts.

Table 6 - Geographic Distribution of Home Mortgage Loans in Eaton County AA 2012-2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans
Home Purchase	0.0	0.0	11.0	17.4	61.8	64.0	27.2	18.6
Home Refinance	0.0	0.0	6.7	8.9	59.6	70.5	33.7	20.7
Total	0.0	0.0	8.2	11.1	60.4	68.7	31.4	20.1

Source: Combined data reported under HMDA for 2012 and 2013; Combined 2012 and 2013 Peer Mortgage Aggregate Data

As shown in table 6, the bank’s percentage of home loans demonstrates an excellent distribution among census tracts of different income levels. Specifically, the bank exceeds peer mortgage aggregate data percentages for both home purchase and home refinance loans to moderate-income households.

Table 7 - Geographic Distribution of Home Mortgage Loans in Eaton County AA 2014								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans	% Peer Mortgage Aggregate Data	% of Number of Loans
Home Purchase	0.0	0.0	10.5	29.5	62.0	47.7	27.5	22.7
Home Refinance	0.0	0.0	8.0	22.9	60.0	64.6	32.1	12.5
Total	0.0	0.0	8.9	26.1	60.8	56.5	30.3	17.4

Source: Data reported under HMDA for 2014; 2014 Peer Mortgage Aggregate Data

As shown in Table 7, the percentage of the bank’s lending in moderate-income tracts for both home purchase and home refinance loans significantly exceeds peer.

Barry County AA

Eaton’s Barry County AA does not have any low- or moderate-income census tracts. As such, to perform a geographic distribution analysis for this AA would not be meaningful.

Responses to Complaints

The bank has not received any written complaints during the evaluation period related to its performance in meeting the credit and deposit needs of their assessment areas.

COMMUNITY DEVELOPMENT

Number and Amount of Community Development Loans

Eaton County AA

Eaton offers two home loan programs for borrowers who do not qualify for credit under traditional loan programs. The bank offers these products through the sponsorship of the Federal Home Loan Bank. The programs address the needs of low- and moderate-income borrowers, individuals located in underserved areas, and first-time homebuyers. Borrowers in each program must meet income eligibility requirements. Features include low down payment amounts, down payment or closing cost assistance, and flexible credit terms. From January 1, 2012 to December 31, 2014, the bank has made seven loans through these programs totaling \$56,000.

Barry County AA

Eaton did not make any qualified community development loans in the Barry assessment area during the review period.

Number and Amount of Qualified Investments

Eaton County AA

Eaton made a qualified investment of \$940,000 in the Great Lakes Capital Fund. The Great Lakes Capital Fund invests in residential real estate housing projects throughout the state of Michigan earmarked for either low- or moderate-income households or census tracts. Additionally, Eaton made 15 qualified donations totaling \$6,000. All funds are specifically targeted to benefit low- and moderate-income persons and census tracts within the AA. The qualified donations were used to support organizations whose main purpose is providing economic development, revitalization of central business districts, and offering assistance to attract and retain small business entities throughout the AA.

Barry County AA

Eaton did not make any qualified CD investments or donations within the Barry County AA during the review period.

Community Development Services

Senior management is actively involved in organizations that meet small business needs by providing funding for the rehabilitation and re-stabilization of central business districts. Eaton has five branches and five ATMs in its assessment area. The main office is located in a moderate-income census tract with the remaining offices located in middle-income census tracts.

In addition to its full-service branches and ATM locations, Eaton offers on-line banking services (providing customer access to accounts and an automated bill payment system) as well as a telephone bill payment system (allowing customers to make payments directly from their deposit accounts). Two free checking account products are available to all customers.

Through its employees, Eaton is involved in a variety of community development services. Many of the bank's employees and officers, using their financial expertise, are involved in non-profit organizations providing services for low- and moderate-income individuals or economic development for small businesses. Eaton employees participate in management and board functions for 12 major groups active in meeting housing, service, or economic needs of low- to moderate-income households and census tracts.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.2(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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