



PUBLIC DISCLOSURE

July 13, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Woodruff FS & LA
Charter Number 703150

247 N Main St
Woodruff, SC 29388-1847

Office of the Comptroller of the Currency

212 South Tryon St.
Suite 700
Charlotte, NC 28281

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 major factors that support this rating include:

- The bank's quarterly average loan-to-deposit (LTD) ratio is reasonable based on the bank's size, financial condition, and relevant competitive factors;
- A majority of the bank's loans are made within its assessment area (AA);
- The distribution of borrowers reflects reasonable penetration among borrowers of different income levels within the AA;
- The geographic distribution of loans reflects reasonable dispersion throughout the AA; and
- The bank received no complaints during the evaluation period.

SCOPE OF EXAMINATION

We performed a full-scope evaluation of Woodruff Federal Savings and Loan Association's (Woodruff Federal) performance using small bank Community Reinvestment Act (CRA) examination procedures. Based upon the bank's business strategy and the loans originated during the evaluation period, we determined that home mortgage loans are the bank's primary loan product.

In May 2015, we conducted an evaluation of the integrity of publicly filed HMDA information to verify the accuracy of data. The bank's processes, procedures, and internal controls for Home Mortgage Disclosure Act (HMDA) data collection, verification, and reporting are satisfactory. There were no systemic reporting errors or problems identified. This CRA evaluation is based on accurate data.

DESCRIPTION OF INSTITUTION

Woodruff Federal is a federally insured mutual savings association with total assets of approximately \$88.6 million as of March 31, 2015. The bank's Tier One Capital is \$30.1 million.

Woodruff Federal conducts business from its sole office in the city of Woodruff, South Carolina. As a traditional savings association, Woodruff Federal concentrates on the origination of mortgage loans and acceptance of deposit accounts. In addition, the bank offers deposit accounts including savings accounts, certificates of deposits, and individual retirement accounts. No transaction accounts are offered.

Woodruff Federal offers a wide range of conventional mortgage products for the purchase, refinance, and construction of single-family residences, and investment properties. In addition,

the bank offers loans on commercial real estate, churches, lot loans, and second mortgages and home equity lines of credit secured by single-family residences. The bank offers a First Time Homebuyers Program to residents of Spartanburg County’s School District Four (Woodruff school district) who have never owned a home. In conjunction with this program, Woodruff Federal waives the small origination fee that it usually charges.

Woodruff Federal retains and services all loans that it originates. Loan-to-value ratios cannot exceed 90 percent for conventional mortgage loans, and no private mortgage insurance is required. The bank offers fixed-rate mortgages with terms of 10, 15 or, 30 years. There is no minimum loan amount for any of the bank’s products. Residential real estate loans represent a substantial majority of the bank’s loan portfolio. The table below reflects the distribution of Woodruff Federal’s loan portfolio as of March 31, 2015.

Woodruff Federal Savings and Loan Association Distribution of Loan Portfolio as of March 30, 2015			
Loan Type	Amount by Loan Type (\$000s)	Total Amount of Loans (\$000s)	% of Total Loans
<i>Commercial Real Estate including Commercial & Industrial</i>		\$6,461	13.22%
Non-farm Non-residential Properties	\$6,461		
Construction and Land Development	\$0		
Commercial and Industrial	\$0		
<i>Residential Real Estate, including Multifamily</i>		\$42,422	86.78%
1-4 Family Residential Secured by 1 st liens	\$37,974		
1-4 Family Residential Secured by junior liens	\$17		
1-4 Family Residential, open-end	\$227		
Multifamily (5 or more) Residential	\$2,366		
Construction 1-4 Family	\$1,689		
Construction and Land Development	\$149		
<i>Consumer</i>	\$0	\$0	0.00%
Total Loans		\$48,883	100%

Woodruff Federal encounters significant competition for both deposits and loans. According to June 30, 2014 deposit market share data from the Federal Deposit Insurance Corporation, there are 17 other depository institutions operating 70 branch offices in Spartanburg County. SunTrust, Branch Banking and Trust, and First Citizens Bank and Trust have 17.52 percent, 15.51, and 11.06 percent of the total deposits in Spartanburg County, respectively. In comparison, Woodruff Federal has 1.45 percent of the deposit market share. According to the 2013 Aggregate HMDA data, 244 lenders originated HMDA reportable loans in Spartanburg County. These lenders include numerous large regional commercial banks and mortgage companies.

There were no legal, or regulatory impediments that adversely affected Woodruff Federal’s ability to help meet the community credit needs of its assessment area (AA). The bank’s rating at the preceding CRA evaluation, dated January 20, 2009, was “Satisfactory”.

DESCRIPTION OF ASSESSMENT AREA(S)

Woodruff Federal's AA consists of all of Spartanburg County, South Carolina. The AA meets the technical requirements of the CRA and does not arbitrarily exclude low- or moderate-income census tracts. Spartanburg County is part of the Spartanburg Metropolitan Statistical Area (MSA). The following table highlights certain demographic characteristics of Spartanburg County.

WOODRUFF SAVINGS AND LOAN ASSOCIATION ASSESSMENT AREA DEMOGRAPHICS						
Based upon 2010 Census Data						
	CENSUS TRACT INCOME LEVEL					
		TOTAL	LOW	MODERATE	MIDDLE	UPPER
CENSUS TRACTS/BNAs	#	69	5	16	32	16
POPULATION	#	284,307	12,126	59,022	140,695	72,464
BY LOCATION		100.00%	4.27%	20.76%	49.49%	25.49%
% OWNER OCCUPIED		100.00%	1.73%	15.92%	53.35%	29.00%
% RENTER OCCUPIED		100.00%	9.86%	30.97%	42.04%	17.13%
% VACANT		100.00%	6.17%	27.98%	48.55%	17.29%
MEDIAN HOUSING VALUE		\$117,404	\$54,663	\$84,474	\$110,892	\$170,084
UPDATED MEDIAN FAMILY INCOME FOR 2013		\$51,848				
% OF FAMILIES BELOW POVERTY LEVEL		11.04%				

The largest employers in Spartanburg County include the Benore Logistics Systems Inc., BMW Manufacturing, County of Spartanburg, Ingles Market Inc., and Lear Operations Corporation. As of December 2014, the unemployment rate in Spartanburg County was percent 6.0 which was slightly lower than the unemployment rate in the state of South Carolina (6.3 percent).

Overall economic conditions in Spartanburg County are positive. According to the 2014 Annual Update of the Comprehensive Economic Development Strategy for Appalachian Region Council of Governments, more than 100 international companies are located in Spartanburg County. According to information from the *New York Times*, Spartanburg County had the highest per capita of international investments in the country. A key component of the county's success is its location along the intersection of I-85 and I-26, access to Greenville-Spartanburg International Airport, and access to the Port of Charleston. Despite this level of growth, there has not been much growth in the Woodruff area. Beginning with the closing of the two textile mills approximately 10 years ago, local businesses continue to close. Local manufacturing businesses such as MEMC, Jeffery and Dresser have either closed or drastically reduced their workforce. Further, the 2013-2017 Spartanburg County Consolidated Plan identified affordable housing, public facilities and improvements, public services for the non-homeless and homeless, economic development and housing rehabilitation as significant needs.

During this evaluation, we contacted an organization that works to provide affordable owner occupied housing to low and moderate-income individuals in Spartanburg County. According to

the contact, stability of income is a significant obstacle toward homeownership. In addition to affordable housing needs, there are a large number of individuals living in substandard housing. This situation is particularly critical for many older persons who lack the resources to make the necessary repairs to their homes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall lending performance is Satisfactory. This conclusion is based upon the results of the following specific lending tests used to determine if the bank is meeting the credit needs of the AA. All criteria of the specific lending tests are documented below.

Loan-to-Deposit Ratio

Woodruff Federal’s loan-to-deposit (LTD) ratio is reasonable given the bank’s size and financial condition. Since the last CRA evaluation in January 2009, the bank’s quarterly average LTD ratio for the 26 quarters is 82.25 percent. The bank’s LTD ratio ranged from a quarterly low of 65.11 percent to a quarterly high of 96.54 percent during this time period. In comparison, the quarterly average LTD ratio among similarly sized financial institutions in South Carolina is 81.15 percent. The peer average LTD ratio over the same 26 quarters ranged from a low of 65.84 percent to a high of 93.67 percent.

Lending in Assessment Area

Woodruff Federal originated a majority of its home mortgage loans inside the AA. During the evaluation period, 77.95 percent of the total number and 50.92 percent of the total dollar originated inside the AA. The following table reflects Woodruff Federal’s home mortgage originations inside and outside the AA from January 1, 2013 through December 31, 2014.

Table 1 – Home Mortgage Loans Within/Outside the AA January 1, 2013 through December 31, 2014				
Originations	Number	Percentage	Dollar Amount (\$000)	Percentage
Within	99	77.95%	\$3,818	50.92%
Outside	28	22.05%	\$3,680	49.08%
TOTAL	127	100.00%	\$7,498	100.00%

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Woodruff’s Federal’s distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. Table 2 shows the percentage of lending to borrowers of different income levels in the AA and compares it to the percentage of families in each income category. The percentage of mortgage loans to low-income borrowers is significantly lower than the percentage of low-income families within the AA. The low percentage of loans to low-income borrowers may be a factor of family poverty rates. According to the 2010 U.S. Census data, 11.04 percent of families residing within the AA have incomes below the poverty level.

Families below poverty may not have the financial resources to obtain mortgage loans. The bank’s percentage of loans to moderate-income borrowers was near to the percentage of moderate-income families in the AA.

We compared Woodruff Federal’s lending activity to borrowers of different income levels to the lending activity of other lenders in the AA subject to HMDA reporting requirements. The bank's percentage of loans to low-income borrowers is lower than the percentage of lending to low-income borrowers by other lenders. The bank's distribution of loans to moderate-income borrowers was somewhat lower than the percentage of lending to moderate-income borrowers by other lenders.

Table 2 Borrower Income Level Spartanburg County	Woodruff Federal (2013-2014)		2013 Aggregate HMDA	Distribution of Families In AA
	Number of Loans*	Percent of Loans		
Low = <50%	5	5.88%	9.45%	20.78%
Moderate = 50-79%	13	15.29%	22.59%	17.29%
Middle = 80-119%	17	20.00%	26.02%	20.25%
Upper = ≥ 120%	50	58.82%	41.94%	41.68%
**Total	85	100.00%	100.00%	100.00%

*Source 2012-2013 HMDA Data, 2013 Peer HMDA, and 2010 U.S. Census Data; * Total excludes loan for which borrower income was not reported.*

In October 2010, Woodruff Federal began participating in the Community Investment Corporation of the Carolinas (CICCAR). CICCAR is an affordable housing loan consortium of the North Carolina Bankers Association that provides long-term permanent financing for multi-family low- and moderate-income housing projects throughout North Carolina, South Carolina, and Virginia. CICCAR funds these housing projects by selling participation interests to members of the organization. To qualify for financing, at least 51 percent of the housing units must provide housing for individuals earning no more than 60 percent of the area median family income. Additionally, residents cannot spend more than 30 percent of their monthly income on housing. Most of the CICCAR developments receive an allocation of federal low income housing tax credits and have some sort of subordinated debt. The leveraged funding comes from city, county, federal HOME funds, affordable housing grants, and state housing trust funds. As of July 13, 2015, Woodruff Federal had 28 CICCAR loans participations totaling \$2.8 million.

Geographic Distribution of Loans

Woodruff Federal’s distribution of home mortgage loans reflects reasonable dispersion throughout the AA. Table 3 presents the geographic distribution of loans compared to the percentage of owner-occupied housing units for each census tract. Woodruff Federal made no loans in low-income census tracts. However, lending opportunities in low-income census tracts are limited given the small percentage of owner-occupied housing units in low-income census tracts. The bank’s distribution of loans in moderate-income census tracts exceeds the percentage of owner-occupied housing units in moderate-income census tracts.

We also compared the bank’s geographic distribution of loans to Aggregate 2013 HMDA lending data. Table 3 compares the bank's distribution of loans to other lenders in the AA subject to HMDA reporting requirements. The bank's distribution of loans in low-income census tracts was significantly lower than lending activity by other lenders. However, Woodruff Federal’s percentage of lending in moderate-income census tracts exceeds the percentage of lending of other lenders.

Table 3 Census Tract Income Category	Woodruff Federal (2013-2014)		2013 Aggregate HMDA	Distribution of O.O.H.U.* In AA
	Number of Loans	Percent of Loans		
Low	0	0.00%	0.45%	1.73%
Moderate	18	18.18%	11.50%	15.92%
Middle	47	47.47%	53.69%	53.35%
Upper	34	34.34%	34.35%	29.00%
Total	99	100.00%	100.00%	100.00%

**Owner Occupied Housing Units*

Source 2012-2013 HMDA Data, 2013 Peer HMDA, and 2010 U.S. Census Data

Responses to Complaints

During the evaluation period, Woodruff Federal did not receive any CRA-related complaints since the last evaluation related to their performance in helping to meet the credit needs of the AA.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(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.