



## **PUBLIC DISCLOSURE**

April 10, 2017

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

Fairfield FS & LA  
Charter Number 700311

111 East Main Street  
Lancaster, OH 43130-3713

Office of the Comptroller of the Currency

West Lake Center  
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**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.**

Fairfield Federal Savings and Loan Association's (Fairfield or the thrift) exhibits an Outstanding record of meeting its community credit needs. The rating is primarily based on the following:

- Fairfield's 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 reasonable penetration.
- Fairfield's performance in lending to geographies of different income levels exhibits excellent dispersion.
- Fairfield demonstrates excellent responsiveness to the community development (CD) needs of the community it serves through CD investments and services.

**SCOPE OF EVALUATION**

The OCC conducted a full scope Community Reinvestment Act (CRA) evaluation to assess Fairfield's record of meeting the credit needs of its community, including low- and moderate-income areas. We used small savings association evaluation procedures to evaluate the thrift's performance under the Lending Test. The Lending Test includes all residential real estate loans originated from January 1, 2014, to December 31, 2016 (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 January 2017. We found the data to be accurate and reliable. Fairfield'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 only primary lending product (75 percent based on the number of loans originated; 84 percent based on the dollar amount of loans originated). 2010 U.S. Census data was used to analyze performance. We also considered the thrift's community development activities, including an assessment of CD investments, and services from March 18, 2014, to April 10, 2017. The CD Test is optional for small savings associations.

**DESCRIPTION OF INSTITUTION**

Fairfield is a federally chartered mutual savings association with total assets of \$271 million as of December 31, 2016. The main office is located in Lancaster, Ohio in Fairfield County, which is in a moderate-income geography. Fairfield operates two additional Ohio offices, one in Lancaster in a moderate-income geography and the other in Pickerington, which is in an upper-income geography. All offices are located in Fairfield County. Each office has a drive-up facility and automated teller machine (ATM). The thrift operates 19 additional stand-alone ATMs throughout the county, of which, nine are located in moderate-income geographies. Fairfield's principal line of business is residential real estate 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 thrift's lending activity during the evaluation period is reflected in the table below.

<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>470</b>	<b>75.20%</b>	<b>\$76,459</b>	<b>83.96%</b>
Home Equity Lines of Credit (HELOCs)	114	18.24%	\$ 5,508	6.05%
Investment – 1-4 family	32	5.12%	\$ 2,275	2.50%
Commercial Real Estate	5	0.80%	\$ 1,217	1.34%
Residential – 5+ units	3	0.48%	\$ 5,587	6.13%
Land Loans	1	0.16%	\$ 23	0.02%
<b>Total</b>	<b>625</b>	<b>100.00%</b>	<b>\$91,069</b>	<b>100.00%</b>

Source: Thrift's record of loans originated between 2014 and 2016.

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 17, 2014, and resulted in an "Outstanding" rating.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

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 Fairfield County AA includes 28 census tracts, comprised of eight moderate-income census tracts (28.57 percent), 12 middle-income census tracts (42.86 percent), and eight upper-income (28.57 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, 40.84 percent in middle-income census tracts, and 34.82 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, 41.61 percent in middle-income geographies, and 38.03 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 3 percent receive public assistance. The median housing value is \$163,199; the average median age of housing is 42 years. The weighted average monthly gross rent is \$751.

According to the U.S. 2010 Census, the Fairfield County AA median family income was \$68,778. The FFIEC Updated MSA Median Family Income of the Fairfield County AA was \$71,000 for 2016. Approximately 18.91 percent of the families in the AA are low-

income and 18.21 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 unemployment figures for Fairfield County are favorable when compared to the Ohio average. Per the Bureau of Labor Statistics, as of December 31, 2016, the unemployment rate for Fairfield County was 4.2 percent while the Ohio rate was 4.8 percent. The AA has a diverse mix of companies across many industries from service to manufacturing. Several major employers in Fairfield County 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, 2016, Deposit Market Share Report from the Federal Deposit Insurance Corporation (FDIC), Fairfield had approximately an 11.30 percent deposit market share in Fairfield County and was ranked fourth out of 17 financial institutions, behind three larger institutions.

A community contact indicated the AA's economy is improving. The credit needs of the AA include affordable housing. According to the contact, local financial institutions are meeting those needs. Per discussion with management, review of the area, and our community contact, 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 12 quarters since the last CRA evaluation of 102.86 percent is more than reasonable when compared to similarly-situated financial institutions. As of December 31, 2016, the thrift's LTD ratio was 97.29 percent. Since the last evaluation, the thrift's quarterly LTD ratio ranged from a low of 97.29 percent at December 31, 2016, to a high of 105.28 percent at September 30, 2015. A review of four similarly-situated financial institutions located within the Fairfield County MSA revealed an average LTD of 76.40 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 Fairfield County. Table 2 details Fairfield's AA lending activity during the evaluation period by number and dollar amount of loans originated.

<b>Table 2 – Lending in the Fairfield County AA</b>										
<b>Loan Type</b>	<b>Number of Loans</b>					<b>Dollars of Loans (in 000's)</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>	250	79.62	64	20.38	314	43,796	82.63	9,204	17.37	53,000
<b>Home Improvement</b>	5	83.33	1	16.67	6	947	85.01	167	14.99	1,114
<b>Home Refinance</b>	149	83.24	30	16.76	179	20,114	79.24	5,271	20.76	25,385
<b>Totals</b>	404	<b>80.96</b>	95	19.04	499	64,857	<b>81.58</b>	16,642	18.42	79,499

Source: Fairfield's HMDA Loan Data from January 1, 2014 through December 31, 2016.

### Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels in the Fairfield County AA reflects reasonable penetration. We gave greater weight to lending for purchases because a majority of originations were for purchases, followed by refinances, and to a limited extent home improvements. As shown in Table 3 below, Fairfield's distribution of lending to low- and moderate-income borrowers during the evaluation period is reasonable 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 Fairfield County 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>	7.20	20.00	12.08	10.18	14.55	9.14	18.91
<b>Moderate</b>	18.00	0.00	24.16	23.68	20.15	20.69	18.21
<b>Middle</b>	18.80	0.00	24.83	30.89	23.51	25.23	22.59
<b>Upper</b>	56.00	80.00	38.93	35.25	41.79	44.94	40.29

Source: 2010 U.S. Census data and thrift's HMDA loan data for 2014, 2015 and 2016. The Aggregate Lending Data (loans by AA lenders) is based on the 2014 Peer Mortgage Data. The above numbers are as of a percentage of loans with borrower income information available.

### Geographic Distribution of Loans

Fairfield's geographic distribution of loans within the Fairfield County AA reflects excellent dispersion considering its size, financial condition and AA needs. Geographic distribution compared to the level of loans made by AA lenders and owner occupied units in the Fairfield County AA is excellent. There are no low-income geographies in the AA. A majority of lending was for purchases and refinances. We gave greater weight to purchases, which represent a majority of AA lending. Lending for purchases and refinance of residential real estate in the moderate income census tract is favorable when compared to performance of other AA lenders.

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	19.60	40.00	19.46	18.52	21.31	15.94	20.36
Middle	56.80	60.00	63.09	34.29	46.74	36.47	41.61
Upper	23.60	0.00	17.45	47.19	31.95	47.59	38.03

*Source: 2010 U.S. Census data and thrift's HMDA loan data for 2014, 2015 and 2016. The Aggregate Lending Data (loans by AA lenders) is based on the 2014 Peer Mortgage Data. Data shown includes only one to four-family and manufacturing housing.*

### **Qualified Investments and CD Services (Optional)**

Fairfield 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 investments, and services in this performance evaluation. Those activities are described below and provide additional support for the thrift's overall "Outstanding" rating.

#### 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 Fairfield County AA, all made during the evaluation period, March 18, 2014, to April 10, 2017. The thrift made 50 qualified investments to seven organizations totaling \$70,799:

- Various donations totaling \$40,124 to the United Way, which provides assistance to communities supporting various education, health, and financial initiatives to low- and moderate-income individuals and families.
- Various donations totaling \$8,225 to Big Brothers Big Sisters, which provides guidance and support to low- and moderate-income children.
- Various donations to area homeless shelters and food pantries totaling \$5,950. Recipients include Maywood Mission, Foundation Shelters, St. Marks Food Pantry, and PMCA Food Pantry. The organizations provide 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

Community Development (CD) services provided by the thrift represent excellent responsiveness to CD needs. Thrift personnel provide technical and financial expertise throughout the Fairfield County 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. Thrift personnel also are 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.

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, and no corresponding increase in the interest rate, or additional fees, to compensate for the absence of a down payment. A total of six loans totaling \$600,400 were originated under this program during the evaluation period.

#### 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 overall outstanding rating.

#### **Responses to Complaints**

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

#### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) in determining a national bank’s (bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.