

# **PUBLIC DISCLOSURE**

March 15, 2010

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Ottoville Bank Company  
RSSD #443625

161 West Third Street  
Ottoville, Ohio 45876

Federal Reserve Bank of Cleveland

P.O. Box 6387  
Cleveland, OH 44101-1387

**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."**

The major factors and criteria contributing to this rating include:

- The loan-to-deposit ratio is reasonable (considering seasonable variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs;
- A majority of loans and other lending-related activities are in the assessment area;
- The distribution of loans to borrowers reflects an excellent penetration among individuals of different income levels (including low- and moderate-income);
- The distribution of loans to businesses reflects a reasonable penetration among businesses of different sizes given the demographics of the assessment area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area; and,
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

The previous CRA evaluation conducted as of February 27, 2006 resulted in a rating of "Satisfactory."

## SCOPE OF EXAMINATION

The evaluation of The Ottoville Bank Company's (Ottoville) Community Reinvestment Act (CRA) performance covered the period of January 1, 2007 to December 31, 2009. Ottoville's performance was evaluated using the Interagency Procedures and Guidelines for Small Institutions. Under this examination method, the bank is evaluated by considering its lending activity. The lending test includes an analysis of the following:

- The loan-to-deposit ratio;
- The volume of loans extended inside and outside of the bank's assessment area;
- The geographic distribution of loans in the bank's assessment area, including low- and moderate-income census tracts;
- The extent of lending to borrowers of different income levels, including low- and moderate-income borrowers and businesses and farms of different sizes, including small businesses and small farms; and,
- The bank's record of taking action in response to written complaints about its performance in helping to meet credit needs in its assessment area.

The bank's major loan products, including small business, motor vehicle, and other consumer loans, were evaluated. Other consumer loans are comprised of loans secured by CDs/savings accounts and other titled vehicles and unsecured consumer loans. There were insufficient mortgage and small farm loans for a meaningful analysis. Both small business and other consumer loans accounted for 37.3% of the loans made during the evaluation period. Small business loans were given greater weight because they represented 88.9% of the loans by dollar amount. Since motor vehicle loans comprised the smallest portion of loan volume at 25.4%, they were given the least weight.

Loans were evaluated to determine the lending activity inside and outside the bank's assessment area. Loans made inside the assessment area were then evaluated for geographic and borrower distribution. The geographic distribution of small business loans was compared to the percentage of businesses within each geographic income category, regardless of revenue size of the business. The geographic distribution of other consumer and motor vehicle loans made in each geography type was compared to the percentage of households in these geographies. The demographic information for geographic distribution is based on the 2000 U.S. Census Data.

The distribution of loans to borrowers of different income levels was based on the annual adjusted median family income data published by the U.S. Department of Housing and Urban Development. The borrower distribution of small business loans was assessed by comparing the percentage of loans made to businesses in each revenue category (less than or equal to \$1 million or greater than \$1 million) to the percentage of total businesses in each revenue category. The borrower distribution for other consumer loans and automobile loans was compared to the percentage of households in each income-category (low-, moderate-, medium-, and upper-income).

Poverty levels were also considered in the analysis. Poverty levels are determined by both income and family size. The percentage of households below poverty level was considered when evaluating lending performance to low- and moderate-income borrowers.

Ottoville's assessment area consists of three middle- and one upper-income tracts. Since the majority of tracts are middle-income and because there are no low- and moderate-income tracts, borrower distribution received more weight than geographic distribution.

## DESCRIPTION OF INSTITUTION

Ottoville is a community bank located in Putnam County, which is in the west central portion of the state. Ottoville does not have a holding company and operates with only one office, which has an ATM.

Ottoville's assets as of December 31, 2009 were \$67.7 million, which represented an increase of 22.9% from December 31, 2008. Net loans and leases increased 6.7% during the same time period. A substantial portion of the increase in the bank's assets was due to an influx of municipal deposits. Ottoville is primarily a real estate lender, with 76.2% of loans secured by some form of real estate. Of the real estate loans, 41.9% were secured by commercial real estate, 31.7% by 1-4 family residential properties, and 19.6% by farmland. Commercial and agricultural loans comprised 20.3% of the portfolio, while consumer loans represented 3.5% of loans.

Ottoville ranked sixth of six institutions in Putnam County, with 5.65% of deposit market share as of June 30, 2009.<sup>1</sup> The Union Bank Company, which has assets of \$615.2 million and headquartered in Columbus Grove, had the largest market share with 34.74% of deposits. The only large bank operating in the county is The Huntington National Bank, which ranked second with 24.40% share of deposits. Other competitors in Putnam County are The Fort Jennings State Bank, First Federal Bank of the Midwest, and The First National Bank of Pandora.

Ottoville is located the village of Ottoville in Putnam County. The village is in the southwestern portion of the county, approximately four miles east of Van Wert County. Ottoville's assessment area consists of four contiguous census tracts: one upper-income and one middle-income tract in western Putnam County, one middle-income tract in southeastern Paulding County, and one middle-income tract in northeastern Van Wert County. None of the middle-income tracts are distressed.

There has been no application activity since the previous evaluation nor are there any legal or financial impediments preventing Ottoville from meeting the credit needs of its assessment area.

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1 Summary of Deposits: [www.fdic.gov/sod](http://www.fdic.gov/sod)

## DESCRIPTION OF NON-METROPOLITAN ASSESSMENT AREA IN WESTERN OHIO

Ottoville's assessment area consists of four tracts in rural central western Ohio. Two tracts are in Putnam County and there is one tract each in Paulding and Van Wert counties. One tract in Putnam County is an upper-income geography and the remaining three tracts are each middle-income tracts. There are no low- or moderate-income tracts within the assessment area.

Families comprise 78.6% of the total households in the assessment area, of which 4.8% are below poverty level. Of the families residing in the assessment area, 11.3% are low-income, 14.9% are moderate-income, 26.2% are middle-income, and 47.6% are upper income.

### Population Characteristics

The 2000 U.S. Census indicated that the population in Ottoville was 19,203. Of the total population, 29.1% were ages 17 and younger, 8.3% were ages 18 to 24, 50.1% were ages 25 to 64, and 12.5% were ages 65 and older.

In the population estimates provided by the Ohio Department of Development's Office of Policy, Research, and Strategic Planning,<sup>2</sup> the population of the three counties declined 2.3% from 2000 to 2007, but is expected to increase 2.1% from 2007 to 2010. The following table illustrates the population estimates for the three counties in 2007 and 2010 compared to 2000:

County Name	2000 Population	Estimated 2007 Population	Percentage Change from 2000 to 2007	Estimated 2010 Population	Percentage Change from 2007 to 2010
Paulding	20,293	19,182	-5.5	20,010	4.3
Putnam	34,726	34,635	-0.3	35,080	1.3
Van Wert	29,659	28,889	-2.6	29,330	1.5
<i>Total</i>	<i>84,678</i>	<i>82,706</i>	<i>-2.3</i>	<i>84,420</i>	<i>2.1</i>

### Income Characteristics

The median family income of the assessment area in 2000 was \$50,623, which was slightly higher than the median family income for the State of Ohio of \$50,037. The following table illustrates the changes in median family income from 2000 to 2009:<sup>3</sup>

<sup>2</sup> <http://www.odod.state.oh.us/research/>

<sup>3</sup> [www.huduser.org](http://www.huduser.org)

County Name	2000 Median Family Income	2009 Median Family Income	Percentage Change
Paulding	\$45,481	\$55,800	22.7
Putnam	\$52,859	\$65,400	23.7
Van Wert	\$46,503	\$56,200	20.9

In 2000, 6.2% of households and 4.8% of families lived below the poverty level. Only 1.8% of households had rental costs that exceeded 30% of their income, while 1.7% of households received public assistance.

### **Housing Characteristics**

There were 7,116 housing units in the assessment area as of the 2000 Census. Owner-occupied properties comprised 84.1% of the units. The owner-occupancy rate for the assessment area was higher than the statewide rate of 64.2%, but comparable to the owner-occupancy rates in Paulding, Putnam, and Van Wert Counties at 76.9%, 80.4%, and 76.5%, respectively. Of the housing units, 89.1% were one-to-four family dwellings, 0.9% were multi-family dwellings, and 9.8% were mobile homes.

The housing affordability ratio for the assessment area of 53.5%, which is calculated by dividing the median household income by the median housing value, is a good indication that owning a home in the assessment area is less of a challenge for low- and moderate-income borrowers than for borrowers in the State of Ohio as whole, which has an affordability ratio of 40.7%. The median value of housing was \$83,304 for the assessment area compared to the median housing value of \$72,500 in Paulding County, \$91,300 in Putnam County, and \$74,700 in Van Wert County. The median housing value for the assessment area and three counties were all lower than the State of Ohio’s median value of \$100,500.

The median age of housing in the assessment area, as of the 2000 Census, was 35 years. This was comparable to the median age of housing in Paulding and Putnam Counties of 36 years; however, it was much younger than Van Wert County’s median age of 49 years. The housing stock appeared to be in fairly good condition, as the vacancy rate was 4.7%. This is a good indication that due to the age of the housing stock, there appears to be a need for home improvement lending.

The median gross rent was \$426 in the assessment area, which was higher than the median rents for Paulding and Van Wert counties at \$393 and \$412, respectively. The median gross rent was \$446 in Putnam County, which was higher than the median rent for the assessment area. The median gross rents for the assessment area and the three counties were all significantly lower than the median gross rent for the State of Ohio of \$515. Rental units represented 11.2% of the units in the assessment area. Rent costs were greater than 30.0% of the income for 15.6% of the assessment area’s renters. This is an indication that rents are more affordable in the assessment area compared to the State of Ohio, where 33.8% of renters paid more than 30.0% of their income to cover rent.

According to Sperling's Best Places,<sup>4</sup> the median cost of a home in Ottoville, Ohio is \$115,480 and home values have depreciated by 4.5%. Compared to the rest of the nation, the cost of living is 17.7% lower than average in Ottoville.

According to RealtyTrac,<sup>5</sup> there were 88,855 properties in Ohio that were in foreclosure in February 2010, which means one in 690 housing units received a foreclosure notice. Paulding County had 133 foreclosed units (one in 448 housing units), while Putnam County had 51 foreclosed units (one in 1,897 housing units). Van Wert County had 96 foreclosed units (one in 339 housing units).

### **Labor, Employment, and Economic Conditions**<sup>6</sup>

The largest industries in Paulding County by average employment were manufacturing, local government, and trade/transportation/utilities. The highest weekly wages were in natural resources and mining (\$867) and the federal government (\$724). Agriculture is also a major industry in the county, as 87.8% of land is dedicated to crops. As of 2007, there were 630 farms with cash receipts of \$134,051 per farm.

The largest three industries by average employment were the same in Putnam County. The industries with the highest average weekly wages varied, however, with the largest in manufacturing (\$788) and state government (\$764). Agriculture also plays a major role in the county, with 87.9% of land dedicated to crops. In 2007, there were 1,310 farms with cash receipts of \$117,806.

The largest employers in Van Wert County by average employment were different than the other two counties in the assessment area. In this county, the largest employers were in the manufacturing, trade/transportation/utilities, and education/health services industries. Of the three counties, Van Wert County is the only one with a city having a population exceeding 10,000 (Van Wert City) and different set of employers is to be expected because of it. The highest weekly wages were in the financial services industry (\$906) and state government (\$816). Agriculture is also important to the county with 87.1% of land dedicated to crops. As of 2007, there were 660 farms with average cash receipts of \$127,800.

The unadjusted unemployment rates in January 2010 in Paulding, Putnam, and Van Wert counties of 14.4%, 12.8%, and 15.2%, respectively, exceeded both the nationwide rate of 10.6% and the statewide rate of 11.8%. Major employers in Paulding County are Alex Products Inc., Cooper Farms, and Paulding County Hospital. In Putnam County, they include Kalida Manufacturing Inc., Iams Company, and Putnam County Government. Van Wert County's major employers include Eaton Corp., Kennedy Manufacturing Co., and Van Wert City Board of Education.

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4 [www.bestplaces.net](http://www.bestplaces.net)

5 [www.realtytrac.com](http://www.realtytrac.com)

6 The employment and land use data from this section is from the Ohio Department of Development, while the unemployment data is from the Ohio Department of Job and Family Services

The following demographic table illustrates the bank's assessment area.

### Combined Demographics Report

The Ottoville Banking Company

Assessment Area(s): NonMSA

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	604	11.3
Moderate-income	0	0.0	0	0.0	0	0.0	793	14.9
Middle-income	3	75.0	3,986	74.7	219	5.5	1,400	26.3
Upper-income	1	25.0	1,347	25.3	37	2.7	2,536	47.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>4</b>	<b>100.0</b>	<b>5,333</b>	<b>100.0</b>	<b>256</b>	<b>4.8</b>	<b>5,333</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	5,362	4,444	74.3	82.9	632	11.8	286	5.3
Upper-income	1,754	1,537	25.7	87.6	167	9.5	50	2.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>7,116</b>	<b>5,981</b>	<b>100.0</b>	<b>84.1</b>	<b>799</b>	<b>11.2</b>	<b>336</b>	<b>4.7</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	415	63.7	368	63.6	28	62.2	19	70.4
Upper-income	236	36.3	211	36.4	17	37.8	8	29.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>651</b>	<b>100.0</b>	<b>579</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>
	Percentage of Total Businesses:			<b>88.9</b>		<b>6.9</b>		<b>4.1</b>

### **Community Contacts**

One community contact was made to an organization that serves farmers in the Putnam County. This organization is an extension of a university and the director is considered a faculty member of this institution.

The contact indicated that the economic conditions for the three main types of farms in Putnam County have varied, with dairy farmers experiencing the worst conditions in several decades. Milk prices were extremely low, while crop prices, which impact feed costs, were high. Conditions are starting to improve for these farms, as milk and feed costs have stabilized. Hog farmers experienced similar conditions, but not to the extent as dairy farmers. The prices for hogs were relatively low, but much more stable than the price of milk. These farmers also suffered from high feed costs. Grain farmers did not experience the same level of difficulty; however, prices have started to soften somewhat. Yields in the past year were adequate.

The contact noted that Putnam County has experienced three straight dry growing seasons, which had impacted crop yields. He stated that the conditions were limited to that particular area, with wetter conditions within 40 miles of Putnam County.

The contact noted that agriculture remains a significant industry in the county and employs the most people. Very few of the farms exceed 4,000 acres and most are owned by local families. He indicated that the county ranks first for the number of combines and second for tractors.

Many industries in the county support farmers, such as canneries, ethanol factories, and haulers of manure. He indicated that many families have at least one member employed outside of the farm to obtain and manage the cost of healthcare and other benefits.

The contact stated that Putnam County is often considered a bedroom community because it is approximately 20-30 miles from cities with sizable manufacturing plants, such as Findlay, Defiance, and Lima. He feels that due to the location and improved infrastructure, the county has positioned itself for growth, such as improving the yard near the junction of three railroads and a better water holding system.

While the contact did not identify any significant gaps in lending, he did indicate that lenders are concerned with possible countermeasure legislation on the November 2010 ballot that would change standards for the housing of livestock leading to major changes to farm operations in the county. He feels that lenders may be reluctant to finance new poultry and hog facilities with the uncertainty about this initiative.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

A financial institution's loan-to-deposit ratio compares the institution's aggregate loan balances outstanding to its total deposits. The ratio is a measure of an institution's lending volume relative to its capacity to lend and is derived by adding the quarterly loan-to-deposit ratios and dividing by the number of quarters. Ottoville's peer group consists of all insured commercial banks having assets between \$50 and \$100 million in a non-metropolitan area with two or fewer offices.

Ottoville's average loan-to-deposit ratio is 62.5% compared to the peer ratio of 71.1%. Although the bank's ratio is much lower than the peer's ratio, it is considered reasonable. The aforementioned influx of municipal deposits has significantly increased deposits, while loan volume has not fluctuated as much. Slow growth or declines in loans is to be expected given the state of the economy in the past few years with decreased loan demand.

The following table illustrates Ottoville's quarterly loan-to-deposit ratios for the 15 quarters since the previous evaluation, along with the average loan-to-deposit ratio for the peer group.

<b>Loan-to-Deposit Ratios</b>				
<b>As of Date</b>	<b>Net Loans (000s)</b>	<b>Total Deposits (000s)</b>	<b>Bank Ratio</b>	<b>Peer Ratio</b>
December 31, 2009	23,886	48,766	49.0	69.1
September 30, 2009	23,557	44,404	53.1	71.2
June 30, 2009	23,599	41,981	56.2	70.5
March 31, 2009	21,644	39,957	54.2	69.7
December 31, 2008	22,404	36,577	61.3	71.4
September 30, 2008	22,629	38,678	58.5	72.8
June 30, 2008	22,189	36,335	61.1	71.3
March 31, 2008	21,844	35,977	60.7	69.3
December 31, 2007	22,236	36,283	61.3	70.7
September 30, 2007	24,005	34,951	68.7	72.3
June 30, 2007	23,940	34,191	70.0	72.0
March 31, 2007	23,781	35,129	67.7	70.3
December 31, 2006	23,969	34,529	69.4	70.6
September 30, 2006	24,271	33,123	73.3	73.0
June 30, 2006	24,064	32,665	73.7	72.7
<b>Quarterly Loan- to- Deposit Ratio Average Since Prior Evaluation</b>			<b>62.5</b>	<b>71.1</b>

### Lending in the Assessment Area

Ottoville's small business, other consumer, and automobile loans were analyzed to assess the volume of lending inside versus outside of the assessment area. The following table illustrates that the majority of loans, both by volume and dollar amount, were made within the assessment area. Almost half of the small business loans by dollar amount were made outside the assessment area; however, this number is somewhat skewed, as there were a few large credits made outside of the area.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000s)	%	# of Loans	%	\$ (000s)	%
Small Business	61	75.3	4,652	50.7	20	24.7	4,522	49.3
Motor Vehicle	51	92.7	467	94.1	4	7.3	29	5.9
Other Consumer	77	95.1	535	82.5	4	4.9	114	17.5
<b>Total</b>	189	87.1	5,653	54.8	28	12.9	4,665	45.2

### **Geographic Distribution**

Ottoville’s geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. However, based on the bank’s office location, the concentration of lending is expected to be in the upper-income geography. The bank has made a good effort in lending in all of the tracts in its assessment area as there are no gaps in lending.

#### ***Small Business Loans***

An analysis of small loans to businesses was conducted to determine Ottoville’s lending dispersion among the four tracts in the assessment area. Ottoville made 26.2% of its small loans to businesses in the middle-income tracts, while 63.7% of businesses were in those tracts. The bank made 73.8% of its loans in the upper-income tract, while 36.3% of businesses were in that tract. Although the lending is concentrated in the upper-income tract, it is considered reasonable based on the location of its office. Therefore, the geographic distribution of small loans to businesses is adequate.

#### ***Other Consumer Loans***

Other consumer loans were also reviewed to ascertain Ottoville’s lending among its four tracts. The bank made 27.3% of its loans in the middle-income tracts, which was much less than the percentage of households in these geographies at 74.8%. The majority of its lending (72.7%) was in the upper-income tract, which was much higher than the percentage of households in this tract at 25.2%. As supported above, lending is considered adequate.

#### ***Motor Vehicle Loans***

Ottoville made 35.3% of its motor vehicle loans in the middle-income tracts, which was considerably lower than the percentage of households in these geographies at 74.8%. The bank originated 64.7% of its loans in the upper-income tract, which was higher than the percentage of households in this geography at 25.2%. Again, the geographic distribution is adequate because of the location of Ottoville’s sole office.

## **Borrower Distribution**

Small business, other consumer loans and motor vehicle loans were compared to the demographic and economic conditions of the assessment area to determine the extent of lending to business of different revenue sizes and to borrowers of different income levels. This analysis revealed that Ottoville has a reasonable penetration among businesses of different sizes and an excellent penetration to borrowers of different income levels.

### ***Small Business Loans***

An analysis of small business lending was conducted to determine the extent of lending to businesses of different revenue sizes, including small businesses. Ottoville originated 67.2% of its loans to businesses with revenues of \$1 million or less. This was lower than the percentage of small businesses in the assessment area at 88.9%. The loan size was also considered, as smaller loans are generally commensurate with the borrowing needs of smaller business. This review showed that 82.0% of small business loans were for \$100,000 or less. Based on this analysis, the bank's lending to small businesses is good.

### ***Other Consumer Loans***

Ottoville originated 28.6% of its other consumer loans to low-income borrowers, which exceeded the percentage of low-income households at 14.8%. Ottoville lent 19.5% of its other consumer loans to moderate-income borrowers, which again exceeded the 14.3% of moderate-income households in the assessment area. The bank made 20.8% of its loans to middle-income borrowers, which compares to the percentage of middle-income households at 20.5%. Lending to upper-income borrowers, which comprised 7.8% of loans, was substantially lower than the percentage of these households at 50.4%. The lending data is somewhat skewed, as 23.3% of borrower's income was unknown. Given these factors, the borrower distribution for other consumer loans is excellent.

### ***Motor Vehicle Loans***

Ottoville originated 25.5% of its motor vehicle loans to low-income borrowers, which was much higher than the percentage of low-income households at 14.8%. The bank made 21.6% of its loans to moderate-income borrowers, which also exceeded the percentage of moderate-income households at 14.3%. Ottoville's lending to middle-income borrowers at 19.6% was slightly lower than the percentage of middle-income households at 20.5%. The bank originated 13.7% of its loans to upper-income borrowers, which was considerably lower than the percentage of upper-income households at 50.4%. The bank's lending data for this analysis did not include 19.6% of the lending because borrowers' income was unknown. Thus, the borrower distribution of motor vehicle loans is excellent.

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

A fair lending review was completed in conjunction with the compliance and CRA examinations. No evidence of discrimination or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Ottoville maintains adequate policies and procedures to ensure compliance and provides sufficient guidance to bank staff regarding fair lending laws and regulations.

## APPENDIX A

### GLOSSARY OF TERMS

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as small business loans if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## APPENDIX B

### ASSESSMENT AREA MAP

The Ottoville Banking Company  
Assessment Area: NonMSA

