



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 17, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank Of Mount Dora
Charter Number 13102**

**714 N Donnelly St
Mount Dora, FL 32757**

**Comptroller of the Currency
North Florida Field Office
8375 Dix Ellis Trail #403
Jacksonville, FL 32256**

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.

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INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

- First National Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition and credit needs in the assessment area.
- The bank makes a substantial majority of its loans within the assessment area.
- The distribution of loans to borrowers of different incomes and to businesses of different sizes is reasonable given the demographics of the area.
- The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area.

DESCRIPTION OF THE INSTITUTION

The First National Bank of Mount Dora (FNB) was established in 1925 and is headquartered in Mount Dora, Lake County, Florida. The bank has three full service offices, two in Mount Dora and one in nearby Sorrento, Florida. As of December 31, 2002, the bank had total assets of \$118 million. The bank's lending focus is residential real estate loans, which represented 51% of total outstanding loan balances at year-end 2002. Loans to businesses represented 29% of total outstanding loan balances for the same period. There are no financial, legal or other impediments that would inhibit FNB's ability to meet community credit needs. FNB's last CRA evaluation was May 1998, where they were given a Satisfactory record for meeting community credit needs. The evaluation period for this review is June 1998 through January 2003.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area for this review consists of 15 census tracts that include the area in and around Mount Dora, eastern Lake County and 4 adjacent census tracts in northwest Orange County. The assessment area is part of the Orlando Metropolitan Statistical Area (MSA) #5960. The MSA includes Lake, Seminole, Orange, and Osceola Counties. Lake County has the smallest population in the MSA and is considered an attractive place for retirees. In recent years, its proximity to Orange County and low taxes has made Lake County an attractive location for families. As a result, residential development has been strong. Lake County is now considered one of the fastest growing counties in Florida. Most major employment is linked to the service sector. However, retail trade, construction and agriculture also contribute to the economy.

The assessment area contains 6 moderate-income tracts, 12 middle-income tracts and 1 upper-income tract. There are no low-income census tracts. The census tract designations are based on the 1990 U.S. Census median family income of \$34,389 for the Orlando MSA. The Department of Housing and Urban Development (HUD) estimates the 2002 median family income at \$54,700 for the MSA. The assessment area meets the legal requirements of the Act and does not arbitrarily exclude low- or moderate-income census tracts. The assessment area has a total population of 109,036 based on the 1990 Census.

There is a significant amount of banking competition in Lake County with 17 banks operating 77 offices. In Orange County, competition is very strong. For the combined Lake County/Orange County area, there are 42 banks operating over 280 offices. FNB has 3.16% of the market share of deposits in Lake County and .64% of the market share of deposits in the combined Lake County/Orange County area.¹

In contact meetings with the Office of the Comptroller of the Currency, leaders of local government and not-for-profit organizations indicated that the primary assessment area credit needs are for loans to remodel and rehabilitate existing housing and loans to support small businesses.

¹ FDIC Deposit Data, June 30, 2002

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

■ **Loan-to-Deposit Ratio - Meets the Standard for Satisfactory Performance**

FNB's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition and credit needs in the assessment area. The bank's quarterly average LTD ratio from September 1998 through September 2002 is 55%. Over the period, the ratio has ranged from 49% to 60%. By comparison, the national average LTD ratio is 75% for banks of similar size. For bank's headquartered within Lake and Orange Counties, the average LTD ratio is 70%.

■ **Lending in Assessment Area - Exceeds the Standard for Satisfactory Performance**

The bank makes a substantial majority of its loans within the assessment area. This conclusion is based on an analysis of loans originated for the years 2000 through 2002. Residential loans totalled \$5,050M in 2000, \$5,663M in 2001 and \$4,518M in 2002. The distribution of these loans is summarized in the table below.

Residential Mortgages	2000		2001		2002	
	# of Loans	\$ Volume	# of Loans	\$ Volume	# of Loans	\$ Volume
In Assessment Area	98.7%	98.4%	96.1%	97.1%	95.7%	93.5%
Out of Assessment Area	1.3%	1.6%	3.9%	2.9%	4.3%	6.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

For business loans, we used analyses done by the bank. We reviewed the analysis for accuracy and noted no deficiencies. The analyses showed that a substantial majority of business loans are also originated in the assessment area. The data for 2001 is summarized below.

Business Loans	# of Loans	\$ Volume
In Assessment Area	89.4%	77.8%
Out of Assessment Area	10.6%	22.2%
Total	100.0%	100.0%

■ **Lending to Borrowers of Different Incomes and Businesses of Different Sizes - Meets the Standard for Satisfactory Performance**

FNB's record of lending to borrowers of different incomes is satisfactory given the demographics of the assessment area. This analysis used the aforementioned residential mortgage loans originated within the assessment area (AA). We obtained income information for each borrower and the distribution to the total distribution of families within the assessment area, based on 2000-2002 HUD Median Family Income data. The analysis is summarized below.

Income Category	2000		2001		2002		Families in AA
	# of Loans	\$ Volume	# of Loans	\$ Volume	# of Loans	\$ Volume	
Low-Income	20.3%	8.1%	22.4%	8.8%	18.5%	8.2%	21.8%
Moderate-Income	13.9%	7.9%	21.4%	9.0%	13.8%	9.2%	25.5%
Middle-Income	29.1%	24.4%	15.3%	12.9%	21.5%	25.0%	25.4%
Upper-Income	34.2%	58.7%	31.7%	63.6%	38.5%	52.0%	27.3%
<i>Data Not Available</i>	2.5%	0.9%	9.2%	5.7%	7.7%	5.6%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The bank has a satisfactory record of lending to businesses of different sizes. Using the same business loans originated within the assessment area discussed in the previous performance criteria, we determined that the bank makes loans to businesses of varying sizes, including small businesses. We obtained annual revenue information from our sample of business loans originated within the assessment area. The analysis showed 88% of the total number of loans and 78% of the total dollar volume of loans made were to small businesses (those with total revenues less than \$1 million). The majority of loans, 88%, were for amounts less than \$100 thousand. In comparison, 95% of all businesses operating within the assessment area are considered small businesses.

■ **Geographic Distribution of Loans - Meets the Standard for Satisfactory Performance**

The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area. For this analysis we used the sample of residential mortgages made in the assessment area. We compared the geographic distribution of the loans to the level of owner-occupied housing within each geographic area. The level of owner-occupied housing is an indicator of the opportunities available for residential mortgage financing. This factor is also evaluated in the context of the bank's tenure, size, location of branches and the level of competition in the area. The results are summarized in the table below.

Census Tract Designation	2000		2001		2002		% of Owner Occupied Housing
	# of Loans	\$ Volume	# of Loans	\$ Volume	# of Loans	\$ Volume	
Low-Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Moderate-Income	30.4%	37.3%	32.7%	30.9%	35.4%	29.8%	42.4%
Middle-Income	69.6%	62.7%	66.3%	68.7%	64.6%	70.2%	54.1%
Upper-Income	0.0%	0.0%	1.0%	0.4%	0.0%	0.0%	3.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Next, we analyzed the geographic distribution of our sample of business loans. Thirty-seven percent (37%) of the total number of business loans sampled were made to businesses located in moderate-income census tracts and 63% to businesses in middle-income census tracts. Economic data shows that 34% of all businesses in the assessment area are located in moderate-income census tracts, 63% are in middle-income census tracts and 3% are located in upper-income census tracts.

■ **Response to Complaints - Not Applicable**

We reviewed complaint records maintained by our agency and those maintained by the bank. There were no complaints made relative to the Community Reinvestment Act during this evaluation period.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

An analysis of public comments and consumer complaint information for 2001 and 2002 was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1995.