



## **PUBLIC DISCLOSURE**

May 23, 2016

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

Ocean City Home Bank  
Charter Number 705091

1001 Asbury Ave.  
Ocean City, NJ 08226-3329

Office of the Comptroller of the Currency

1150 Northbrook Drive, Suite 303  
Trevose, PA 19053

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

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors that support this rating include:

- Ocean City Home Bank's (OCHB) loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, lending-related activities, and assessment area (AA) needs.
- A substantial majority of OCHB's primary loan products were originated within the institution's AAs.
- OCHB's distribution of home mortgage loans represents a reasonable penetration among borrowers of different income levels.
- The geographic distribution of home mortgage loans reflects a reasonable dispersion throughout OCHB's AAs.
- OCHB's responsiveness to community development (CD) needs and opportunities in its AAs is adequate.

## **Scope of Examination**

OCHB was evaluated under the Intermediate Small Bank evaluation procedures, which include a lending test and a CD test. The lending test evaluates the institution's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the institution's responsiveness to CD needs in its AAs through CD lending, qualified investments, and CD services.

The lending test for OCHB covers its performance from January 1, 2013 through December 31, 2015. The scope of our lending test review did not include small business, small farm or consumer loans due to the low volume of originations of these loans during the evaluation period. The evaluation period for the CD test is from October 23, 2012 through May 23, 2016. CD loans, investments, and services submitted by management were verified to ensure that they met the regulatory definition for community development.

OCHB's primary loan products are loans secured by first liens on 1-4 family homes. The institution reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The reported HMDA data was tested prior to this review and found to be reliable for the purposes of our analysis. Therefore, the HMDA data was used to evaluate home mortgage performance.

Over the past several years, the federal banking agencies have phased in changes that impact the evaluation of CRA performance. The 2010 Census data changes that began on January 1, 2012 and the MSA changes that began on January 1, 2014, result in different AA delineations, and HMDA geocoding. Therefore, it is necessary to present multiple analyses and multiple presentations of data. For this CRA Performance Evaluation, data is presented separately for the period January 1, 2013 to December 31, 2013, and for January 1, 2014 to December 31, 2015. Peer Mortgage Data for 2015 was not yet available for this evaluation.

Table 1. Depicts the maximum ranges for low, moderate, middle and upper- incomes in OCHB's AAs.

<b>Table 1. - Definition of Income Ranges Used in the Evaluation</b>					
<b>Income Category</b>	<b>Maximum Income in for Income Range</b>				<b>2015 HUD Updated Median Family Income (MFI)</b>
	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	
<b>% Range of MFI</b>	<b>&lt;50%</b>	<b>50%-&lt;80%</b>	<b>80%-&lt;120%</b>	<b>≥120%</b>	
Atlantic County AA	\$33,649	\$53,839	\$80,759	>\$80,759	\$67,300
Cape May County AA	\$36,749	\$58,799	\$88,199	>\$88,200	\$73,500

## Description of Institution

OCHB is a federally chartered thrift institution headquartered in Ocean City, New Jersey. As of March 31, 2016, OCHB had total assets of \$1.05 billion and Tier 1 Capital of \$99.6 million. OCHB is a wholly owned subsidiary of Ocean Shore Holding Co., a one-bank holding company with consolidated assets of \$1.05 billion. OCHB offers a full range of deposit and loan products and services. Residential mortgage lending is OCHB's primary business focus with various fixed and adjustable-rate mortgage products offered. OCHB does not sell its mortgages to the secondary market, but holds all its originations until maturity. Deposit products and services include low-cost checking accounts with free online and mobile banking, business sweep accounts, and individual retirement accounts (IRAs).

Branch locations, hours, accessibility, and services fully support the needs of the banking community in OCHB's AAs. The bank operates a network of eleven full-service branches throughout Atlantic and Cape May Counties. OCHB has nine branches in Atlantic County. Six branches are located in middle- income census tracts (CTs) and three are located in upper- income tracts. The bank operates two branches in Cape May County and both are in upper- income tracts. The two branches in the Cape May AA are located in the northern region of the county, and in close proximity to OCHB's branches in the Atlantic County AA. The two low- income CTs are located a significant distance from the Cape May AA branches. It is more difficult for the bank to service these low- income CTs due to distance and intervening competitors branches. At the prior evaluation, there were no low- income CTs in the Cape May AA. All OCHB offices are equipped with drive-up facilities and deposit-taking ATMs. At the prior evaluation period, the bank operated 12 branches. On August 1, 2014, OCHB closed their

Absecon Office located in the Atlantic County AA. The closing was the result of strong competition from large money center banks, which eroded branch deposits and activity. The Absecon branch was not in a low- or moderate-income CT.

Extended hours are available at all branches. Saturday morning lobby hours are available at six of the branches. Saturday and Sunday drive-in hours are available at all branches. All branches, with the exception of the Margate Office are open until 6:00PM several nights a week. The Margate Office is open until 5:00PM Monday through Friday. Hours and locations are listed on the bank’s website at [www.ochome.com](http://www.ochome.com)

The bank offers a full range of deposit and loan products and services. Residential mortgage lending is OCHB’s primary loan product. The bank also originates small business loans. Deposit products and services include free personal and business checking accounts as well as free internet banking and bill pay. Hurricane Sandy severely affected the bank’s trade area, which is located along the Atlantic Ocean Coastline. OCHB’s performance context resulted in the formulation of a “Superstorm Sandy” loan package. This product assisted the needs of its mortgagors by providing a six-month forbearance period while customers repaired and reconstructed damaged homes. The package also funded the reconstruction of irreparably storm-damaged homes by allowing teardowns and rebuilding to new codes. OCHB addresses the needs of low- and moderate-income borrowers by offering a Low- and Moderate-Income Loan Program, which funds purchase, improvement or refinance of homes in low- and moderate-income CTs. This product offer significantly reduces fees and closing costs, increases the loan to value to 95 percent and provides a reduction of one-percent interest for loans in low-income tracts and one-half of one-percent in moderate- income geographies.

As of March 31, 2016, OCHB reported total loans of \$796 million and had a total-loan-to-total assets ratio of 75.8 percent. The loan portfolio is 99 percent real estate and one percent “other” loans, which are C&I and consumer loans.

Table 2. provides more detail below.

<b>Table 2. - Loan Portfolio Summary by Loan Product</b>			
<b>March 31, 2016</b>			
<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Loans Secured by Mortgages on 1 to 4 Family Homes	\$645,643	81.11%	61.52%
Commercial Real Estate Mortgages	\$83,129	10.44%	7.92%
HELOCS	\$30,738	3.86%	2.93%
Construction Loans	\$25,413	3.19%	2.42%
Commercial & Industrial Loans	\$7,938	1.00%	0.76%
Multi-Family Housing	\$2,765	0.35%	0.26%
Other	\$378	0.05%	0.04%
<b>Total</b>	<b>\$796,004</b>	<b>100%</b>	<b>75.85%</b>

The institution has no financial or legal impediments to meeting the credit needs of the community. The institution was rated “Satisfactory” at the last CRA evaluation dated October 22, 2012, using intermediate small bank procedures.

## Description of Assessment Area(s)

OCHB has two AAs in Southeastern New Jersey, which are described below.

### Atlantic County Assessment Area (AA)

The Atlantic County AA consists of the entirety of Atlantic County, New Jersey. The county is located in Southeastern New Jersey and comprises the Atlantic City-Hammonton, NJ Metropolitan Statistical Area (MSA) #12100. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Table 3a. and Table 3b. summarize the demographic information for the Atlantic County AA:

<b>Table 3a. - Demographic Information for the Atlantic County AA</b>						
Demographic Characteristics	#	% Low	% Moderate	% Middle	% Upper	% NA*
Geographies (Census Tracts)	69	10.14	18.84	46.38	23.19	1.45
Population by Geography	274,549	6.85	19.82	49.55	22.90	0.88
Owner-Occupied Housing by Geography	71,885	2.90	14.12	55.41	27.56	0.01
Businesses by Geography	18,185	8.42	13.73	50.59	27.24	0.03
Farms by Geography	562	0.53	7.30	61.74	30.43	0.00
Family Distribution by Income Level	67,256	21.34	17.79	20.49	40.37	0.00
Household Distribution by Income Level	26,321	12.05	26.30	47.22	14.43	0.00
Median Family Income = \$66,920						
HUD Adjusted Median Family Income for 2014 = \$67,300						
Households Below the Poverty Level = 11%						
			Median Housing Value = \$280,160			
			Unemployment Rate = 7.8%			

Source: 2010 U.S. Census

(\*) The NA category consists of geographies that have not been assigned an income classification.

(\*\*) Atlantic County, NJ Unemployment Rate – March 2016 – Not seasonally adjusted. U.S. Bureau of Labor Statistics

**Table 3b.: Additional Demographic Information for the Atlantic County AA**

Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	6.04%	7	8.57%	2.90%	19.75%	44.68%	\$226,536	49
Moderate	18.19%	13	18.50%	14.12%	33.71%	62.85%	\$202,403	40
Middle	51.34%	32	49.80%	55.41%	38.13%	79.48%	\$260,739	38
Upper	24.43%	16	23.11%	27.56%	8.40%	90.64%	\$354,613	33
N/A	0.00%	1	0.01%	0.01%	0.00%	100.00%	\$0	71
<b>Total #</b>	<b>67,256</b>	<b>69</b>	<b>125,826</b>	<b>71,885</b>	<b>29,760</b>	<b>95,624</b>	<b>\$280,160</b>	<b>38</b>

Source: 2010 U.S. Census

According to the 2010 U.S. Census data, there are a total of 69 CTs in this AA. The AA is comprised of 7 low- income CTs (10.14 percent), 13 moderate- income CTs (18.84 percent), 32 middle- income CTs (46.38 percent), and 16 upper-income CTs (23.19 percent), and 1 not rated (1.45 percent).

According to the 2010 U.S. Census data, the total population of the Atlantic County AA is 274,549. The AA contains 101,645 households and 67,256 households that are families. There are 125,826 housing units in the Atlantic County AA, of which 57.13 percent are owner-occupied units, 23.65 percent are occupied rental units, and 19.22percent are vacant.

The Atlantic County AA has only 2,085 owner-occupied housing units in its low-income CTs (2.90 percent). This creates a very limited borrowing pool. The majority of housing units in the low-income tracts are 14,197 occupied rental units (19.75 percent). Based upon the 2010 Census Data, the median housing value in the AA’s low-income tracts is \$226,536 and the average rent is \$705 per month. The AA has 10,150 owner-occupied housing units in its moderate-income tracts (14.12 percent). This restricts the borrowing pool. The majority of housing units in the moderate-income tracts are 24,232 occupied rental units (33.71percent). The median housing value in the moderate-income tracts is \$202,403 and the average rent is \$953 per month. The overall median housing value in the Atlantic County AA is \$280,160.

The median family income is \$66,920 and the 2014 HUD updated median family income was \$67,300. Approximately 21 percent of the families in the Atlantic County AA are categorized as low-income, 18 percent as moderate-income, 21 percent as middle-income, and 40 percent as upper-income. Approximately 11 percent of households are below the poverty level.

The current local economy for the Atlantic County AA is described as slowly recovering from the poor economy and housing market. Atlantic County continues to suffer from the declining casino industry. It is estimated that approximately 20,000 casino jobs have been lost in Atlantic County since 2007, as well as other cottage industries and small businesses supporting the casinos and tourism. This is primarily due to

competition from casinos in neighboring states as well as internet gambling. Atlantic County's economy remains driven by casinos, healthcare, and tourism supported industries. The largest employers in Atlantic County are Borgata Casino, Bally's Casino, Atlantic Healthcare, Tropicana Casino, and the FAA Technical Center.

The Atlantic County unemployment rate as of March 1, 2016, is 7.8 percent and not seasonally adjusted. This is down from 11.6 percent in March 2015. It is also higher than the current national unemployment rate of 5.0 percent.

Atlantic County, NJ is a highly competitive market, as OCHB faces competition from larger national and regional banks. OCHB's primary competitors include Wells Fargo Bank, NA, Bank of America, NA and TD Bank, NA. Based upon the most recent FDIC Summary of Deposits Report dated June 30, 2015, TD Bank ranks first with a 21.10 percent deposit market share, Bank of America is second with 14.27 percent market share, and Wells Fargo is third with a 14.20 percent market share. OCHB ranks fourth with a 10.36 percent market share ahead of fifth ranked Cape Bank with an 8.49 percent market share.

Based upon 2014 US Peer Mortgage Data there were 345 lenders that granted 9,831 mortgages in 2014. Wells Fargo ranks first with a 16.64 percent market share of loans, Bank of America is second with a 4.64 percent market share, Quicken Loans is third a 3.81 percent market share, TD Bank is fourth with a 3.78 percent market share, and JPMorgan Chase Bank ranks fifth with a 3.40 percent market share. OCHB is ranked thirteenth with a 1.87 percent market share.

In order to help in assessing performance context for the Atlantic County AA and Cape May AA, we conducted an interview with a local community development organization. The spokesperson of the organization indicated the current economic conditions in Atlantic and Cape May County are weak, due to foreclosures and a lack of professional jobs. The person cited the closure of several Atlantic City casinos as the primary reason. They indicated the casinos provided many employment opportunities for both casino workers and small businesses supporting the casino activities. They felt unemployment rates in both counties are bolstered by summer tourism employment; however, such employment is minimum wage, part-time and temporary. The spokesperson thought financial institutions could do a better job of financing small business loans, provide more active and highly visible community fundraisers, and offer discounted banking fees for nonprofits. While the spokesperson was not aware we were conducting a performance evaluation specifically for OCHB, they did voluntarily state that two banks stood out for strong performance in community involvement. One bank was OCHB, and the other bank was a large money-center bank. The spokesperson did not feel other financial institutions were supporting or involved in the local community.

**Cape May County Assessment Area (AA)**

The Cape May County AA is comprised of the entirety of Cape May County. The county is located in the most Southeastern portion of New Jersey and comprises the Ocean City, NJ MSA #36140. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Table 4a. and Table 4b. summarize the demographic information for this AA:

<b>Table 4a. - Demographic Information for Cape May County AA</b>						
Demographic Characteristics	#	% Low	% Moderate	% Middle	% Upper	% NA*
Geographies (Census Tracts)	33	6.06	18.18	45.45	27.27	3.03
Population by Geography	97,265	4.19	25.98	43.80	26.04	0.00
Owner-Occupied Housing by Geography	33,769	2.95	22.48	46.18	28.39	0.00
Businesses by Geography	9,022	2.24	23.22	45.56	28.98	0.00
Farms by Geography	285	2.46	12.98	44.91	39.65	0.00
Family Distribution by Income Level	29,903	21.83	17.87	19.71	40.59	0.00
Household Distribution by Income Level	11,871	7.25	33.36	43.64	15.74	0.00
Median Family Income	= \$69,978	Median Housing Value				= \$383,563
HUD Adjusted Median Family Income for 2014	= \$73,500	Unemployment Rate**				= 13.3%
Households Below the Poverty Level	= 9%					

Source: 2010 U.S. Census

(\*) The NA category consists of geographies that have not been assigned an income classification.

(\*\*) Cape May County, NJ Unemployment Rate – March 1, 2016 – Not seasonally adjusted. U.S. Bureau of Labor Statistics

<b>Table 4b.: Additional Demographic Information for the Cape May County AA</b>									
Income Category	% Family Distribution	Census Tract Data Distributions							
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	# Vacant Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	21.83%	2	2.09%	2.95%	5.77%	385	1.73%	\$215,535	39
Moderate	17.87%	6	22.30%	22.48%	36.97%	10,039	22.16%	\$282,324	49
Middle	19.71%	15	52.08%	46.18%	42.64%	30,679	51.76%	\$394,299	37
Upper	40.59%	9	23.54%	28.39%	14.63%	11,871	24.35%	\$463,515	35
N/A	0.00%	1	0.00%	0.00%	0.00%	0	0.00%	\$0.00	0
<b>Total #</b>	<b>29,903</b>	<b>33</b>	<b>98,394</b>	<b>33,769</b>	<b>11,651</b>	<b>52,974</b>	<b>83,216</b>	<b>\$383,563</b>	<b>39</b>

Source: 2010 U.S. Census

According to the 2010 U.S. Census data, there are a total of 33 CTs in this AA. The AA is comprised of two low-income tracts (6.06 percent), six moderate-income CTs (18.18 percent), fifteen middle-income CTs (45.45 percent), nine upper-income CTs (27.27 percent), and one CT not rated (3.03 percent). The AA is not considered a distressed or underserved area. One of the low-income tracts, along with several of the moderate-income tracts are proximate to the Delaware Bay National Wildlife Refuge and the Great Cedar Swamp.

According to the 2010 U.S. Census data, the total population of the Cape May AA is 97,265. The AA contains 45,420 households and 29,903 households that are families. There are 98,394 housing units in the AA, of which 34 percent are owner occupied, 12 percent are rental units, and 54 percent are vacant units. The highest number of vacant units are located in the middle- and upper-income CTs. These are mostly second homes, vacation homes and shore investment properties.

The Cape May County AA has only 997 owner-occupied housing units in its low-income CTs (2.95 percent). This creates an extremely limited borrowing pool. The AA has 7,591 owner-occupied housing units in its moderate-income tracts (22.48 percent). This restricts the borrowing pool. The median housing cost is \$383,563. The median housing value in the low-income tracts is \$215,535, and the median housing value in the moderate-income tracts is \$282,324.

Based upon 2010 Census Data the median family income is \$69,978 and the 2014 HUD updated median family income is \$73,500. Approximately 22 percent of the families in the AA are categorized as low-income, 18 percent as moderate-income, 20 percent as middle-income, and 41 percent as upper-income. Approximately 9 percent of households are below the poverty level.

Cape May was one of only two counties in New Jersey to lose population in the decade since 2000. According to the U.S. Census Bureau, the county lost 2.6 percent of its population between the 2010 census and 2015, a result of a lack of sustainable employment. The decline was the largest percentage decrease of any county statewide. The county is a peninsula bordered on the east by the Atlantic Ocean and on the west by the Delaware Bay. It occupies an area of 620 square miles of which approximately 60 percent is water or tidelands. A consistently popular summer destination with 30 miles (48 km) of beaches, Cape May attracts vacationers from New Jersey and surrounding states. Tourism generates annual revenues of \$5.3 billion, making it the county's single largest industry, with leisure and hospitality being Cape May's largest employment category. This includes providers of lodgings, food services, recreation and amusements. The county's second largest employment sector is trade, transportation and utilities, dominated by the retail segment. This segment, benefits greatly from the surge of visitors and temporary residents during the prime spring-to-fall tourist season. Following tourism, education and health related services continue to add to job growth. It is estimated that the county has over 45,000 second homes, which cause its approximate 100,000 full time residents to swell to 800,000 during the spring and summer.

The largest employers in Cape May County are Cape Regional Medical Center, the Cape May County government and regional school system, and Wawa. The Cape May County unemployment rate as of March 1, 2016, is 13.3 percent and not seasonally adjusted. This is down from 16.8 percent in March 1, 2015. It is also higher than the current national unemployment rate of 5.0 percent. Cape May County's unemployment rate is usually much lower during the summer months due to the tourist industries. During the tourist season, unemployment rates decrease significantly. For example, the unemployment rate for August 1, 2015 was 6.0 percent.

The banking industry in Cape May County, New Jersey is highly competitive. OCHB faces most of its competition from large money-center banks, national mortgage companies, and local savings banks. OCHB's primary competitors for deposits include Sturdy Savings Bank, TD Bank, NA, and Crest Savings Bank. Based upon the most recent FDIC Summary of Deposits Report dated June 30, 2015, Sturdy Savings Banks ranks first with a 21.73 percent deposit market share, TD Bank, NA is second with 14.79 percent market share, and Cape Bank is third with an 11.65 percent market share. OCHB ranks sixth with a 9.33 percent market share.

Based upon 2014 US Peer Mortgage Data there were 361 lenders that granted 7,116 mortgages in 2014. Wells Fargo ranks first with a 14.63 percent market share of loans, JPMorgan Chase is second with a 3.84 percent market share, Bank of America is third a 3.36 percent market share, Aurora Financial Group, Inc. is fourth with a 3.32 percent market share, and OCHB ranks fifth with a 3.25 percent market share.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

OCHB's performance under the lending test is satisfactory. OCHB's loan-to-deposit ratio is more than reasonable, and a substantial majority of the institution's home mortgage loans was made within its combined AAs. OCHB was found to have reasonable penetration among borrowers of different income levels. Little weight was given to the geographical distribution of home mortgage loans due to the number of financial institutions competing for a low number of loan applications, resulting from a low number of owner-occupied homes in the low- and moderate-income CTs.

All criteria of the lending test are documented below:

#### **Loan-to-Deposit Ratio**

OCHB's net loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, lending-related activities, and credit needs of its AAs. The institution's net loan-to-deposit ratio averaged 94.04 percent over the last 14 quarters since the previous CRA evaluation. This ratio ranged from a quarterly low of 88.76 percent to a quarterly high of 97.53 percent during the evaluation period.

OCHB’s net loan-to-deposit ratio compares favorably and exceeds other financial institutions of similar size, location, and product offerings. The average loan-to-deposit peer ratio for the same period is 90.02 percent, ranging from a quarterly low of 83.67 percent to a quarterly high of 95.53 percent.

**Lending in Assessment Area**

A substantial majority of OCHB’s home mortgage loans were made within its combined AAs. The following tables detail OCHB’s lending within the AAs by number and dollar amount of loans. Ninety-seven percent of home mortgage loans (by count), and ninety eight percent of home mortgage loans (by dollar) were made within OCHB’s combined AAs.

<b>Table 5a. - Concentration of Home Mortgage Loans Originated In and Outside of the Combined Assessment Areas</b>						
Loan Type	% Inside Area		% Outside Area		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Home Purchase	705	\$255,511	21	\$3,577	726	\$259,088
Home Refinance	404	\$130,591	16	\$2,407	420	\$132,998
Home Improvement	236	\$30,490	11	\$1,466	247	\$31,956

Source: HMDA loan data from 1/1/2013 to 12/31/2015

<b>Table 5b. - Concentration of Home Mortgage Loans Originated In and Outside of the Reviewed Assessment Areas</b>		
Assessment Area	Home Mortgage Loans	
	% of Loans	% of \$ Volume
Within Atlantic County AA	43.07%	26.48%
Within Cape May County AA	53.48%	71.76%
Outside Area	3.45%	1.76%
<b>Total # / \$</b>	<b>1,345</b>	<b>\$424,042</b>

Source: HMDA loan data from 1/1/2013 to 12/31/2015

**Lending to Borrowers of Different Incomes**

The distribution of loans throughout the institution’s AAs reflects a reasonable penetration among individuals of different income levels when taking into account the intense competition among larger institutions in both of OCHB’s AAs.

*Borrower Distribution of home mortgage loans in the Atlantic County AA from January 1, 2013 to December 31, 2013.*

The borrower distribution of home mortgage loans in the Atlantic County AA is reasonable when taking into account the fierce competition to originate home mortgage loans to low- and moderate-income borrowers.

According to 2013 Peer Mortgage Data there were 51 financial institutions competing for only 993 applications from low- income borrowers. The top ten banks, all large national money-center lenders and national mortgage companies, received 581 or 58.5 percent of all low- income applicants. OCHB was ranked 12<sup>th</sup> out of 51 financial institutions with 13 applications from low- income borrowers.

Also according to 2013 Peer Mortgage Data there were 47 financial institutions competing for 2,318 applications from moderate- income borrowers. The top ten banks, all large national money-center lenders and national mortgage companies, received 1,288 or 55.5 percent of all moderate- income applicants. OCHB ranked 15<sup>th</sup> out of 47 financial institutions with 28 applications from moderate-income borrowers.

The high cost of housing also makes it difficult for low- and moderate-income families to enjoy home ownership. A low-income salary in Atlantic County is below \$33,650, and a moderate-income salary is below \$53,580. This compares with the median cost of housing in Atlantic County of \$280,160.

This reasoning supports why OCHB’s percentage of home mortgage loans to low- and moderate-income borrowers is lower than the demographic comparators and aggregate lending data, even though their level of ranking is high among peer community banks, and almost near the level of the top ten originators.

Table 6a. through Table 6c. shows the distribution of home mortgage loans among borrowers of different income levels as compared to the percent of families in each income category. It also shows the percentage of bank loans as compared to the aggregate lending data. These figures are based upon 2013 Peer Mortgage Data.

<b>Table 6a. Home Purchase Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.34	1.85	4.62
Moderate	17.79	7.41	20.44
Middle	20.49	9.26	25.52
Upper	40.37	81.48	49.42

<b>Table 6b. Home Improvement Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.34	2.63	6.25
Moderate	17.79	13.16	15.50
Middle	20.49	23.68	27.00
Upper	40.37	60.53	51.25

<b>Table 6c. Home Mortgage Refinance Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.34%	2.04	5.79
Moderate	17.79%	10.20	13.98
Middle	20.49%	24.49	22.18
Upper	40.37%	63.27	58.06

*Borrower Distribution of home mortgage loans in the Atlantic County AA from January 1, 2014 to December 31, 2015.*

The borrower distribution of home mortgage loans in the Atlantic County AA is reasonable when considering the ability of OCHB to lend to low-income borrowers is highly restricted. This is due to the fierce competition from large nationwide mortgage originators, the diminutive number of low-income applicants, and the high cost of housing in the Atlantic County AA. Thus, less weight is given to the distribution of loans to low-income borrowers for this portion of the lending test.

According to 2014, Peer Mortgage Data there were 41 financial institutions competing for 790 applications from low-income borrowers. The top ten originators, all large national money-center lenders and national mortgage companies received 430 or 54.4 percent of all low-income applicants. OCHB was ranked 21st out of 41 financial institutions with six applications from low-income borrowers.

The high cost of housing makes it difficult for low-income families to afford home ownership. A low-income salary in Atlantic County is below \$33,650. This compares with the median cost of housing in Atlantic County of \$280,160. A low-income borrower, attempting to purchase a \$280,160 home, with a 5% down payment, and incurring a 3.50 percent interest rate over a 30-year fixed term would result in a 42.6 percent principal and interest to gross income ratio. This is before real estate taxes and homeowners insurance, and in most cases would not qualify the borrower under most underwriting guidelines.

Performance with moderate-income borrowers fares better. The percentage of home purchase loans made to moderate-income borrowers is lower than the percentage of moderate-income families in the AA, and lower than the aggregate. The percentage of home improvement loans made to moderate-income borrowers is near to the percentage of moderate-income families, and exceeds the aggregate percentage of home improvement loans made to moderate-income borrowers in the AA. The percentage of home refinance loans made to moderate-income borrowers both exceeds the percentage of moderate-income families in the AA, as well as the aggregate of loans made to moderate-income borrowers.

Table 7a. through Table 7c. shows the distribution of home mortgage loans among borrowers of different income levels as compared to the percent of families in each income category. It also shows the percentage of bank loans as compared to the aggregate lending data. These figures are based upon 2014 Peer Mortgage Data.

<b>Table 7a. Home Purchase Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.34	0.77	5.74
Moderate	17.79	11.54	21.86
Middle	20.49	15.38	27.48
Upper	40.37	72.31	44.93

<b>Table 7b. Home Improvement Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.34	5.88	8.50
Moderate	17.79	15.69	14.71
Middle	20.49	21.57	23.53
Upper	40.37	56.86	53.27

<b>Table 7c. Home Mortgage Refinance Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.34%	0.00	8.30
Moderate	17.79%	20.34	16.83
Middle	20.49%	13.56	24.84
Upper	40.37%	66.10	50.03

*Borrower Distribution of home mortgage loans in the Cape May County AA from January 1, 2013 to December 31, 2013.*

Less weight is given to the borrower distribution of home mortgage loans to low-income borrowers in the Cape May County AA. This is due to the fierce competition to originate home mortgage loans to the minute number of low-income applicants.

According to 2013 Peer Mortgage Data there were 46 financial institutions competing for only 620 applications from low-income borrowers. The top ten banks, all large national money-center lenders and national mortgage companies received 341 applications or 55 percent of all low-income applicants. OCHB was ranked 18<sup>th</sup> out of 46 financial institutions with two applications from low-income borrowers.

According to 2013, Peer Mortgage Data there were 46 financial institutions competing for 1,416 applications from moderate-income borrowers. The top ten banks, all large national money-center lenders and national mortgage companies, received 689 or 48.6

percent of all moderate-income applicants. OCHB ranked 19<sup>th</sup> out of 46 financial institutions with 16 applications from moderate-income borrowers.

The high cost of housing makes it difficult for low- and moderate-income families to enjoy home ownership. A low-income salary in Cape May County is below \$36,750 and a moderate-income salary is below \$58,800. This compares with the median housing value in Cape May County of \$215,535 in low-income tracts and \$282,324 in moderate-income tracts.

This reasoning supports why OCHB's percentage of home mortgage loans to low- and moderate- income borrowers is lower than the demographic comparators, even though their ranking is high among peer community banks, and almost the level of the top ten originators.

Table 8a. through Table 8c. shows the distribution of home mortgage loans among borrowers of different income levels as compared to the percent of families in each income category. It also shows the percentage of bank loans as compared to the aggregate lending data. These figures are based upon 2013 Peer Mortgage Data.

<b>Table 8a. Home Purchase Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.83	0.98	3.00
Moderate	17.87	5.88	10.06
Middle	19.71	4.90	12.33
Upper	40.59	88.24	74.62

<b>Table 8b. Home Improvement Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.83	0.00	6.38
Moderate	17.87	8.33	18.46
Middle	19.71	12.50	21.14
Upper	40.59	79.17	54.03

<b>Table 8c. Home Mortgage Refinance Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.83	0.00	4.55
Moderate	17.87	5.00	10.90
Middle	19.71	8.75	16.46
Upper	40.59	86.25	68.09

*Borrower Distribution of home mortgage loans in the Cape May County AA from January 1, 2014 to December 31, 2015*

Little weight is given to the test of borrower distribution of home mortgage loans to low-income borrowers in the Cape May County AA from January 1, 2014 to December 31, 2015. This is due to the number of financial institutions in the AA competing for a minimal number of low-income applicants. According to 2014, Peer Mortgage Data there were 50 financial institutions competing for only 313 applications from low-income borrowers. The top ten banks, all large national money-center lenders and national mortgage companies, with sophisticated and far-reaching marketing techniques, received 54 applications or 44.3 percent of all low-income applicants.

Also according to 2014 Peer Mortgage Data there were 42 financial institutions competing for 698 applications from moderate-income borrowers. The top ten banks, all large national money-center lenders and national mortgage companies, received 148 or 47.28 percent of all moderate-income applicants. OCHB ranked 12<sup>th</sup> out of 42 financial institutions with four applications from moderate-income borrowers. OCHB exceeded the median, and placed in the 76<sup>th</sup> percentile of banks competing for moderate-income applicants.

OCHB continues to market a low- and moderate-income loan program with reduced rates and minimized closing cost, nevertheless, the high cost of housing makes it difficult for low- and moderate-income families to enjoy home ownership. A low-income salary in Cape May County is below \$36,750 and a moderate-income salary is below \$58,800. This compares with the median housing value in Cape May County of \$215,535 in low-income tracts and \$282,324 in moderate-income tracts.

This reasoning supports why OCHB's percentage of home mortgage loans to low- and moderate-income borrowers is lower than the demographic comparators, even though their ranking is high among peer community banks, and almost near the level of the top ten originators.

Table 9a. through Table 9c. shows the distribution of home mortgage loans among borrowers of different income levels as compared to the percent of families in each income category. It also shows the percentage of bank loans as compared to the aggregate lending data. These figures are based upon 2014 Peer Mortgage Data.

<b>Table 9a. Home Purchase Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.83	0.36	2.22
Moderate	17.87	2.49	6.98
Middle	19.71	7.83	12.08
Upper	40.59	89.32	78.72

<b>Table 9b. Home Improvement Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.83	5.71	8.57
Moderate	17.87	5.71	15.71
Middle	19.71	25.71	24.76
Upper	40.59	62.86	50.95

<b>Table 9c. Home Mortgage Refinance Loans</b>			
<b>Borrower Income Category</b>	<b>% of Families</b>	<b>% of Bank Loans</b>	<b>Aggregate Lending Data</b>
Low	21.83	2.70	5.98
Moderate	17.87	2.70	11.14
Middle	19.71	10.81	17.42
Upper	40.59	83.78	65.45

### **Geographic Distribution of Loans**

A meaningful analysis of the distribution of home mortgage loans in low-income tracts is difficult due to the number of banks competing for a low number of applicants in the limited number of low-income CTs within the AAs.

#### *Geographic Distribution of home mortgage loans in the Atlantic County AA from January 1, 2013 to December 31, 2013*

Little weight is given to the geographic distribution of home mortgage loans in the low-income CTs. This is due to the number of financial institutions in the AA competing for a minimal amount of applications. There were 47 financial institutions, which originated only 164 loans in the AA in 2013. Only 2.90 percent (2,086 units) of the total owner-occupied units in the AA are in low-income tracts.

OCHB's performance in the moderate-income tracts is reasonable given the high level of competition, and the limited number of applicants in the moderate-income CTs. The percentage of home purchase loans made in low- and moderate-income geographies exceeds the percentage of owner-occupied homes in low- and moderate-income tracts as well as the percentage of aggregate lending for 2013 in low- and moderate-income CTs.

There were no home improvement loans made in the low-income tracts. The 47 financial institutions competing for loans in the AA originated only 39 home improvement loans in 2013. The percentage of home improvement loans originated by OCHB in moderate-income tracts was near to the percentage of owner-occupied homes in the moderate-income tracts, and exceeds the percentage of aggregate loans made in moderate-income tracts.

There were no home refinance loans made in the low- income tracts. The 47 financial institutions competing for loans in the AA originated only 51 home refinance loans in 2013. The percentage of home refinance loans made in the moderate- income tracts was less than the percentage of owner-occupied homes in the moderate- income tracts and less than the total banks aggregate lending in the moderate- income tracts.

Table 10a. through Table 10c. shows the geographic distribution of home mortgage loans as compared to the percent of owner occupied housing contained within each geography income level. It also shows the aggregate HMDA lending percentage by tract income. These figures are based upon 2013 Peer Mortgage Data.

<b>Table 10a. Home Purchase Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.90	6.85	1.64
Moderate	14.12	23.29	13.24
Middle	55.41	36.99	50.69
Upper	27.56	32.88	34.43

<b>Table 10b. Home Improvement Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.90	0.00	1.23
Moderate	14.12	12.82	8.82
Middle	55.41	38.46	50.49
Upper	27.56	48.72	39.46

<b>Table 10c. Home Mortgage Refinance Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.90	0.00	1.54
Moderate	14.12	5.88	11.47
Middle	55.41	47.06	52.70
Upper	27.56	47.06	34.49

Geographic Distribution of home mortgage loans in the Atlantic County AA from January 1, 2014 to December 31, 2015

The geographic distribution of home mortgage loans throughout the Atlantic County AA is reasonable, although this portion of the lending test is given less weight due to the number of financial institutions competing for a minimal number of loans. Based upon 2014 Peer Mortgage Data, there were 47 financial institutions originating only 258 loans.

The percentage of home purchase loans made in low- income geographies significantly exceeds the percentage of owner-occupied homes in low- income tracts as well as the percentage of aggregate lending in low- income CTs. The percentage of home purchase loans made in moderate- income geographies is less than the percentage of owner-occupied homes in moderate- income tracts as well as the percentage of aggregate lending in moderate- income tracts.

There were no home improvement loans made in the low- income tracts. Based upon 2014 Peer Mortgage Data, the 47 financial institutions competing for loans in the AA originated only 53 home improvement loans. The percentage of home improvement loans originated by OCHB in moderate- income tracts was less than the percentage of owner-occupied homes in the moderate- income tracts, but near to the percentage of aggregate loans made in moderate- income tracts.

The percentage of home refinance loans made in the low- income tracts was near to the percentage of owner-occupied homes in the low- income tract, and greater than the percentage of aggregate loans in the low- income tracts. Based upon 2014 Peer Mortgage Data, the 47 financial institutions competing for loans in the AA originated only 61 home refinance loans.

Table 11a. through Table 11c. shows the geographic distribution of home mortgage loans as compared to the percent of owner occupied housing contained within each geography income level. It also shows the aggregate HMDA lending percentage by tract income. These figures are based upon 2014 Peer Mortgage Data.

<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.90	10.56	1.68
Moderate	14.12	7.75	11.88
Middle	55.41	44.37	56.00
Upper	27.56	37.32	30.45

<b>Table 11b. Home Improvement Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.90	0.00	1.16
Moderate	14.12	7.55	8.99
Middle	55.41	49.06	60.29
Upper	27.56	43.40	29.57

<b>Table 11c. Home Mortgage Refinance Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.90	1.64	1.49
Moderate	14.12	9.84	12.01
Middle	55.41	45.90	54.54
2.90Upper	27.56	42.62	31.96

*Geographic Distribution of home mortgage loans in the Cape May County AA from January 1, 2013 to December 31, 2013*

Geographic distribution of home mortgage loans is reasonable, given the fact little weight is allotted to the distribution of home mortgage loans in the low-income CTs. This is due to the number of financial institutions competing for a minimal number of loans, and the relatively small number of owner-occupied homes in the low-income CTs. Based upon 2013 Peer Mortgage Data, there were 48 financial institutions competing for 204 loan applications from low-income CTs, or only 1.66 percent of all applications received in the AA. Based upon 2010 Census Data there are only 997 owner-occupied units in the two low-income tracts. The top ten lending institutions, all large money-center banks and national mortgage originators received 92 of the 204 applications or a 45.10 percent market share. OCHB ranked 11<sup>th</sup> out of 48 financial institutions with one application.

Based upon 2013 Peer Mortgage Data only 18.32 percent of all applications received in the AA were from moderate-income tracts. The same top ten lending institutions received 1,010 of 2,263 applications or a 44.83 percent market share. OCHB ranked 28<sup>th</sup> out of the 48 financial institutions with eight applications.

Table 12a. through Table 12c. shows the geographic distribution of home mortgage loans as compared to the percent of owner occupied housing contained within each geography income level. It also shows the aggregate HMDA lending percentage by tract income. These figures are based upon 2013 Peer Mortgage Data.

<b>Table 12a. Home Purchase Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.95	0.00	1.36
Moderate	22.48	1.96	17.11
Middle	46.18	60.78	57.24
Upper	28.39	37.25	24.29

<b>Table 12b. Home Improvement Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.95	4.17	1.93
Moderate	22.48	12.50	20.90
Middle	46.18	25.00	47.59
Upper	28.39	58.33	29.58

<b>Table 12c. Home Mortgage Refinance Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.95	0.00	1.50
Moderate	22.48	1.22	17.53
Middle	46.18	50.00	53.19
2.90Upper	28.39	48.78	27.78

Geographic Distribution of home loans in the Cape May County AA from January 1, 2014 to December 31, 2015

Little weight is given to the geographic distribution of home mortgage loans in the low-income CTs. This is due to the number of financial institutions competing for a minimal number of loans, and the relatively small number of owner-occupied homes in the two low-income CTs.

Based upon 2014 Peer Mortgage Data, there were approximately 85 financial institutions competing for 313 loan applications from borrowers in low-income CTs. Only 4.40 percent of all applications in the AA were from borrowers in low-income tracts. Based upon 2010 US Census Data there are only 997 owner-occupied units in the two low-income CTs in the AA. The top ten lending institutions, all large money-center banks and national mortgage originators received 148 of the 313 applications or a 47.28 percent market share. OCHB ranked 12<sup>th</sup> out of 85 financial institutions with four applications.

This reasoning supports why OCHB's percentage of home mortgage loans made in low-income geographies is lower than the demographic comparators, even though their ranking level is high among peer community banks, and almost near the level of the top ten originators.

The amount of home purchase loans, home improvement loans and home refinance loans made in moderate-income geographies is significantly less than the percentage of owner-occupied units in the AA, and also less than the aggregate lending in the moderate-income tracts. Nevertheless, OCHB's performance in this area is considered reasonable, due to the number of banks competing for a limited number of applications, and the large market share from the large money-center banks and national mortgage companies. Based upon 2014 Peer Mortgage Data, OCHB was ranked 23<sup>rd</sup> with nine applications out of 50 banks competing for 1,338 applications. The top ten originators received 570 applications or a 42.60 percent market share.

This reasoning supports why OCHB's percentage of home mortgage loans to low- and moderate- income borrowers is lower than the demographic comparators, even though their ranking is high among peer community banks, and almost near the level of the top ten originators.

Table 13a. through Table 13c. shows the geographic distribution of home mortgage loans as compared to the percent of owner occupied housing contained within each geography income level. It also shows the aggregate HMDA lending percentage by tract income. These figures are based upon 2014 Peer Mortgage Data.

<b>Table 13a. Home Purchase Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.95	0.00	0.90
Moderate	22.48	4.95	16.68
Middle	46.18	58.30	57.81
Upper	28.39	36.75	24.61

<b>Table 13b. Home Improvement Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.95	0.00	3.13
Moderate	22.48	2.78	22.77
Middle	46.18	55.56	47.77
Upper	28.39	41.67	26.34

<b>Table 13c. Home Mortgage Refinance Loans</b>			
<b>Census Tract Geographies</b>	<b>% of Owner Occupied Units</b>	<b>% of Bank Loans</b>	<b>Aggregate HMDA Lending (%) by Tract Income</b>
Low	2.95	0.00	2.29
Moderate	22.48	3.95	18.17
Middle	46.18	47.37	50.52
Upper	28.39	48.68	29.02

**Responses to Complaints**

OCHB did not receive any CRA complaints during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The evaluation period for the CD test is from October 22, 2012 through May 23, 2016. CD loans, investments, and services submitted by management were verified to ensure that they met the regulatory definition for community development.

**COMMUNITY DEVELOPMENT TEST**

The Community Development (CD) Test is rated Satisfactory. During the evaluation period, OCHB provided over \$5.4 million in CD loans to help meet the CD needs of its AAs. OCHB also donated \$232 thousand to CD organizations during the evaluation period and had \$621 thousand in qualified CRA investments, at the remaining on their balance sheet in 2012 from prior evaluation periods. OCHB personnel provided leadership and/or financial expertise to five community development organizations serving the AAs. Therefore, OCHB’s level of CD activities is considered adequate given its size and capacity, when considering the CD needs and opportunities of its AAs.

Performance in the Atlantic County AA

OCHB has demonstrated adequate responsiveness to the CD needs of the Atlantic County AA, considering its performance context and the needs and opportunities within the AA.

Performance in the Cape May County AA

OCHB has demonstrated adequate responsiveness to the CD needs of the Cape May County AA, considering the limited opportunities available in this AA as its economy is primarily tourism-driven.

## Number and Amount of Community Development Loans

### Performance in the Atlantic County AA

OCHB originated eighteen CD loans in the Atlantic County AA since the last CRA examination totaling \$3.2 million. Of the eighteen CD loans originated, seven promoted economic development by supporting or creating permanent job creation and improvements in low- or middle-income geographies, seven provided financing to organizations that provide community services that are targeted to low- and moderate-income individuals and four were for homes in the designated disaster tracts impacted by Superstorm Sandy.

A few examples of CD loans originated are listed below.

- \$300,000 line of credit to a bakery for short-term working capital. This loan is for losses suffered during Hurricane Sandy. The bakery operates in a low-income tract and supplies local supermarkets and restaurants.
- \$100,000 loan to a local career development organization located in a moderate-income geography. The organization provides vocational rehabilitation services, residential housing and prisoner re-entry programs targeted toward low- and moderate-income individuals with disabilities.
- \$200,000 business loan to revitalize/stabilize a low to moderate-income geographic area. Loan is to a furniture/mattress store in moderate-income tract. Allows residents of a moderate tract to have easy access to shopping for necessary bedding.

### Performance in the Cape May County AA

OCHB originated eleven CD loans in the Cape May County AA during the evaluation period totaling \$2.2 million. Of the eleven CD loans originated, two promoted economic development by supporting or creating permanent job creation and improvements in low- or middle-income geographies, two provided financing to organizations that provide community services that are targeted to low- and moderate-income individuals and seven were loans in the designated disaster tracts impacted by Hurricane Sandy.

A few examples of CD loans originated are listed below.

- \$50,000 business loan to revitalize/stabilize a LMI Geography. The loan was made to a bed-and-breakfast located in a moderate- income CT.
- \$20,000 loan to a beauty school. The time loan is to cover working capital shortfalls caused by Hurricane Sandy.
- \$625,000 commercial mortgage loan to revitalize/stabilize a LMI Geography. Loan is to a property management company.

## **Number and Amount of Qualified Investments**

### Performance in the Atlantic County AA

OCHB made no qualified CD investments in the Atlantic County AA since the last evaluation. This is due to the competition from the large money-center banks with new business departments specializing in government loans monopolizing the few issues that become available. However, the institution did make close to \$200 thousand worth of qualifying grants and donations to 14 different organizations within the AA. The 14 organizations either directly benefit low- and moderate-income individuals or provide economic development to low- and moderate-income geographies.

In addition, OCHB continues to have seven outstanding investments, with a combined current balance of \$621,136 in previously purchased mortgage backed securities. The mortgage-backed securities are secured by mortgages to low- and moderate-income borrowers in both the Atlantic County AA and the Cape May County AA.

### Performance in the Cape May County AA

OCHB made no qualified CD investments in the Cape May County AA since the last evaluation. However, the institution did make \$32 thousand worth of qualifying grants and donations to seven different organizations within the AA. The seven organizations either directly benefit low- and moderate-income individuals or provide economic development to low- and moderate-income geographies.

## **Extent to Which the Institution Provides Community Development Services**

### Performance in the Atlantic County AA

OCHB's deposit and loan products include low-cost checking accounts, free online and mobile banking, business sweep accounts, and individual retirement accounts (IRAs). OCHB also offers a Low/Moderate Income Loan Program that provides below-market fixed rate home mortgage loans with discounted application fees to low- and moderate-income individuals. Loans originated under this program have more relaxed underwriting standards than traditional home mortgage loans. Overall, OCHB's deposit and loan services generally help to increase access to financial services for low- and moderate-income individuals.

During the evaluation period, the Bank Executive Lending Officer, Bank First Vice President, and Bank Vice President performed a Mortgage 101 crash course at the Carnegie Center. The Carnegie Center is located in a low-income tract. The seminar was open to the public and targeted low to moderate-income individuals. All three employees offered 90 minutes of instructions and Q&A. The focus of the course was to provide the tools needed to apply for a mortgage and included discussions on products, taxes and insurance, credit history and reports. Advertisements for the free course

were placed in periodicals delivered to LMI tracts and were bilingual. One OCHB executive employee provided leadership service and financial expertise to the Consumer Credit and Budget Counseling Service by serving as Chairman of the Board. This organization provides financial counseling services targeted to low- and moderate-income individuals.

#### Performance in the Cape May County AA

Of the two Cape May County AA branches, none is located in any of the six moderate-income geographies or two low- income geographies. This is because the two OCHB branches are located in the extreme northern portion of the county; whereas five of the six moderate-income geographies are located within the extreme southern portion of the county. However, as noted above, OCHB provides products and services that generally increase access to financial services for low- and moderate-income individuals, including low-cost deposit accounts, free online and mobile banking, and the Low/Moderate Income Loan Program.

### **Responsiveness to Community Development Needs**

#### Performance in the Atlantic County AA

OCHB's CD activities demonstrate adequate responsiveness to the needs and opportunities in the Atlantic County AA. Identified needs include loans to low- and moderate-income borrowers, access to financing for small businesses, as well as financing for revitalizing and stabilizing low- and moderate-income geographies.

OCHB met these needs by originating eighteen CD loans totaling \$3.2 million that benefited low-and moderate-income individuals and/or helped revitalize and stabilize low- and moderate-income geographies within the Atlantic County AA. OCHB also made \$200 thousand worth of qualifying grants and donations to organizations that provide services to LMI individuals. In addition, OCHB provides CD services such as their Low/Moderate Income Loan Program, which provides discounted home mortgages to low-and moderate-income individuals, as well as employees serving on four different Boards whose organizations benefit low-and moderate-income individuals and/or promote economic development.

The bank created a Hurricane Sandy Relief Program to assist residents and businesses of Atlantic and Cape May County recover from the storm. As of 12/31/2014 (the end date of the Hurricane Sandy special loan program), there were 13 consumer loans closed for \$2,223,625.00. Both AA's were designated disaster areas by FEMA.

### Performance in the Cape May County AA

OCHB's CD activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in the Cape May County AA. Identified needs primarily include loans to low- and moderate-income borrowers and access to financing for small businesses. OCHB met these needs by originating eleven CD loans totaling \$2.2 million, donating \$32 thousand worth of qualifying grants and donations to organizations that provide services to low-and moderate-income individuals and small businesses, and by maintaining \$621 thousand worth of CD investments that helped provide mortgages to low-and moderate-income families. As mentioned above, OCHB also provides CD services such as their Low/Moderate Income Loan Program, which provides discounted home mortgages to low-and moderate-income individuals.

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

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

The most recent Fair Lending examination was concluded on June 14, 2014, and the results of that examination found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.