



## **PUBLIC DISCLOSURE**

March 17, 2014

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

Fairfield Federal Savings and Loan Association  
Charter Number 700311

111 E. Main St  
Lancaster, OH 43130-3713

Office of the Comptroller of the Currency

Westlake Center  
4555 Lake Forest Drive, Suite 520  
Cincinnati, OH 45242-3760

**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.

- Fairfield Federal Savings and Loan Association's (Fairfield or the thrift) loan-to-deposit ratio is more than reasonable.
- Fairfield makes a substantial majority of their loans inside their assessment area (AA).
- Lending to borrowers of different income levels reflects excellent penetration.
- Fairfield's performance in lending to geographies of different income levels exhibits excellent dispersion.
- Fairfield demonstrates excellent responsiveness to the CD needs of the community it serves through CD lending, investments, and services.

**SCOPE OF EXAMINATION**

The OCC conducted a full scope Community Reinvestment Act (CRA) evaluation to assess the thrift's record of meeting the credit needs of its community, including low- and moderate-income areas. Small savings association evaluation procedures were used to evaluate the thrift's performance under the Lending Test. The Lending Test includes loans originated from January 1, 2012 to December 31, 2013, the evaluation period. A data integrity examination of the thrift's home mortgage loans, as reported in the Home Mortgage Disclosure Act Loan Applications Register (HMDA LAR), was performed in 2013 in addition to the review of the bank's HMDA compliance reports. We found the data was accurate and reliable. The thrift's performance in residential real estate lending (one- to four-family home loans) is considered foremost in this CRA evaluation, as this is the thrift's primary lending product. 2010 U.S. Census data was used to analyze performance. At the request of Fairfield management, an assessment of CD loans, investments, and services from March 15, 2010 to March 17, 2014, was included in the evaluation. The CD Test is optional for small savings associations.

**DESCRIPTION OF INSTITUTION**

Fairfield is a federally chartered mutual savings association with total assets of \$261 million as of December 31, 2013. The main office is located in Lancaster, Ohio in Fairfield County in a moderate-income geography. Fairfield operates two additional offices, one in Lancaster in a moderate-income geography and the other in Pickerington in a middle-income geography. All offices are located in Fairfield County. Each office has a drive-up facility and automated teller machine (ATM). The thrift operates 15 additional stand-alone ATMs throughout the county of which, nine are located in moderate-income geographies. Fairfield's principal line of business is mortgage lending. In addition, they serve their community with commercial real estate and consumer loans (including home equity lines of credit and credit cards) and standard deposit products. The table below reflects the thrift's lending activity during the evaluation period.

<b>Table 1 – Loan Mix</b>				
<b>Loan Type</b>	<b>% by Number of Loans Originated/Purchased during evaluation period</b>		<b>% by Dollars of Loans Originated/Purchased during evaluation period</b>	
	<b># of Loans</b>	<b>%</b>	<b>\$000s</b>	<b>%</b>
<b>Residential Real Estate (Home Loans/HMDA)</b>	<b>460</b>	<b>75.53%</b>	<b>\$63,124</b>	<b>83.99%</b>
Home Equity Lines of Credit (HELOCs)	52	8.54%	\$1,931	2.57%
Investment – 1-4 family	47	7.72%	\$2,749	3.66%
2 <sup>nd</sup> home/1-4 family	34	5.58%	\$3,186	4.24%
2 <sup>nd</sup> home/HELOC	4	0.66%	\$162	0.22%
Commercial Real Estate	6	0.99%	\$1,867	2.48%
Residential – 5+ units	3	0.49%	\$1,840	2.45%
Land Loans	2	0.33%	\$53	0.07%
Non-Profit Residential	1	0.16%	\$242	0.32%
<b>Total</b>	<b>609</b>	<b>100.00%</b>	<b>\$75,154</b>	<b>100.00%</b>

*Source: Bank's record of loans originated during 2012 and 2013.*

Presently, there are no financial or legal impediments that affect Fairfield's ability to help meet the credit needs of its AA. The thrift's last CRA evaluation was conducted as of March 15, 2010 and resulted in an "Outstanding" rating.

## **DESCRIPTION OF ASSESSMENT AREA**

Fairfield's AA consists of Fairfield County in its entirety. Fairfield County is part of the Columbus, OH Metropolitan Statistical Area (MSA) 18140 (MSA 18140 AA). The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The MSA 18140 AA includes 28 census tracts, comprised of eight moderate-income census tracts (28.57 percent), 13 middle-income census tracts (46.43 percent), and seven upper-income (25 percent) census tracts. Per the 2010 U.S. Census data, the population of the AA is 146,156, with 24.34 percent living in moderate-income census tracts, 43.75 percent in middle-income census tracts, and 31.91 percent in upper-income census tracts. Seventy-one percent of the housing units in the AA are owner occupied, with 20.36 percent located in moderate-income geographies, 44.65 percent in middle-income geographies, and 34.99 percent in upper-income geographies. Ten percent of the households in the AA live below the poverty level, 27 percent receive social security benefits, and three percent receive public assistance. The median housing value is \$163,199; the average median age of housing is 39 years. The weighted average monthly gross rent is \$751.

According to the 2010 U.S. Census Data, the Columbus MSA 18140 median family income is \$66,337. The HUD (Department of Housing and Urban Development) estimate of the Columbus MSA 18140 median family income was \$67,500 for 2012 and \$67,900 for 2013. Approximately 19.49 percent of the families in the MSA 18140 AA are low-income and 18.74 percent are moderate-income, with the remainder as middle- and upper-income.

The local economy has been improving. Lancaster is the county seat, as well as the largest city in the county. The AA has a diverse mix of companies across many industries from service to manufacturing. Several major employers in the MSA 18140 AA include Anchor Hocking Corporation, Ralston Foods, Fairfield Medical Center, and the local school systems.

Fairfield's market area consists of Fairfield County. Competition in the AA is moderate with competition including national banks, branches of larger financial institutions, and savings and loan institutions. According to the June 30, 2013 Deposit Market Share Report from the Federal Deposit Insurance Corporation (FDIC), Fairfield had approximately a 12.60 percent deposit market share in Fairfield County and was ranked 3<sup>rd</sup> out of 18 financial institutions, behind two larger institutions.

Community contacts indicated the AA's economy is improving. The credit needs of the AA include affordable housing. According to the contacts, local financial institutions are meeting those needs. Per discussion with management and review of the area and community contacts, the community development needs and opportunities are adequately served by the local financial institutions.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

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

Fairfield's loan-to-deposit (LTD) ratio is more than reasonable given their size, financial condition, and AA credit needs. Fairfield's quarterly average LTD ratio for the 16 quarters since the last CRA examination of 99.67 percent is more than reasonable when compared to similarly-situated financial institutions. As of December 31, 2013, the thrift's LTD ratio was 101.55 percent. Since the last examination, the thrift's quarterly LTD ratio ranged from a low of 94.80 percent at March 31, 2012 to a high of 104.50 percent at June 30, 2010. A review of 16 similarly-situated financial institutions located within MSA 18140 (Fairfield, Franklin, Licking, and Pickaway counties) revealed an average LTD of 83.85 percent over the same time period.

### **Lending in Assessment Area**

Fairfield's record of lending within its AA is outstanding with a substantial majority of their lending inside the MSA 18140 AA. Table 2 details Fairfield's AA lending activity during the evaluation period by number of loans originated and dollar volume.

<b>Table 2 – Lending in the MSA 18140 AA</b>										
<b>Loan Type</b>	<b>Number of Loans</b>					<b>Dollars of Loans (000's omitted)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>Home Purchase</b>	191	77.33	56	22.67	247	24,361	76.02	7,685	23.98	32,046
<b>Home Improvement</b>	0	0	0	0	0	0	0	0	0	0
<b>Home Refinance</b>	269	93.08	20	6.92	289	36,384	93.92	2,355	6.08	38,739
<b>Totals</b>	<b>460</b>	<b>85.82</b>	<b>76</b>	<b>14.18</b>	<b>536</b>	<b>60,745</b>	<b>85.82</b>	<b>10,040</b>	<b>14.18</b>	<b>70,785</b>

Source: Fairfield's HMDA Loan Data from January 1, 2012 through December 31, 2013.

### Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels in the MSA 18140 AA is excellent. As shown in Table 3 below, Fairfield's distribution of lending to low- and moderate-income borrowers during the evaluation period is excellent when compared to AA lenders. Home improvement loans are not a primary product for this institution; however, Fairfield does make home equity lines of credit to borrowers for home improvement purposes.

<b>Table 3 Borrower Distribution of Residential Real Estate Loans in the MSA 18140 AA</b>							
<b>Borrower Income Level</b>	<b>% Total Thrift Loans</b>			<b>% of Loans by AA Lenders</b>			<b>% of AA Families by Income Level</b>
<b>Loan Type</b>	<b>Purchases</b>	<b>Home Improvement</b>	<b>Refinances</b>	<b>Purchases</b>	<b>Home Improvement</b>	<b>Refinances</b>	
<b>Low</b>	15.47	0.00	8.10	11.56	11.17	6.72	19.49
<b>Moderate</b>	25.97	0.00	19.52	26.13	17.48	16.86	18.74
<b>Middle</b>	30.94	0.00	28.57	29.08	32.04	25.93	22.64
<b>Upper</b>	27.62	0.00	43.81	33.23	39.31	50.49	39.13

Source: 2010 U.S. Census data and thrift's HMDA loan data for 2012 and 2013.

### Geographic Distribution of Loans

Fairfield's geographic distribution of loans within the MSA 18140 AA reflects excellent dispersion. Geographic distribution compared to the level of loans made by AA lenders and owner occupied units in the MSA 18140 AA is excellent. There are no low-income geographies in the AA. The analysis reflected lending in most tracts.

Census Tract Income Level	% Total Thrift Loans			% of Loans by AA Lenders			% of AA Owner Occupied Housing Units
	Loan Type	Purchases	Home Improvement	Refinances	Purchases	Home Improvement	
Low	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate	26.18	0.00	18.59	18.27	19.14	14.62	20.36
Middle	54.45	0.00	65.06	38.52	49.28	39.90	44.65
Upper	19.37	0.00	16.35	43.21	31.58	45.48	34.99

Source: 2010 U.S. Census data and thrift's HMDA loan data for 2012 and 2013.

### **Qualified Community Development Loans, Investments, and Services**

This institution is considered a small savings association and is therefore not subject to the requirements of the community development test. However, management requested that we consider various community development loans, investments, and services in this performance evaluation. Those activities are described below and provide additional support for the bank's overall "outstanding" rating.

#### Number and Amount of Community Development Loans

CD lending in the MSA 18140 AA is reasonable. Fairfield granted four qualified CD loans or modifications of past loans during the evaluation period totaling \$401,533. They are described as follows:

- A refinanced second mortgage for \$100,000 to Fairfield Affordable Housing, an organization that provides housing to low- and moderate-income residents. The property is a 42-unit senior citizens apartment building, which needed repairs.
- A loan to Lutheran Social Services of Central Ohio for \$57,283 to purchase and rehab a residence to provide housing for homeless veterans.
- A loan to Lutheran Social Services of Central Ohio for \$242,250 to purchase and rehab an apartment complex for homeless veterans.
- A \$2,000 credit card loan to Foundation Dinners, which provides food to low- and moderate-income families.

#### Number and Amount of Qualified Investments

Fairfield's qualified investment activity is excellent. Qualified investments consist of donations to various non-profit organizations in the MSA 18140 AA, all made during the evaluation period (March 15, 2010 to March 17, 2014). The thrift made 28 qualified investments to ten organizations, totaling \$64,828. A few of the larger donations are as follows:

- Four donations totaling \$45,208 to the United Way, who provides assistance to communities supporting various education, health, and financial initiatives to low- and moderate-income individuals and families.
- Four donations totaling \$4,300 to Habitat for Humanity, who builds housing for low- and moderate-income families.
- Three donations totaling \$5,570 to Big Brothers Big Sisters, which provides guidance and support to low- and moderate-income children.
- Four donations totaling \$2,600 to the Maywood Mission, who provides food and shelter to displaced families and people in need (low- and moderate-income individuals/families).

#### Extent to Which the Thrift Provides Community Development Services

CD services provided by the thrift represent excellent responsiveness to CD needs. Thrift personnel provide technical and financial expertise throughout the MSA 18140 AA. During the evaluation period, several thrift officers and employees provided CD qualifying services to over ten community organizations. One thrift officer serves as the Treasurer of the Board of Trustees for Fairfield Affordable Housing, an organization that provides residences for low- and moderate-income citizens of the county. The thrift also has personnel who serve as members on the Lancaster Special Improvement District Board of Directors and the Board and Fundraising Committee for Big Brothers Big Sisters. The former is an economic development group whose mission is to revitalize the downtown Lancaster area, which is a moderate-income area, and the latter is an organization committed to providing guidance and support to at-risk and low- and moderate- income children.

The thrift had numerous employees conduct financial literacy courses at local schools and organizations. These included General Sherman Junior High School and Harmon Middle School, both of which are located in moderate-income census tracts.

Fairfield provides home finance counseling to customers, including low- and moderate-income individuals and families. The thrift has a special loan program called 'Neighbors Helping Neighbors,' which allows borrowers to purchase and finance their primary residence with no down payment, subject to no increased interest or additional fees. A total of 19 loans totaling \$1,861,400 were originated under this program during the evaluation period.

The thrift provided five grants of \$10,000 as part of the Lancaster-Fairfield County Neighborhood Stabilization Project through the Lancaster Community Action Network (LCAN). The area serviced by the project is a moderate-income tract. In addition, the thrift provided seven \$5,000 grants to borrowers as part of the Welcome Home Program through the Federal Home Loan Bank (FHLB). This down-payment grant program benefits low- to moderate-income homebuyers in Fairfield County and around the country.

Responsiveness to Community Development Needs

Fairfield demonstrates excellent responsiveness to the CD needs of the community it serves through CD lending, investments, and services. The thrift's responsiveness to CD needs reflects positively on the bank's overall outstanding rating.

**Responses to Complaints**

Fairfield has not received any complaints about its performance in helping to meet the MSA 18140 AA credit needs during the evaluation period.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

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