

5-11-99

The Murray Bank

Murray, Kentucky

Mission Statement for CRA

The Murray Bank intends to become the local financial institution that is considered the pre-eminent supporter of housing issues for Calloway County.

Leadership

We will take a leadership role in supporting and organizing local projects that assist Calloway County residents to become owners of their home. This bank will encourage innovation and long-term projects that accomplish this goal. The directors, officers and employees will continually seek out opportunities to aid their neighbors who may be in need of financial assistance.

Commitment of Resources

This bank hereby commits an annual amount of capital resources to start, advance or refresh local causes and projects that aid Calloway County families who need assistance with buying or building a home. It is anticipated that this amount will initially start at a conservative amount and grow as the bank begins to enjoy a profit.

Dedication of Time and Interest

Our bank board hereby pledges that they will continually strive to seek out potential loan customers from every area and neighborhood in Calloway County. They will meet with diverse racial, economic and social groups to include every person possible in the credit extensions that the institution makes. This board and senior management understand the true meaning of community-based lending. They own and operate companies that serve local people from various walks of life.

Community Investment

The Murray Bank is in the process of investing \$3.3 million of capital to become a locally managed savings bank. A portion of this capital will soon be employed by an investment in a permanent building costing approximately \$1.2 million. This building project alone will employ up to 60 moderate income persons who work for sub-contractors. During the first three years, the bank will make numerous donations and charitable contributions to local organizations. It will have a loan portfolio of credit that improves the lives of local people. It will employ approximately 12 county residents the first year, rising to 15 by the third year.

It will be involved in the chamber of commerce, civic organizations, churches, not-for-profit organizations, schools, local government, functions to support medical care for county residents, as well as charitable organizations.

Lending to Low and Moderate Income Persons

The Murray Bank has nine directors who live in Calloway County. This majority of the board own or manage several different businesses. Each of their businesses employ persons who can be described as in the Low to Moderate Income category. Each of these employees will be solicited to have a credit and deposit relationship with this bank, subject to normal credit underwriting. Industry backgrounds of the directors are quite varied and include: agriculture, medical, trucking, bus transportation, roofing, legal, and banking.

A key component of this bank's strategic plan will be to solicit small business owners and sole proprietorships in Calloway County. These business employ considerable numbers of people in this income category.

First Time Home Buyers Program

Another part of the bank's strategic plan will be to actively support and encourage first-time home buyers. There is already an active program for this purpose under the Kentucky Housing Authority. This bank will seek to complement and enhance this existing program. It is believed that the bank can best assist families by introducing programs that lower initial down payments, reduce first year monthly payment requirements, provide household funds management, provide special arrangements for escrow of taxes and insurance, provide credit counseling, conduct home owner seminars and introduce delinquent credit assistance.

Support for Habitat for Humanity

The Murray and Calloway County chapter of Habitat for Humanity has been active over the last several years. It has a current goal for constructing six homes during their next budget period. The Murray Bank plans to become a very active partner to assist the organization to provide housing for well deserving persons. It will offer supplies, meeting facilities, work space, personnel, monetary and managerial support for this organization over the next five year period.

Community Development

The bank will explore different organizational forms that could help the community. This could be a not-for-profit organization, a community development corporation, a partnership or a limited liability corporation. The focus would be upon community development. Its primary intent would be to seek improvement in the availability of affordable housing in Calloway County. It could seek to encourage home ownership among low and moderate income persons who would otherwise not be able to afford a home. The bank is considering a long term commitment for initial capital/start-up funds from the institution and will seek to attract other civic minded partners who desire to join in furthering this common goal. The bank may pledge a fixed annual amount to support this organization over five years. It will offer supplies, meeting facilities, access to office equipment, personnel support, managerial support and leadership for this organization over the next five years.

Banks are also prohibited from misrepresenting the nature or extent of cosigner liability to any person, and obligating a cosigner unless that cosigner is fully informed prior to becoming obligated of the nature of his liability. A clear and conspicuous disclosure statement must be given in writing to a cosigner before he becomes obligated. The disclosure statement must be substantially similar to the "model form" appearing in the Regulation.

Community Reinvestment Act – Regulation BB

The purpose of the Community Reinvestment Act (CRA), enacted in 1977, is to ensure that banks and thrifts meet the credit needs of the entire community where they are located, including low and moderate income areas. Significant revisions were made in 1995 to shift the focus of banks and regulators to performance of the institution, as opposed to documentation of CRA efforts. This revision also redefined the types of lending and activities covered by the CRA.

Regulation BB, which implements the act, establishes the framework for assessing the bank's record of meeting community credit needs. For large institutions, performance is measured under three categories: Lending Test, Service Test, and Investment Test. The Lending Test measures the actual performance of the bank by reviewing the bank's record of mortgage, small business, and small farm lending. The Service Test considers the bank's distribution of branch offices in low, moderate, middle and upper income areas, services offered in these areas, and the record of opening and closing offices. The Investment Test reviews the bank's record of making qualified investments in our communities. Once an examination is complete, the regulatory agency will assign a rating of either outstanding, satisfactory, needs to improve, or substantial non-compliance. The rating will be defined in the public section of the CRA evaluation provided by the regulators after the examination.

Each branch must maintain certain information about the bank's services and the public CRA Performance Evaluation issued by the bank's regulator. Furthermore, the main office of the bank must retain a public file which contains public comments received about the bank's performance, the public CRA Performance Evaluation, a full listing of branch locations, maps of the defined assessment area, and services provided by the bank.

Although this regulation does not include specific civil or criminal noncompliance penalties, the regulatory agencies do consider CRA performance when institutions apply for mergers, branch office openings, branch consolidations and new ATM locations.

Expedited Funds Availability – Regulation CC

The primary goal of the Expedited Funds Availability Act and Regulation CC, which was enacted in 1988, is to ensure that depositors are familiar with their bank's policies with those of other institutions. To accomplish this objective, banks are required to provide all transaction account holders with an initial disclosure statement of the bank's specific

LENDING AREA

The primary geographical lending area is defined as:

- General - West Central Kentucky and adjacent counties in Tennessee.
- Specific - Calloway, Marshall, Graves, McCracken and Trigg counties in Kentucky; Henry and Stewart counties in Tennessee.

A loan is considered to be within the primary geographical lending area if the borrower or the collateral is located within the General or Specific Areas.

Any exceptions to the geographical definition must be approved by the Loan Committee if the dollar amount of the loan request is over \$100,000 or the aggregate debt of the borrower is over \$250,000. Exceptions from \$25,000 to \$100,000 in amount or aggregate of \$100,000 to \$250,000 MUST be approved by the President.

EXCEPTION: *Loans that are government guaranteed, and whose guarantee equals 75% or more of the loan amount may be made outside the General or Specific Lending Area with the approval of the President.*