



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

Public Disclosure

June 8, 1998

Community Reinvestment Act Performance Evaluation

Signal Bank, N.A.
Charter Number: 23344
Wooster, Ohio

NOTE: 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.

TABLE OF CONTENTS

General Information	1
Description of Institution	2
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS	
Scope of Review	7
Lending Test	7
Investment Test	15
Service Test	16
Community Development Services	17
FAIR LENDING EXAMINATION	18
CONCLUSIONS WITH RESPECT TO MANSFIELD METROPOLITAN AREA (MSA 4800)	
Lending Test	19
Investment Test	24
Service Test	25
Community Development Services	26
CONCLUSIONS WITH RESPECT TO MEDINA COUNTY, CLEVELAND/ELYRIA/ LORAIN METROPOLITAN AREA (MSA 1680)	
Lending Test	27
Investment Test	32
Service Test	33
Community Development Services	34
CONCLUSIONS WITH RESPECT TO NON-MSA AREAS	
Lending Test	35
Investment Test	40
Service Test	41
Community Development Services	42

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Signal Bank, N.A.** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **March 31, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated *Satisfactory* record of meeting credit needs. The factors supporting the bank's overall rating include:

- ▶ strong responsiveness to the home mortgage needs within the assessment areas;
- ▶ adequate geographic distribution of all loans within the assessment areas;
- ▶ reasonable distribution of loans among borrowers of different income levels with the exception of low-income borrowers; reasonable distribution of loans to businesses of different sizes;
- ▶ strong level of community development lending activity;
- ▶ adequate level of investments throughout its assessment areas;
- ▶ reasonable access to delivery systems for all segments of the assessment areas; and
- ▶ adequate level of community development services provided.

The following table indicates the performance level of **Signal Bank, N.A.** with respect to the lending, investment, and service tests.

Performance Levels	Signal Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory			X
Low satisfactory	X	X	
Needs to improve			
Substantial noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests in the overall rating.

Description of Institution

Signal Bank, N.A. (Signal) is a full service commercial bank headquartered in Wooster, Ohio. With average assets of \$1.4 billion during the first quarter of 1998, Signal serves all or portions of nine counties in northern Ohio through 26 offices and 17 Automated Teller Machines (ATMs). The bank converted from a savings and loan (S&L) to a national bank during July, 1997. During the conversion, the name was changed from First Federal Savings and Loan of Wooster to Signal Bank, N.A.. Signal's loan-to-deposit ratio of 100.5% is substantially higher than national peer banks at 81.3%.

Signal is a wholly-owned subsidiary of FirstFederal Financial Services Corporation (FFFSC), a \$1.5 billion multi-bank holding company based in Wooster, Ohio. FFFSC currently operates two banks and one non-bank affiliate, Mobile Consultants, Inc. (MCi). Signal is the largest bank affiliate within the system. MCi acts as a broker of manufactured housing loans. The company receives applications from a network of more than 3,500 dealers in 44 states. The applications are dispersed to a number of financial institutions, including Signal, for origination.

Signal provides a full range of retail and commercial banking products. This includes a variety of residential mortgage, commercial, and consumer loans. Given its S&L background, Signal has historically targeted the home mortgage credit needs of its community. The bank's loan portfolio as of March 31, 1998 is summarized in Table 1.

Table 1 Types of Loans Outstanding March 31, 1998 (000's)		
Residential Mortgage	\$552,146	61%
Commercial	\$ 55,436	6%
Commercial Real Estate	\$ 28,809	3%
Farm Loans	\$ 1,741	<1%
Consumer	\$239,004	26%
Other	\$ 32,586*	4%
Total Loans Outstanding 3/3/98	\$909,722	100%

Source: Signal 3/31/98 Report of Condition

* consists of lease finance receivables and real estate construction

There are no impediments that adversely affect Signal's ability to address the credit needs of its community.

Description of Assessment Areas

The bank's community has changed since October 1997 and now consists of four assessment areas. The change is the result of the acquisition of seven branches from KeyBank, N.A. The branches were located in Crawford, Huron, Seneca, and Wood counties. Prior to the acquisition, Signal had no presence in these counties. These areas include 27 census tracts, 4 in moderate-income, 22 in middle-income, and 1 in an upper-income census tract. From October 1997 through March 31, 1998 Signal originated a total of 36 home mortgage loans in these areas. As a result of the limited time of ownership, and the absence of mortgage loan officers in the branches at the time of acquisition, these areas were given limited consideration during this review. The assessment areas are consistent with CRA regulatory requirements. Low- and moderate-income areas are not arbitrarily excluded, and no evidence of illegal discrimination was noted in the compilation of the assessment area.

The Central Ohio Assessment Area consists of 43 census tracts within the Mansfield, Ohio Metropolitan Statistical Area (MSA 4800). This area includes all of Richland and Crawford counties. Of the 36 tracts, two are low-income, nine are moderate-income, 25 are middle-income, and seven are upper-income. Signal has seven full service branches and six ATMs in this assessment area. The Central Ohio area is primarily rural, interspersed with small metropolitan cities such as Mansfield and Richland, Ohio. The 1990 U.S Census Bureau lists the population at 174,007. According to Dun and Bradstreet, Inc. during 1997, there were 5,626 businesses, including 133 agricultural related-entities, located within this assessment area. Prominent industries are auto manufacturing, telecommunications, and education. Major employers include General Motors, Sprint/United Telephone, and Richland County Schools . As of first quarter 1998, the 5.6% unemployment rate in the area was significantly higher than the State of Ohio unemployment rate of 4.6%.

The Eastern Ohio Assessment Area consists of the 34 census tracts in Medina County which is within the Cleveland/Elyria/Lorain Metropolitan Statistical Area (MSA 1680). Of the 34 tracts, one is moderate-income, 18 are middle-income, and 15 are upper-income. Signal has four full service and one limited service branch in this area. There is one ATM in this assessment area. The major cities of Medina county, Brunswick, Medina and Wadsworth, are primarily bedroom communities. The 1990 U.S Census Bureau lists the population at 122,354. According to Dun and Bradstreet, Inc. during 1997, there were 4,513 businesses, including 173 agricultural related-entities, located within this assessment area. Prominent industries are medicine, government, and education. Major employers include MTD Products, Brunswick City Schools, and Medina General Hospital . As of first quarter 1998, the 4.0% unemployment rate in the area compared favorably to the State of Ohio unemployment rate of 4.6%.

The Non-MSA Assessment Area consists of 64 block numbering areas and includes all or portions of Ashland, Huron, Knox, Seneca, and Wayne counties. Of the 34 tracts, one is moderate-income, 18 are middle-income, and 15 are upper-income. Signal has 12 full service branches and nine ATMs in this assessment area. The Non-MSA Assessment area is primarily rural, and includes a large Amish population. The Amish are traditionally self reliant and have not historically sought loans from banks. The 1990 U.S Census Bureau lists the population at 239,294. According to Dun and Bradstreet, Inc., during 1997, there were 7,349 businesses in the assessment area, including 293 agricultural related-entities. Prominent industries are manufacturing and education. Major employers include RubberMaid Inc., J.M. Smucker Company, and The Wooster Brush Company. As of first quarter 1998, the 4.9% average unemployment rate in the area was slightly higher than the State of Ohio unemployment rate of 4.6%.

The NorthWest Ohio Assessment Area consists of four census tracts within the Toledo, Ohio Metropolitan Statistical Area (MSA 8400), one of which is a moderate-income tract and three are middle-income tracts. Signal has two branches located in this assessment area. Both were purchased as part of the October 1997 acquisition. There are no ATMs in this area. The bank has very limited activity in these tracts, which are located in Wood County, an area dominated by large regional and multi-national banks.

Table 2 provides a description of the bank’s distribution of various demographic variables. For instance the Central Ohio area contains 69% of Signal’s low- or moderate-income census tracts, and 37% of the low- or moderate-income families living within the combined assessment areas. The Central Ohio and Non-MSA areas clearly represent the substantial majority of the bank’s community.

Table 2 Assessment Area Breakdown				
Assessment Area	Low/Mod Tracts%	Low/Mod Families%	Population %	Own-Occ. Housing %
NorthWest Ohio	6%	3%	3%	3%
Eastern Ohio	6%	17%	22%	23%
Central Ohio	69%	37%	32%	32%
Non- MSA	19%	43%	43%	42%
Total	100%	100%	100%	100%

Source: U.S. Census Bureau

Table 3 provides some demographic data relative to Signal's assessment areas.

Table 3 Signal Community Demographic Data						
TOTAL POPULATION (1990 Census Data)	549,953					
AREA INCOME Cleveland MSA HUD Median Family Income Mansfield MSA HUD Median Family Income Toledo MSA HUD Median Family Income Ohio 1997 NonMSA HUD Median Family Income	\$46,900 \$38,900 \$44,500 \$38,800					
AREA CHARACTERISTICS (Based on HUD median family income)	Tracts		Families		Small Businesses	
	Count	%	Count	%	Count	%
Low (below 50% of median)	2	1	24,404	16	215	2%
Moderate (50-80% of median)	14	10	27,103	18	1,318	10%
Middle (80-120% of median)	95	66	38,311	25	8,513	65%
Upper (over 120% of median)	34	23	61,279	41	3,031	23%
Total	145	100	151,097	100	13,077	100%
HOUSING INFORMATION (1990 Census data)	Total Units		Units in Low- Income Areas		Units in Mod- Income Areas	
	Count	%	Count	%	Count	%
Owner Occupied Units	145,465	70	500	.3	11,299	8
Rental Occupied Units	53,038	25	609	1	7,788	15
Vacant Housing Units	10,421	5	191	2	1,537	15
Total	208,924	100	1,300	.6	20,624	10

Sources: U.S. Census data and Dun & Bradstreet, Inc. Business data; Unemployment data according to Ohio Bureau of Employment Services

The northern Ohio financial market is highly competitive. Signal competes with a large number of other financial institutions. Some of the larger financial institutions operating in Signal's community are KeyBank, N.A; National City Bank; Fifth Third Bank of NorthWestern Ohio, N.A.; Huntington National Bank, and Charter One Bank, FSB. Several small financial institutions also compete directly with Signal.

Our evaluation took into consideration information derived from members of the community. Four contacts were made with representatives from groups that included affordable housing advocacy, local realty, social service, and economic development. These needs were fairly consistent throughout the area. Needs expressed by these groups included affordable housing loans, inexpensive checking accounts for government check deposits, credit education (specifically with regard to credit card use), and small business financing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Scope of Review

This review covered the time period from January 1, 1996 to March 31, 1998 for all Home Mortgage Disclosure Act (HMDA) reportable loans, community development loans, investments, and services. Small business loans reviewed in our evaluation covered the time period from January 1, 1996 to December 31, 1997.

LENDING TEST

Totals in this section exclude the 27 census tracts in the bank's newly acquired areas and the 36 HMDA reportable loans that were made in these areas during the review period. This action was warranted because of the short time frame in which the bank has operated in the areas.

Table 4 shows Signal's home mortgage, small business, and small farm loan originations during the review period. Our review focused on home mortgage loans, as this is clearly the bank's primary lending product. The table shows that Signal's loan originations reflect a strong responsiveness to the home mortgage credit needs of the assessment areas.

The volume of home mortgage lending declined significantly from 1996 to 1997. The decline is the result of the unexpected departure of several of the bank's most experienced mortgage originators. The departure was the result of large incentives offered by a competitor. In addition, the decline reflects management's decision to diversify Signal's portfolio by increasing its commercial loan activity. With 801 originations within its MSA areas, HMDA market share data for 1996 shows that Signal was the largest lender in its community. The next largest lender had 586 originations.

Table 4 Distribution of Loan Originations within the Assessment Areas						
Loan Type	1996		1997		1998 through March	
	Count	\$(000's)	Count	\$(000's)	Count	\$(000's)
Residential Mortgages (HMDA)	1,884	\$166,244	1,367	\$118,549	579	\$47,374
Small Business	66	\$7,474	156	\$15,566	N/A	N/A
Small Farm	4	\$413	40	\$3,820	N/A	N/A
Total Loans	1,954	\$174,131	1,563	\$138,015	579	\$47,374

Source: HMDA Data and CRA Disclosure Reports

Assessment Area Concentration

Signal originated 18,928 HMDA reportable loans between January 1996 and March 31, 1998. Of this total, 15,098 or 80% were originated outside the assessment area. The high percentage of loans made outside the assessment areas is the result of the large number of manufactured housing loans originated. These applications are distributed to Signal through its affiliate MCI. MCI receives applications from 3,500 manufactured home dealers in 44 states.

Geographic Distribution of Loans

The overall distribution of loans is reasonable. The level of loans originated within low- or moderate-income tracts is lower than the level of these types of tracts that exist in Signal's community. This is somewhat mitigated by the origination of four large community development loans in Mansfield, Ohio. The substantial majority of low- and moderate- income tracts are located in this city. The tables below show the distribution of loans by product type and among the different census tracts.

HMDA Loans

Table 5 shows the distribution of Signal's lending based on the income of geographies. The table shows that Signal's lending levels in low- and moderate- income tracts are substantially lower than the level of low- or moderate-income tracts in its community. Management is aware of the lack of loan originations in Mansfield, Ohio, where 100% of its low-income and 60% of its moderate-income tracts are located. In addition, one moderate-income tract is located near Fredericksburg, Ohio, which consists of a large Amish community. The Amish are historically self-reliant, and do not traditionally borrow funds from outside their Church.

Reasonable efforts have been made to address the low lending levels in the low- and moderate-income tracts. The bank has originated several large affordable housing community development loans in Mansfield, and hired additional lenders (mortgage and commercial) to serve the area. The bank's efforts to originate HMDA reportable loans in low-income census tracts is impeded by the low owner occupancy level (38%) in the tracts. Owner occupied housing in low-income tracts accounts for only .3% of total housing in all of Signal's assessment area.

A review of market share data was limited to the bank's performance within MSA's during 1996. Market share data for 1997 was not available. Signal did not report block numbering areas for loans made outside of its MSA's. However, management was able to provide geographical data based on their mapping data. Market share data showed that Signal was clearly the market leader in origination of HMDA reportable loans within its community. Much of this position is derived from the bank's strong performance within middle- and upper-income neighborhoods. Specifically, the bank ranked #1 (7.4%) in upper-income markets, #2 (4.1%) in middle-income markets, and #8 (2.7%) in moderate-income markets.

Table 5. Total HMDA Loan Originations - Geodistribution					
CENSUS TRACTS		1996		1997	
Type	# %	#Loans %Total	\$(000's) %Total	# Loans %Total	\$ (000's) %Total
Low	2 2%	0 0%	0 0%	0 0%	0 0%
Mod	10 8%	69 3.7%	\$4,134 2.5%	50 3.7%	\$2,849 2.4%
Middle	73 62%	1,005 53.3%	\$83,785 50.4%	728 53.3%	\$58,594 49.4%
Upper	33 28%	636 33.8%	\$65,341 39.3%	464 33.9%	\$46,981 39.6%
Info. Not Available		174 9.2%	\$12,984 7.8%	125 9.1%	\$10,125 8.6%
Total	118* 100%	1,884 100%	\$166,244 100%	1,367 100%	\$118,549 100%

Source: HMDA Data 1996, 1997 and Internal Bank Reports

*Geographies in new areas (Crawford, Huron, Seneca, and Wood counties) not included in these numbers.

Small Business Lending

With the exception of low-income areas, small business loans originated during the evaluation period are reasonably distributed throughout the assessment areas. The following table shows the distribution of loans to businesses with gross annual revenues of \$1 million or less. Our outreach efforts identified these loans as very important to the economic viability of the community.

Eighty-seven percent of these businesses are located in the middle- and upper-income census tracts where Signal originated 96% of the number of its small business loans during the evaluation period. During the same period, Signal originated the remaining 4% of its small business loans in moderate-income tracts. No small business loans were made in low-income tracts.

Two percent of small businesses are in the low-income tracts, while nine percent are in the moderate-income tracts. Management attributes the lack of loan origination in low-income areas to the absence of a commercial lender in Mansfield, Ohio until fourth quarter 1997. During 1998, a second commercial lender was hired to service the area.

Table 6. Small Business Loan Originations to Small Businesses* Geodistribution						
CENSUS TRACTS		% of Small Businesses	1996		1997	
Type	# %		#Loans %Total	\$ (000's) %Total	#Loans %Total	\$ (000's) %Total
Low	2 1%	215 2.1%	0 0%	0 0%	0 0%	0 0%
Mod.	10 8%	916 9%	2 3.3%	\$180 3	6 3.8%	\$330 2.1%
Middle	73 62%	6,661 65.1%	41 68.3%	\$4,073 64%	107 68.6%	\$8,944 57.5%
Upper	33 28%	2,221 21.7	17 28.4%	\$2,122 33%	43 27.6%	\$6,292 40.4%
Total	118 100%	10,228 100%	60 100%	\$6,375 100%	156** 100%	\$15,566 100%

Source: CRA Disclosure Statements

* Small business establishments with revenues of \$1 million or less.

**1997 data includes 13 loans that do not meet the small business loan definition.

Borrowers' Profile

With the exception of low-income borrowers, HMDA loans originated during the review period are distributed adequately among retail customers of different income levels. The distribution of small business loans among business customers of different sizes is good. The following tables show the distribution of HMDA and small business loans.

HMDA Loans

Table 7 shows Signal's HMDA loan distribution among various borrowers. Signal's level of lending to moderate-, middle-, and upper income borrowers is comparable to the level of these families living in Signal's community. The exception is lending to low-income borrowers. Although nearly 16% of the families living in Signal's community are low-income, only 3% of the bank's HMDA loans were made to low-income borrowers during the review period.

A review of market share data was limited to the bank's performance within MSA's during 1996. Market share data for 1997 was not available. The data showed that Signal was clearly the market leader in origination of HMDA reportable loans to middle- and upper-income borrowers. Specifically, the bank ranked #1 (6.4%) in loans to upper-income, #1 (4.0%) to middle-income, #6 (2.8%) to moderate-income, and #19 (1.7%) to low-income borrowers.

Table 7. Total HMDA Loan Originations - Borrowers' Profile							
Family Income		1996		1997		YTD 1998	
Distribution of Families	%	#Loans %Total	\$ (000's) %Total	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total
Low	15.5	47 2.5%	\$1,778 1.1%	56 4.1%	\$2,301 1.9%	13 2.2%	\$349 .8%
Moderate	17.5	253 13.5%	\$13,777 8.3%	213 15.6%	\$11,213 9.5%	68 11.7%	\$3,539 7.7%
Middle	25.0	501 26.7%	\$36,022 21.8%	374 27.4%	\$28,025 23.6%	169 29.2%	\$11,610 25.3%
Upper	42.0	1,069 57%	\$112,779 68.2%	720 52.7%	\$76,695 64.7%	329 56.9%	\$30,433 66.2%
NA	--	14 .2%	\$1,888 .6%	4 .2%	\$315 .3%	--	--
Total	100	1,884 100%	\$166,244 100%	1,367 100%	\$118,549 100%	579 100%	\$45,931 100%

Source: HMDA Data 1996 and 1997 and Internal Bank Reports

The bank originates a significant portion of its HMDA loans outside of its assessment areas. Based on a sample of 1,709 manufactured housing loans made in Florida, New York, and Texas (three of Signal's largest markets outside of Ohio), Signal extended a significant level of its manufactured housing loans (710 or 42%) to low- or moderate-income borrowers.

Small Business Lending

NOTE: Data for small business loans made to large businesses was determined to be unreliable, and has been excluded from this Evaluation. The error overstates the number of loans made to large businesses, and understates the dollar amount of loans to these entities.

The distribution of small business loans to all businesses is good. Based on available data, at least 90% of the number of Signal's small business loans were made to small businesses. Table 8 shows small business loans by revenue size.

Table 8. Small Business Loan Originations to all Businesses (1996-1997)				
Revenue Size	# Of Loans	% of Total	\$ Loaned (000s)	% of Total
less than or equal to \$1 million	203	91%	\$18,956	N/A

Source: CRA Disclosure Statements

The origination of micro loans represents a majority of loans to businesses with gross annual revenues of less than \$1 million. This represents adequate responsiveness to an identified need for small loans to small businesses. Table 9 shows that 74% of the number and 35% of the dollar amount of such loans were for less than \$100 thousand.

Table 9 Small Business Loan Originations to Small Businesses (1996-1997)				
LOAN SIZE (000s)	#Loans	% Total	\$Loaned (000s)	%Total
Less than \$100	152	74%	\$6,697	35%
\$100-\$250	43	21%	\$7,104	37%
\$250-\$1,000	11	5%	\$5,500	28%
Total	206*	100.0	\$19,301	100%

Source: CRA Disclosure Statements

*1996 data includes three loans for \$345 thousand made to businesses with revenues in excess of \$1million, we could not identify which specific loans these were.

Community Development Lending Activities

Signal's origination of community development loans shows strong responsiveness to the credit needs of its community. The bank's community development loans were extended primarily to fund construction/renovation of multi-family housing projects for low- or moderate-income families. These types of loans were identified by community contacts as a primary credit need. From January 1, 1996, to the close of this examination, Signal originated 10 community development loans for \$9.3 million. Five of these loans (\$4.1 million) were made in the city of Mansfield where both of the bank's low-income tracts are located.

Examples of Signal's community development lending include:

- The Bank provided funding for two projects spearheaded by a community-based, housing development team with experience in constructing and managing low- and moderate-income housing projects. During the review period, Signal provided \$1.3 million for the construction of 32 affordable rental units, and an additional \$430 thousand for permanent financing. This community development loan will provide affordable housing to low- and moderate-income individuals. All residents are required to have incomes of less than 60% of MSA median. This project is located in Mansfield, Ohio.

Signal provided \$1.4 million for construction and an additional \$679 thousand in permanent financing for a second project by the same builder. This project, also located in Mansfield, Ohio, provided 16 housing units for the homeless, and 16 rental units for low-income persons.

- Signal provided \$675 thousand for permanent financing of a neighborhood revitalization project in Mansfield, Ohio. Thirty-six new single family homes are under construction and nine will be renovated. The homes are scattered throughout the city of Mansfield in low- and moderate-income census tracts. At least 51% of the homes must be made available to families that earn 40% or less of the MSA median income. The project represents the single largest residential building project in Mansfield in more than 20 years. The homes will initially be rental units. After a ten year period, the residents have the option to purchase the homes. A portion of the rent payments will be credited toward the down payment.
- Signal participated in two loans with a local savings and loan. The loans were used to finance the construction of two affordable housing apartment complexes. The first is located in Ontario, Ohio. The bank's pro-rata share of the funding for this complex is \$1.1 million. The second complex is located in Ashland, Ohio. The bank's pro-rata share of the loan is \$527 thousand.

Not included in the above totals, but worthy of mention is a \$5 million line of credit to affiliate MCI. The line is used to fund operating expenses. MCI facilitates manufactured housing funding. Based on a sample of manufactured home loans originated by Signal, approximately 42% of the borrowers referred by MCI are low- or moderate-income persons. This loan further demonstrates Signal's willingness to participate in efforts that support affordable housing in its community.

Product Flexibility

Signal offers an adequate number of flexible lending products. However, the bank's use of these products is limited. Management attributes the limited volume in the Partnership Mortgage program to a low maximum lending amount, and is considering raising the \$50,000 maximum.

Table 10 Signal's Flexible Products	
Program	#/ \$ (000's)
Partnership Mortgage - affordable mortgage products with a 3% down payment requirement and \$250 in closing costs. The program is only available to families with incomes of less than 80% of HUD median incomes. The amount of the loan is limited to \$50,000.	42 \$1,853
Partnership CD - an account which allows first time home buyers to save toward a down payment. There are no fees. Monies may be withdrawn at any time without a fee, if the funds are used as a housing down payment. The rate is tied to a 10-year CD which provides a higher annual percentage yield on the account.	35 \$63
Total	87 \$1,916

Source: Internal bank data

INVESTMENT TEST

The bank has an adequate level of qualified investments. Total qualified investments made during the review period were approximately \$1.4 million. The following table shows the different types of investments.

Table 11 Qualified Investments (QI) for Signal Bank, N.A. - (dollars in thousands)	
	# / \$ of Qualified Investments (000's)
Affordable housing	3 \$841
Small business development	1 \$500
Community Services	1 \$90
Total	5 \$1,431

Source: Internal Bank Reports

Signal's largest QI is described below:

- City of Wooster - Bond issued by the City of Wooster to finance infrastructure improvements for a local industrial park that will be used to attract small businesses. The park is central to the City's plan to bring economic revitalization to the area. (\$500 thousand)
- Ohio Equity Fund for Housing - Low income housing tax credit program formed to provide financing for construction of 11 low-income multi-family housing projects throughout the state of Ohio. (\$173 thousand).
- Ohio Equity Fund for Housing - Same as above. Funds were used to finance the construction of 12 low-income multi-family housing projects throughout the state of Ohio, including one located in Wooster, Ohio. (\$168 thousand).

The bank also made numerous small donations during the review period which totaled \$22 thousand throughout their assessment area. The donations were made to organizations that help provide economic development and/or affordable housing as well as to organizations that provide community services to people of low- or moderate-income. None of the investments are considered innovative or complex. Other private investors routinely provide these same kinds of investments.

Signal's investments help to meet some of the affordable housing needs of a larger area that includes the bank's community. Based on discussions with community contacts, investment opportunities within the area are limited.

SERVICE TEST

Signal's delivery systems are accessible to all portions of its community. The bank's record of opening offices has positively affected the accessibility to bank services. Branch hours are reasonable and convenient to Signal's customers. Signal's entire community, including newly acquired branches are included in these totals.

As reflected in the following table, 12% of Signal's offices and 6% of its ATM's are located in low- and moderate-income census tracts. This distribution is generally consistent with the level of geographies in the community. All ATM's are attached to branches.

Table 12. Distribution of Delivery Systems (Branch and ATM Facilities)			
<i>Census Tract</i>	<i>Branches</i>	<i>Branch ATM Facilities</i>	<i>Census Tracts in the Assessment Area</i>
	<i># / %</i>	<i># / %</i>	<i># / %</i>
Low	1 / 4%	0 / 0%	2 / 1%
Moderate	2 / 8%	1 / 6%	14 / 10%
Middle	17 / 65%	11 / 69%	95 / 66%
Upper	6 / 23%	5 / 25%	34 / 23%
Total	26 / 100%	17 / 100%	145 / 100%

Source: Internal Bank Reports

The bank offers Saturday hours at all offices except Park Avenue in Mansfield and Camelot Place in Medina. Park Avenue is located in a low-income business district. There is little activity in the area during weekends. Camelot place is a limited service (deposit taking) facility in a retirement center located in an upper-income area. The branch is open on Tuesdays and Thursdays from 10:30 a.m. to 1:00 p.m., and is operated as a convenience to the residents of Camelot Place. Specific hours for branches are tailored to the needs of the particular location. A list of hours is available in the public file. The bank offers a common set of financial services to all of its customers. Most of the bank's small business loans are made through the branch system, as are loans for traditional housing. Manufactured housing loans are made through MCI's system of dealers.

The bank did not close any branches during the review period. Ten branches were opened or acquired during the same period. Nine were located in middle-income areas, and one was located in an upper-income area. No branches were opened in low- or moderate-income tracts. One of the new facilities, the West Market branch in Tiffin, Ohio is located in a high traffic area near a local mall. The area is frequented by borrowers from all income-groups, including low- and moderate-income persons.

Alternative delivery systems are reasonable. Primarily, bank affiliate MCI's network of manufactured housing dealers provides greater access to Signal's home mortgage loans for low- or moderate-income persons or geographies. However, the majority of these loans are made outside the bank's assessment area, and outside the State of Ohio. Signal offers 24 hour telephone banking and a low cost checking account. These products are used by all income groups, including low- and moderate-income persons.

Community Development Services

Signal provides an adequate level of community development services, however, they are not, for the most part, innovative. Primary services include providing financial expertise to a variety of community service and development organizations through board membership, credit counseling, and the provision of technical financial assistance for consumers and small businesses. Community contacts consistently cite the bank as a leader in this area.

The following list includes some of the community development services provided in Signal's community:

- Signal participates in the Federal Home Loan Banks' (FHLB) Affordable Housing Program (AHP). The bank markets the FHLB's program to local nonprofit organizations, prepares and submits applications, and administers funds. The bank is also responsible for ensuring that the original affordability requirements of the projects remain intact, otherwise, the grant or subsidy from the FHLB must be recaptured. Participation in the program allows the bank to respond to affordable housing needs in the assessment areas.
- Senior management periodically gives presentations concerning its financial services and loans to local realtors, to a variety of community groups, and within local high schools.
- Senior management serves on the Boards of Directors or otherwise volunteer time for a number of not-for-profit organizations that address community development needs. This effort is responsive to community need and utilizes the financial expertise of the bank's staff. However, it is not an innovative form of community development service. The not-for-profit organizations for which Signal's staff serves in a decision making or technical capacity include, but are not limited to:

- Wooster InterFaith Housing, a nonprofit agency providing rental housing to low-income persons;
- Wayne Economic Development Council;
- Chamber of Commerce Economic Development Committee;
- OSU Extension of Wooster Family Money Management; and
- Home Builders Association of Wayne and Holmes County.

FAIR LENDING EXAMINATION

A concurrent fair lending review did not identify any violations of the various anti-discrimination laws and regulations. Signal has an effective system in place to comply with fair lending regulations.

Conclusions with Respect to Mansfield Metropolitan Area (MSA 4800)

This area includes most of Signal's low- and moderate-income geographies. Signal's performance in this MSA was a significant factor in the overall rating of the bank. Approximately 23% of Signal's home mortgage loans are made in this MSA. Only a limited number of loans were made in low- or moderate-income geographies, or to low-income families. Investments are adequate. Services are adequate.

LENDING TEST

Lending Activity

Table 1 shows Signal's home mortgage, small business, and small farm loans during the review period within Richland County. The performance in Crawford County is not included for reasons described earlier in this Evaluation. Our review focused on home mortgage loans. The table shows that Signal's loan originations reflect a very strong responsiveness to the home mortgage needs of the assessment area. The volume of home mortgage lending declined slightly from 1996 to 1997. The decline was explained earlier in the Overall Bank Lending section of this Evaluation. With 397 originations, HMDA market share data for 1996 shows that Signal was the fourth largest lender in the MSA.

Table 1 Distribution of Loan Originations within MSA 4800						
Loan Type	1996		1997		1998 through March	
	Count	\$(000's)	Count	\$(000's)	Count	\$(000's)
Residential Mortgages (HMDA)	397	\$29,916	325	\$26,819	105	\$8,207
Small Business	5	\$533	41	\$2,365	-	-
Small Farm	3	\$363	2	\$113	-	-
Total Loans	405	\$30,812	368	\$29,297	105	\$8,207

Sources: HMDA Disclosure Report and CRA Disclosure Report

Geographic Distribution of Loans

The distribution of loans is acceptable. The level of loans originated within low- or moderate-income tracts are not similar to the level of these types of tracts that exist in MSA 4800. This is somewhat mitigated by the concentration of community development loans in Mansfield, Ohio. The substantial majority of low- and moderate- income tracts are located in this city. The tables below show the distribution of loans by product type and among the different census tracts.

HMDA Loans

Table 2 shows that Signal's lending levels in low- and moderate- income tracts are substantially lower than the level of low- or moderate-income tracts in its community. Management is aware of the low level of loan originations in Mansfield, Ohio where 100% of Signal's low-income and 60% of its moderate-income tracts are located. Reasonable efforts have been made to address the concern by the origination of nearly all community development loans within the city of Mansfield, and the hiring of additional mortgage and commercial lenders.

Market share data for 1996 show that Signal was a significant lender within this market. Specifically, the bank ranked #3 (11.2%) in loans in upper-income, #4 (7.2%) in middle-income, and #6 (3.2%) in moderate-income tracts.

Table 2 Total HMDA Loan Originations - Geodistribution					
CENSUS TRACTS		1996		1997	
Type	# %	#Loans %Total	\$(000's) %Total	# Loans %Total	\$(000's) %Total
Low	2 7%	0 0%	0 0%	0 0%	0 0%
Mod	6 20%	17 4.3%	\$613 2.0%	16 4.9%	\$664 2.5%
Middle	15 50%	178 44.8%	\$12,410 41.5%	153 47.1%	\$11,581 43.2%
Upper	7 23%	202 50.9%	\$16,893 56.5%	156 48%	\$14,574 54.3%
Total	30 100%	397 100%	\$29,916 100%	325 100%	\$26,819 100%

The market consists of all HMDA reporters in the bank's assessment area. Market performance is based on the number of loans as a percent of the total.

Small Business Lending

With the exception of low-income areas, small business loans originated during the evaluation period are reasonably distributed throughout Richland County. The following table shows the distribution of loans to businesses with gross annual revenues of \$1 million or less. Our outreach efforts identified these loans as very important to the economic viability of the community. Seventy-seven percent of these businesses are located in the middle- and upper-income census tracts where Signal originated 89% of the number of its small business loans during the evaluation period. During the same period, Signal originated the remaining 11% of its small business loans in moderate-income tracts. No small business loans were made in low-income tracts. Seven percent of small businesses are in the low-income tracts, while nearly 16% percent are in moderate-income tracts. Management attributes the lack of loan origination in low-income areas to the absence of a commercial lender in Mansfield, Ohio until fourth quarter 1997. During 1998, a second commercial lender was hired to service the area.

Table 3 Small Business Loan Originations to Small Businesses* Geodistribution						
CENSUS TRACTS		% of Small Businesses (a)	1996		1997	
Type	# %		#Loans %Total	\$ (000's) %Total	#Loans %Total	\$ (000's) %Total
Low	2 7%	215 7.3%	0 0%	\$0 0%	0 0%	0 0%
Mod.	6 20%	458 15.5%	0 0%	\$0 0%	5 12.2%	\$235 9.9%
Middle	15 50%	1,515 51.4%	2 67%	\$68 24%	25 61%	\$1,652 69.9%
Upper	7 23%	761 25.8%	1 33%	\$215 76%	11 26.8%	\$478 20.2%
Total	30 100%	2,949 100%	3 100%	\$283 100%	41** 100%	\$2,365 100%

* Small business establishments with revenues of \$1 million or less.

**1997 Data includes 2 loans made to businesses with revenues in excess of \$1 million.

Borrowers' Profile

With the exception of low-income borrowers, HMDA loans originated during the review period are distributed adequately among retail customers of different income levels. The distribution of small business loans among business customers of different sizes is very good. The tables below show the distribution of HMDA and small business loans.

HMDA Loans

Table 4 shows Signal's HMDA loan distribution among various borrowers. The table shows that Signal's level of lending to moderate-, middle-, and upper income borrowers is comparable to the level of these families living in Signal's community. The exception is lending to low-income borrowers. Although 18% of the families living in Signal's community are low-income, only 4% of the number of HMDA loans were made to low-income borrowers during the review period.

Market share data for 1996 shows that Signal was a significant lender within this market. Specifically, the bank ranked #3 (10.4%) in loans to upper-income, #3 (8.2%) to middle-income, #4 (6.4%) to moderate-income, and #6 (3.7%) to low-income persons.

Table 4 Total HMDA Loan Originations - Borrowers' Profile							
Family Income		1996		1997		YTD 1998	
Distribution of Families	%	#Loans %Total	\$ (000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$ (000's) %Total
Low	17.8	11 2.7%	\$349 1.2%	18 5.5%	574 2.1%	2 1.9%	\$35 .6%
Moderate	17.8	55 13.9%	\$2,614 8.7%	44 13.5%	2,112 7.9%	11 10.5%	\$294 4.9%
Middle	24.3	118 29.7%	\$7,658 25.6%	76 23.4%	5,430 20.3%	24 22.9%	\$909 15.2%
Upper	40.1	212 53.4%	\$19,195 64.2%	187 57.6%	18,703 69.7%	68 64.7%	\$4,743 79.3%
N/A		1 .3%	100 .3%				
Total	100	397	\$29,916	325	26,819	105	\$5,981

Small Business Lending

The distribution of small business loans to all businesses is good. Based on available data, at least 91% of small business loans were made to small businesses. Table 5 shows small business loans by revenue size.

Table 5 Small Business Loan Originations to all Businesses (1996-1997)				
REVENUE SIZE	# OF LOANS	% of TOTAL	\$ LOANED (000s)	% of TOTAL
less than or equal to \$1 million	42	91%	\$2,542	N/A

The origination of micro loans represents a substantial majority of loans to businesses with gross annual revenues of less than \$1 million. This represents adequate responsiveness to an identified need for small loans to small businesses. The table below shows that 82% of the number and 53% of the dollar amount of such loans were for less than \$100 thousand in loan size.

Table 6 Small Business Loan Originations to Small Businesses (1996-1997)				
LOAN SIZE (000s)	#Loans	% Total	\$Loaned (000s)	%Total
Less than \$100	36	82%	\$1,471	53%
\$100-\$250	8	18%	\$1,321	47%
\$250-\$1,000	0	0%	\$0	0%
Total	44**	100.0	\$2,792	100.0

** Includes 2 loans for \$250 thousand that are loans to businesses with revenues of greater than \$1 million

Community Development Lending Activities

The Bank has made an adequate level of community development loans within the MSA. From January 1, 1996 to the close of this examination, Signal originated five community development loans, totaling \$4.1 million.

Signal has concentrated its community development lending in the City of Mansfield, Ohio where the majority of its low- and moderate-income tracts are located. These loans were described in detail in an earlier section of this Evaluation.

Product Flexibility

The flexibility of Signal's lending products and their use was described earlier in this Evaluation under the Overall Bank Rating section.

INVESTMENT TEST

The bank has an adequate level of qualified investments. These investments cover all assessment areas and are detailed in the Investment Test under the Overall Bank Rating section of this evaluation.

SERVICE TEST

Signal’s delivery systems are accessible to all portions of the assessment area. The bank’s record of opening offices has positively impacted the accessibility to bank services. Branch hours are reasonable and convenient to Signal’s customers. This section includes Signal’s branches in Crawford County.

As reflected in the following table, 14% of Signal’s offices are located in low-income census tracts. This exceeds the level of low-income geographies in the MSA. There are no branches or ATM’s in the nine moderate-income census tracts. All ATM’s are attached to branches.

Table 7 Distribution of Delivery Systems (Branches and ATM Facilities)			
<i>Census Tract</i>	<i>Branches</i>	<i>Branch ATM Facilities</i>	<i>Census Tracts in the Assessment Area</i>
	<i># / %</i>	<i># / %</i>	<i># / %</i>
Low	1 / 14%	0 / 0%	2 / 5%
Moderate	0 / 0%	0 / 0%	9 / 21%
Middle	5 / 72%	5 / 83%	25 / 58%
Upper	1 / 14%	1 / 17%	7 / 16%
Total	7 / 100%	6 / 100%	43 / 100%

The bank offers Saturday hours at all offices in the MSA with the exception of the single office located in the low-income tract. The branch is located in a business district. There is little activity in the area during weekends. Specific hours for each branch are tailored to the needs of the particular location. A list of hours is available in the public file. The bank offers a common set of financial services to all of its customers. Most of the bank’s small business loans are made through the branch system. The majority of home mortgages are made through manufactured housing dealers who work through MCI.

Three branches located in middle-income census tracts were opened in this assessment area during the review period. No branches were closed.

Community Development Services

Signal provides an adequate level of community development services, however, they are not, for the most part, innovative. Primary services include providing financial expertise to a variety of community service and development organizations through board membership, credit counseling, and the provision of technical financial assistance for consumers and small businesses.

Most of Signal's community development services are described in a previous section of this Evaluation. However, the list of community development related organizations in which bank management is actively involved is detailed below:

- Richland County Habitat for Humanity;
- Central City Economic Development Committee;
- Galion Area Chamber of Commerce
- Crestline Chamber of Commerce; and
- Crawford County Business Education Advisory Council.

Conclusions with Respect to Medina County, Cleveland/Elyria/Lorain Metropolitan Area (MSA 1680)

This area includes only one of Signal's moderate-income geographies. Signal's performance in this MSA was given some consideration in the overall rating of the bank. Approximately 21% of Signal's home mortgage loans are made in this area. A limited number of loans were made in the moderate-income geography, or to moderate-income families. Investments in the area are adequate. Services are adequate.

LENDING TEST

Lending Activity

Table 1 shows Signal's home mortgage, small business, and small farm loans during the review period within MSA 1680. Our review focused on home mortgage loans. The table shows that Signal's home mortgage loan originations reflect strong responsiveness to the credit needs of the assessment area. The volume of home mortgage lending declined slightly from 1996 to 1997. The decline in volume was explained under the Overall Bank Rating section of this document. With 404 originations, HMDA market share data for 1996 shows that Signal was the fifth largest lender in Medina County.

Table 1 Distribution of Loan Originations within MSA 1680						
Loan Type	1996		1997		1998 through March	
	Count	\$(000's)	Count	\$(000's)	Count	\$(000's)
Residential Mortgages (HMDA)	404	\$49,510	250	\$28,038	76	\$8,732
Small Business	16	\$1,371	36	\$5,738	-	-
Small Farm	0	\$0	11	\$493	-	-
Total Loans	420	\$50,881	297	\$34,269	76	\$8,732

Sources: HMDA Disclosure Report and CRA Disclosure Report

Geographic Distribution of Loans

The distribution of loans is acceptable. The level of loans originated within each type of tract is consistent with the demographics of the area. The following tables show the distribution of loans by product type and among the different census tracts.

HMDA Loans

We used 1996 as a benchmark period because market data is available for this period. The market consisted of all HMDA reporters in Medina County. Table 2 shows that Signal’s distribution of lending throughout Medina County is consistent with the demographics of the area.

Market share data for 1996 shows that Signal was a significant lender within this market. Specifically, the bank ranked #3 (6.8%) in loans in upper-income, #3 (5.5%) in middle-income, and #5 (4.0%) in moderate-income tracts.

Table 2 Total HMDA Loan Originations - Geodistribution					
CENSUS TRACTS		1996		1997	
Type	# %	#Loans %Total	\$(000's) %Total	# Loans %Total	\$ (000's) %Total
Low	0 0%	N/A	N/A	N/A	N/A
Mod	1 3%	11 2.7%	\$1,158 2.4%	4 1.6%	\$218 .8%
Middle	18 53%	187 46.3%	\$20,610 41.6%	109 43.6%	\$11,296 40.3%
Upper	15 44%	206 51%	\$27,742 56%	137 54.8%	\$16,524 58.9%
Total	34 100%	404 100%	\$49,510 100%	250 100%	\$28,038 100%

Small Business Lending

Small business loans originated during the evaluation period are reasonably distributed throughout the assessment areas. The following table shows the distribution of loans to businesses with gross annual revenues of \$1 million or less. Ninety-five percent of these businesses are located in the middle- and upper-income census tracts where Signal originated 94% of the number of its small business loans during the evaluation period. Signal originated the remaining 6% of its small business loans in moderate-income tracts. Five percent of small businesses are in the moderate-income tracts.

Table 3 Small Business Loan Originations to Small Businesses* Geodistribution						
CENSUS TRACTS		% of Small Businesses (a)	1996		1997	
Type	# %		#Loans %Total	\$ (000's) %Total	#Loans %Total	\$ (000's) %Total
Low	0 0%	N/A	N/A 0%	N/A 0%	N/A 0%	N/A 0%
Mod.	1 3%	154 4.9%	2 13.3%	\$180 13.7%	1 3%	\$95 1.7%
Middle	18 53%	1,524 48.6%	4 26.7%	\$442 33.6%	17 47%	\$1,645 28.7%
Upper	15 44%	1,460 46.5%	9 60%	\$695 52.8%	18 50%	\$3,998 14%
Total	34 100%	3,138 100%	15 100%	\$1,317 100%	36 ** 100%	\$5,738 100%

* Small business establishments with revenues of \$1 million or less.

**Includes 5 loans that were made to businesses with revenues of more than \$1 million

Borrowers' Profile

With the exception of low-income borrowers, HMDA loans originated during the review period are distributed adequately among retail customers of different income levels. The distribution of small business loans among business customers of different sizes is very good. The tables below show the distribution of HMDA and small business loans.

HMDA Loans

Table 4 shows Signal's HMDA loan distribution among various borrowers. The table shows that Signal's level of lending to low-income borrowers is significantly lower than the percentage of these families living in Medina. Although nearly 13% of the families in Medina County are low-income, only 2% of the number of HMDA loans were made to these borrowers during the review period.

A review of market share data was limited to the bank's performance within MSA's during 1996. Market share data for 1997 was not available. Signal does not report BNA information for loans made outside of MSA's. Market share data showed that Signal was a strong market lender in the number of HMDA reportable loans made to middle- and upper-income borrowers. Specifically, the bank ranked #2 (9.2%) in loans to upper-income, #3 (5.1%) to middle-income, #7 (3.2%) to moderate-income, and #10 (2.3%) to low-income borrowers.

Table 4 Total HMDA Loan Originations - Borrowers' Profile							
Family Income		1996		1997		YTD 1998	
Distribution of Families	%	#Loans %Total	\$ (000's) %Total	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total
Low	12.5	6 1.5%	\$278 .6%	6 2.4%	369 1.3%	0	\$0
Moderate	15.3	29 7.2%	\$2,175 4.4%	29 11.6%	1,842 6.6%	11 14.5%	\$898 9.4%
Middle	25.4	97 24%	\$9,383 19%	73 29.2%	7,127 25.4%	17 22.3%	\$2,043 21.5%
Upper	46.8	269 66.6%	\$36,771 74.3%	140 56.0%	18,456 65.8%	48 63.2%	\$6,574 69.1%
N/A		3 .7%		2 .8%	244 .9%	--	--
Total	100	404 100%	\$49,510 100%	250 100%	\$28,038 100%	76 100%	\$9,515 100%

Small Business Lending

The distribution of small business loans to all businesses is good. Based on available data, at least 89% of the number of the loans were made to small businesses. Table 5 shows small business loans by revenue size.

Table 5 Small Business Loan Originations to all Businesses (1996-1997)				
REVENUE SIZE	# OF LOANS	% of TOTAL	\$ LOANED (000s)	% of TOTAL
less than or equal to \$1 million	46	89%	\$5,736	N/A

The origination of micro loans represents a majority of loans to businesses with gross annual revenues of less than \$1 million. This represents adequate responsiveness to an identified need for small loans to small businesses. The table below shows that 67% of the number and 31% of the dollar amount of such loans were for less than \$100 thousand in loan size.

Table 6 Small Business Loan Originations to Small Businesses (1996-1997)				
LOAN SIZE (000s)	#Loans	% Total	\$Loaned (000s)	%Total
Less than \$100	31	67%	\$1,741	31%
\$100-\$250	11	24%	\$1,715	29%
\$250-\$1,000	4	9%	\$2,280	40%
Total	46	100.0	\$5,736	100.0

Community Development Lending Activities

The Bank has not originated any community development loans in Medina County. Management has concentrated its community development lending efforts within Richland County where most of its low- and moderate-income tracts are located.

Product Flexibility

The flexibility of Signal's lending products was described earlier in this Evaluation under the Overall Bank Rating section.

INVESTMENT TEST

The bank has an adequate level of qualified investments. These investments cover all assessment areas and are detailed in the Investment Test under the Overall Bank Rating section of this evaluation.

SERVICE TEST

Signal’s delivery systems are accessible to all portions of Medina County. The bank’s record of opening offices has positively affected the accessibility to bank services. Branch hours are reasonable and convenient to Signal’s customers.

As reflected in the following table, The distribution of branches is similar to the census tract distribution within Medina County.

Table 7 Distribution of Delivery Systems (Branches)			
<i>Census Tract</i>	<i>Branches</i>	<i>ATMs</i>	<i>Census Tracts in the Assessment Area</i>
	<i># / %</i>	<i># / %</i>	<i># / %</i>
Low	N/A	N/A	N/A
Moderate	1 / 20%	0	1 / 3%
Middle	2 / 40%	1 / 50%	18 / 53%
Upper	*2 / 40%	1 / 50%	15 / 44%
Total	5 / 100%	2 / 100%	34 / 100%

***Includes a limited service facility**

The bank offers Saturday hours at all offices except Camelot Place, a limited service (deposit taking) facility located inside a retirement center in an upper income area. The branch was opened during the review period. Its hours of operation are on Tuesdays and Thursdays from 10:30am to 1pm. No other branches were opened or closed in Medina County during the review period. Specific hours for each branch are tailored to the needs of the particular location. A list of hours is available in the public file. The bank offers a common set of financial services to all of its customers.

Community Development Services

Signal provides an adequate level of community development services, however, they are not, for the most part, innovative. Primary services include providing financial expertise to a variety of community service and development organizations through board membership; credit counseling; and the provision of technical financial assistance for consumers and small businesses.

Most of Signal's community development services are described in a previous section of this Evaluation. However, the list of community development related organizations in Medina County in which bank management is actively involved are detailed below:

- Medina Chamber of Commerce;
- Medina County Economic Development Committee;
- Seville Chamber of Commerce

Conclusions with Respect to Non-MSA Areas

Signal makes most of its mortgages in this area which includes three of Signal's low- and moderate-income geographies. Signal's performance in this area was an important part of the overall rating of the bank. Signal originates 63% of its home mortgage loans within these areas. The distribution of loans to low-income families is low. A reasonable number of loans were made to moderate-income geographies and families. Investments are adequate. Services are adequate.

LENDING TEST

Lending Activity

Table 1 shows Signal's home mortgage, small business, and small farm loans during the review period within its non-MSA area. The bank's performance in Huron, Seneca, and Wood counties is not included in this section for reasons described earlier in this Evaluation. The table shows that Signal's loan originations reflect a very strong responsiveness to the home mortgage needs of the assessment area. The volume of home mortgage lending declined slightly from 1996 to 1997. The decline in volume was explained under the Overall Bank Rating section of this document. With 1,083 originations, 1996 HMDA data shows that Signal was the largest lender in its non-MSA areas.

Table 1 Distribution of Loan Originations within Non-MSA Area						
Loan Type	1996		1997		1998 through March	
	Count	\$(000's)	Count	\$(000's)	Count	\$(000's)
Residential Mortgages (HMDA)	1,083	\$86,818	792	\$63,692	398	\$30,435
Small Business	45	\$5,570	79	\$7,463	-	-
Small Farm	1	\$50	27	\$3,214	-	-
Total Loans	1,129	\$92,438	898	\$74,369	398	\$30,435

Sources: HMDA Disclosure Report and CRA Disclosure Report

Geographic Distribution of Loans

The distribution of loans is acceptable. The level of loans originated within moderate-income tracts is slightly lower than the percentage of these tracts that exist in the Non-MSA areas. The tables below show the distribution of loans by product type and among the different census tracts.

HMDA Loans

Table 2 shows that Signal's distribution of lending throughout the Non-MSA area is generally consistent with the demographics of the area. In moderate-income tracts, the distribution is slightly lower than the percentage of these tracts in the areas.

Market share data based on the income of the geographies could not be used since the bank does not report any Block Numbering Area data. However, management was able to provide geographical data based on their mapping data.

Table 2 Total HMDA Loan Originations - Geodistribution					
CENSUS TRACTS		1996		1997	
Type	# %	#Loans %Total	\$(000's) %Total	# Loans %Total	\$(000's) %Total
Low	0 0%	N/A	N/A	N/A	N/A
Mod	3 6%	41 3.8%	\$2,363 2.7%	30 3.8%	\$1,967 3.1%
Middle	40 74%	640 59.1%	\$50,765 58.5%	466 58.8%	\$35,717 56.1%
Upper	11 20%	228 21.1%	\$20,706 23.8%	171 21.6%	\$15,883 24.9%
Info. not Available	--	174 16.0%	\$12,984 15%	125 15.8%	\$10,125 15.9%
Total	100%	1,083 100%	\$86,818 100%	792 100%	\$63,692 100%

Small Business Lending

With the exception of moderate-income areas, small business loans originated during the evaluation period are reasonably distributed throughout the assessment areas. The following table shows the distribution of loans to businesses with gross annual revenues of \$1 million or less. Our outreach efforts identified these loans as very important to the economic viability of the community. Ninety-four percent of these businesses are located in the middle- and upper-income census tracts where Signal originated 100% of the number of its small business loans during the evaluation period. Nearly seven percent of small businesses are in the moderate-income tracts. No small business loans were originated in these tracts.

Table 3 Small Business Loan Originations to Small Businesses* Geodistribution						
CENSUS TRACTS		% of Small Businesses (a)	1996		1997	
Type	# %		#Loans %Total	\$ (000's) %Total	#Loans %Total	\$ (000's) %Total
Low	N/A 0%	N/A	N/A 0%	N/A 0%	N/A 0%	N/A 0%
Mod.	3 6%	304 6.5%	0 0%	0 0%	0 0%	0 0%
Middle	40 74%	3,622 77.9%	35 83.3%	\$3,563 76.1%	65 82.3%	\$5,647 75.7%
Upper	11 20%	720 15.6%	7 16.7%	\$1,212 25.9%	14 17.7%	\$1,816 24.3%
Total	54 100%	4,646 100%	42 100%	\$4,680 100%	79 100%	\$7,463 100%

* Small business establishments with revenues of \$1 million or less.

**1997 Data includes 6 loans made to businesses with revenues in excess of \$1 million.

Borrowers' Profile

With the exception of low-income borrowers, HMDA loans originated during the review period are distributed adequately among retail customers of different income levels. The distribution of small business loans among business customers of different sizes is good. The following tables show the distribution of HMDA and small business loans.

HMDA Loans

Table 4 shows Signal's HMDA loan distribution among various borrowers. The table shows that Signal's level of lending to low- income borrowers is significantly lower than the ratios of these families living in Signal's community. Although nearly 16% of the families living in the non-MSA area are low-income, only 3% of the number of HMDA loans were made to these borrowers during the review period.

Table 4 Total HMDA Loan Originations - Borrowers' Profile							
Family Income		1996		1997		YTD 1998	
Distribution of Families	%	#Loans %Total	\$ (000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$(000's) %Total
Low	15.9	30 2.8%	\$1,151 1.3%	32 4.0%	\$1,358 2.1%	11 2.8%	\$314 1.0%
Moderate	18.7	169 15.6%	\$8,988 10.4%	140 17.7%	\$7,259 11.4%	46 11.6%	\$2,347 7.7%
Middle	25.2	286 26.4%	\$18,981 21.9%	225 28.4%	\$15,468 24.3%	128 32.2%	\$8,658 28.5%
Upper	40.2	588 54.3%	\$56,813 65.4%	393 49.6%	\$39,536 62.1%	213 53.5%	\$19,116 62.8%
Info. not Available		10 .9	\$885 1%	2 .3	71 .1%	--	--
Total	100	1,083 100%	\$86,818 100%	792 100%	\$63,692 100%	398 100%	\$30,435 100%

Small Business Lending

The distribution of small business loans to all businesses is reasonable. Based on available data, at least 93% of the number of loans made were to small businesses. Table 5 shows small business loans by revenue size.

Table 5 Small Business Loan Originations to all Businesses (1996-1997)				
REVENUE SIZE	# OF LOANS	% of TOTAL	\$ LOANED (000s)	% of TOTAL
less than or equal to \$1 million	115	93%	\$10,678	N/A

The origination of micro loans represents a majority of loans to businesses with gross annual revenues of less than \$1 million. This represents adequate responsiveness to an identified need for small loans to small businesses. The table below shows that 73% of the number and 32% of the dollar amount of such loans were for less than \$100 thousand in loan size.

Table 6 Small Business Loan Originations to Small Businesses (1996-1997)				
LOAN SIZE (000s)	#Loans	% Total	\$Loaned (000s)	%Total
Less than \$100	85	73%	\$3,485	32%
\$100-\$250	24	21%	\$4,068	38%
\$250-\$1,000	7	6%	\$3,220	30%
Total	116*	100.0	\$10,773	100%

* includes one loan for \$95 made to a business with revenues greater than \$1million

Community Development Lending Activities

The Bank has made an adequate level of community development loans within its non-MSA areas. From January 1, 1996, to the close of this examination, Signal originated five community development loans, totaling \$3.7 million. The largest loan (\$1.5 million) was made to finance the construction of a medical facility located in an area with a large number of low-income families. The facility primarily provides medical care for residents in its immediate community, most of whom are low-income.

Product Flexibility

The flexibility of Signal's lending products was described earlier in this Evaluation under the Overall Rating section of this evaluation.

INVESTMENT TEST

The bank has an adequate level of qualified investments. These investments cover all assessment areas and are detailed in the Investment Test section under the Overall Bank Rating section of this evaluation.

SERVICE TEST

Signal’s delivery systems are accessible to all portions of its Non-MSA areas. The bank’s record of opening offices has improved accessibility to bank services. Branch hours are reasonable and convenient to Signal’s customers. This section includes Signal’s newly acquired branches in Seneca, Wood, and Huron counties.

As reflected in the following table, The distribution of branches is similar to the census tract distribution within Non-MSA areas.

Table 7 Distribution of Delivery Systems (Branches and ATM Facilities)			
<i>Census Tract</i>	<i>Branches</i>	<i>ATMs</i>	<i>Census Tracts in the Assessment Area</i>
	<i># / %</i>	<i># / %</i>	<i># / %</i>
Low	N/A	N/A	N/A
Moderate	1 /7%	1 / 11%	3 /5%
Middle	10 /72%	5 /56%	49 /76%
Upper	3 / 21%	3/33%	12 /19%
Total	14 /100%	9 / 100%	64 /100%

The bank offers Saturday hours at all offices. A list of hours is available in the public file. The bank offers a common set of financial services to all of its customers. Most of the bank’s small business loans are made through the branch system. The majority of home mortgages are made through manufactured housing dealers who work through MCi.

Community Development Services

Signal provides an adequate level of community development services, however, they are not, for the most part, innovative. Primary services include providing financial expertise to a variety of community service and development organizations through board membership, credit counseling, and the provision of technical financial assistance for consumers and small businesses. Community contacts consistently cited Signal as a leader in this area.

Most of Signal's community development services are described in a previous section of this Evaluation. However, the list of community development related organizations in Non-MSA areas in which bank management is actively involved are detailed below:

- Ashland Board of Realtors;
- Habitat for Humanity;
- Wayne Metropolitan Housing Authority;
- Tiffin Area Chamber of Commerce;
- Seneca County Homeless Coalition.