



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**September 13, 2004**

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

**Community National Bank of Sarasota County  
Charter Number 21390**

**201 Center Road  
Venice, FL 34292**

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

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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

- Community National Bank of Sarasota County's (CNB) average loan-to-deposit ratio is more than reasonable given the bank's size, financial condition and assessment area credit needs.
- A substantial majority of residential and business lending occurs in the assessment area.
- CNB has a reasonable penetration among borrowers of different incomes and businesses of different sizes given the demographics of the community.

## **DESCRIPTION OF INSTITUTION**

Community National Bank of Sarasota County (CNB) was chartered in February 1988, and is locally owned and managed with four offices in Sarasota County, Florida. CNB is wholly owned by Community National Bank Corporation, a one-bank holding company. The main office is located in Venice, Florida. The other three offices are located in Venice and Nokomis. One of the Venice locations is an in-store branch conveniently located in a Wal-Mart. The bank offers many services to its customers. These include drive-up facilities, automated teller machine (ATM) access, and debit card services. CNB offers a variety of lending programs but generally focuses on small business and residential real estate lending, with each comprising 46% of the \$84 million loan portfolio.

As of June 30, 2004, the bank had total assets of approximately \$99 million with net loans accounting for 84% of total assets. There are no financial or regulatory constraints that would prevent the bank from meeting the credit needs of the community. The last CRA examination for CNB was August 30, 1999, and the bank received a satisfactory rating.

## **DESCRIPTION OF ASSESSMENT AREA**

CNB's assessment area (AA) consists of ten census tracts that comprise the southern portion of Sarasota County and includes the communities of south Sarasota, Venice, Nokomis, Osprey, Laurel, North Port and Englewood. The assessment area is part of the Sarasota-Bradenton Metropolitan Statistical Area (MSA #7510). Based on the 1990 Census Bureau median family income of \$33,128, there are nine census tracts classified as middle-income and one census tract classified as upper-income. There are no low- or moderate-income tracts in the assessment area. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

South Sarasota County is located on the southwest coast of Florida with an annual population average of 90,000. This area is well known as a retirement community and one-third of the population is 65 years of age or older. During the season from October through April, winter residents increase the population by over 50 percent. Principal industries include hospitality, health care and other services, plus light manufacturing. The largest employers are PGT Industries and Bon Secours – Venice Hospital.

Competition for financial services within the bank's assessment area is strong and includes

several branches of multi-national and regional banks, local community banks, credit unions, and other nonbank financial service providers.

Contact by the OCC with a Sarasota County non-profit organization identified affordable housing programs for low- and moderate-income families as a continued credit related need for the assessment area. Community banks can become involved by being partners in various projects.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

- **Loan-to-Deposit Ratio – Exceeds the Standard for Satisfactory Performance**

*CNB's average loan-to-deposit ratio is more than reasonable given the bank's size, financial condition and assessment area credit needs.* The average loan-to-deposit (LTD) ratio was calculated and averaged for each quarter since the last CRA examination in August 1999. We compared the bank's average ratio to those of similarly situated Sarasota, Manatee and Charlotte county banks (6) with less than \$150 million in total assets. The average LTD ratio for the last 20 quarters for CNB was 90%. This is significantly higher than the six comparable banks, which had an average LTD ratio of 74.04%.

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

*A substantial majority of residential and business lending occurs in the assessment area.* This conclusion is based on an analysis of all residential mortgages originated and reported on the Home Mortgage Disclosure Act-Loan Application Register (HMDA-LAR) for the years 2001 and 2002. Our analysis also included a random sample of business loans originated during 2002. As detailed in the table below, 83% (by number) of all residential loans reported on the HMDA-LARs were made to borrowers within the assessment area. Similarly, 91% (by number) of sampled business loans made during our evaluation period were within CNB's assessment area.

Lending in the Assessment Area								
Loan Type	Residential Loans				Business Loans			
	#	% of Number	\$000's	% of \$Amount	#	% of Number	\$000's	% of \$Amount
In the AA	98	83%	9,473	80%	20	91%	5,627	94%
Out of the AA	20	17%	2,393	20%	2	9%	335	6%

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

*CNB has a reasonable penetration among borrowers of different incomes given the demographics of the community.* Our analysis is based on our review of residential real estate loans originated in the assessment area and reported on the bank's HMDA-LARs. We compared the income distribution of the bank's borrowers to the income distribution of families within the assessment area using the 2002 HUD median family income levels. The distribution of lending is outlined in the table below.

Analysis of Residential Real Estate Loans Originated in the Assessment Area and Reported on the HMDA-LARs between January 1, 2001 to December 31, 2002 By Number and Dollar Amount ('000)																
Income Level	Low-Income Families				Moderate-Income Families				Middle-Income Families				Upper-Income Families			
Income Characteristic of Borrowers-% of families within each tract category	14%				21%				27%				38%			
Loan Type	#	%	\$	%	#	%	\$	%	#	%	\$	%	#	%	\$	%
Home Purchase Loans	5	9%	305	5%	17	30%	1,688	29%	10	18%	1,083	19%	24	43%	2,698	47%
Refinance Loans	8	19%	356	10%	6	14%	563	15%	10	24%	907	24%	18	43%	1,873	51%

Approximately 14% of the families residing within the assessment area are classified low-income. In contrast, 9% home purchase and 19% refinance residential loans were to low-income borrowers. Additionally, 21% of the families residing within the assessment area are classified as moderate-income. Again, the bank's lending to moderate-income families exceeds the moderate-income family population in the assessment area. Likewise, lending to middle- and upper-income families also shows a similar pattern of distribution.

*CNB has a reasonable penetration among businesses of different sizes given the demographics of the community.* Our sample of business loans originating in CNB's assessment area noted a substantial portion of its business loans were made to borrowers with gross revenues under \$1 million, which is considered a small business entity. A more detailed analysis of our sample of 20 business loans shows that 17 (85%) in number and \$4,887 million (87%) in dollars were to small businesses. In comparison, 2002 economic business data shows 67% of all businesses in the bank's assessment area are considered small businesses. In addition, as evidenced in the chart below, CNB services small businesses by originating smaller loans. Eighty percent of loans sampled were less than \$500,000. The following chart shows a breakdown of loans according to size.

Loan Size	# of Sampled Loans	% of Sampled Loans
< \$100,000	7	35%
\$100,001 to \$250,000	6	30%
>\$250,000 to \$500,000	3	15%
> \$500,000 to \$1,000,000	4	20%

- **Geographic Distribution of Loans - Not reviewed**

Our analysis did not include a review of CNB's lending within the geographies of the assessment area, as there are no low- or moderate-income tracts. The ten census tracts in the assessment area are designated nine middle-income and one upper- income census tracts. As such, a geographic distribution analysis would not be meaningful.

- **Responses to Complaints**

There were no CRA related complaints received by the bank or our office during the period of review.

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

We found no evidence of illegal discrimination or other illegal credit practices.