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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

March 9, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Rocky Ford National Bank  
Charter Number 9117**

**201 North Main Street  
Rocky Ford, Colorado 81067**

**Comptroller of the Currency  
50 Fremont Street, Suite 3900  
San Francisco, California 94105**

**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.

## 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 Community Reinvestment Act (CRA) performance of **Rocky Ford National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 9, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Rocky Ford National Bank does a satisfactory job of meeting the credit needs of its community. The bank lends to borrowers of all income levels and the geographic distribution of loans is good. The bank's loan-to-deposit ratio is average. However, a significant majority of originated loans are made within the bank's assessment area.

**DESCRIPTION OF INSTITUTION:**

Rocky Ford National Bank is a \$24 million community bank. The main office is located in Rocky Ford, Colorado, in the Arkansas River valley approximately 55 miles east of Pueblo, Colorado. The bank operates one branch in Manzanola, Colorado, approximately 11 miles west of Rocky Ford. The bank is owned by Community Bankshares, Inc., a six-bank holding company.

The bank offers a full range of consumer, commercial, and agricultural credit products. However, residential real estate lending is not a primary focus. As shown below, the bank’s primary lending focus is commercial and agricultural lending.

LOAN PORTFOLIO COMPOSITION	
Loan Type	Percent of Portfolio by Dollar Volume
Commercial	35.38%
Agricultural	31.26%
Individual Instalment	17.81%
Residential Real Estate	15.55%
Total	100.00%

**DESCRIPTION OF ROCKY FORD:**

The Board of Directors of Rocky Ford National Bank have designated an assessment area which includes six block numbering areas (BNAs) surrounding the bank. The assessment area includes five out of seven BNAs in Otero County and the only BNA in Crowley County. The two Otero County BNAs excluded from the assessment area encompass the towns of Fowler and La Junta. President Crosswhite stated that these communities are served by two local banks in Fowler and six banks in La Junta.

Based on 1990 Census data, one BNA is designated low income, two are designated moderate income, and three are designated middle income. There are no upper-income BNAs in the assessment area.

The population of the assessment area is primarily located along the Arkansas River valley. Towns in the assessment area include Rocky Ford, Manzanola, Swink, Ordway, and several smaller towns. The assessment area also includes large unpopulated areas in southern Otero County and northern Crowley County, although the bank’s lending opportunities in these areas are limited.

The local economy is agricultural based with supporting commercial businesses. Local agriculture includes ranching as well as produce production.

Based on an interview with officials from the city of Rocky Ford, the area's primary credit needs are affordable housing, small business loans, and agricultural credit. Banks in the area provide a sufficient range of products to meet the needs of small businesses and farms. The need for affordable housing is primarily met through government programs. No local banks participate in these program.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

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

The loan-to-deposit ratio is reasonable. The eight-quarter average ratio is 52%. This is lower than the average for rural community banks in eastern Colorado which is 68%. However, Rocky Ford National Bank's loan-to-deposit ratio has increased from 46% to 57% in the past two years due to growth in the loan portfolio.

### **Lending in the Assessment Area**

Rocky Ford National Bank originates a substantial majority of loans within its assessment area. A review of all loans made in 1997 shows that 87% were made to customers located within the bank's designated assessment area. The bank does not originate a significant volume of residential mortgages due to subsidized government lending programs that meet this credit need in the community.

### **Geographic Distribution of Loans Within the Assessment Area**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank has made loans in all of the BNAs located in the assessment area with an emphasis on lending in the low-income BNA.

As shown in the following table, 47% of the assessment area's population is located in low- and moderate-income BNAs. Between January 1, 1997, and March 10, 1998, 61% of commercial and agricultural credits and 81% of consumer instalment credits were to customers in these low- and moderate-income BNAs.

<b>GEOGRAPHIC DISTRIBUTION OF LOANS BY INCOME LEVEL</b>					
<b>BNA Designation<sup>1</sup></b>	<b>Percent of Population<sup>1</sup></b>	<b>Number of Commercial/ Agriculture Loans<sup>2</sup></b>	<b>Percent of Commercial/ Agriculture Loans</b>	<b>Number of Instalment Loans<sup>2</sup></b>	<b>Percent of Installment Loans</b>
Low Income	17.34%	78	48.75%	205	61.75%
Moderate Income	29.83%	19	11.88%	63	18.98%
Middle Income	52.83%	63	39.37%	64	19.27%
Upper Income	NA	NA	NA	NA	NA
Totals	100.00%	160	100.00%	332	100.00%

<sup>1</sup> Based on demographic data from the 1990 U.S. Census.

<sup>2</sup> Based on loans originated in the assessment between January 1, 1997, and March 10, 1998.

## Lending to Businesses of Different Sizes and Borrowers of Different Income Levels

Rocky Ford National Bank lends to businesses and farms of different sizes and to individuals of all income levels.

### *Loans to Businesses and Farms of Different Sizes:*

The bank does a good job of meeting the small business and farm credit needs of its community. Ninety-three percent of the commercial loans in our sample were to businesses and farms meeting the definition of a small business. This significantly exceeds the demographic profile of the community. The 1990 census classified 74% of the businesses and farms in the area as small.

<b>LENDING TO BUSINESSES AND FARMS BY REVENUE SIZE</b>		
<b>Gross Revenues</b>	<b>Number of Loans<sup>1</sup></b>	<b>Percent of Loans</b>
Large Businesses and Farms (Over \$1,000,000)	5	7.04%
Small Businesses and Farms (Under \$1,000,000)	66	92.96%
Total	71	100.00%

<sup>1</sup>Based on a sample of loans made between July 1, 1997, and December 31, 1997.

As shown in the following table, the bank's primary customer base is small farms and businesses. Seventy-nine percent of the loans to small businesses and farms were made to entities reporting less than \$250,000 in gross annual revenues.

<b>SMALL BUSINESS AND FARM LOANS</b>		
<b>Gross Revenues</b>	<b>Number of Loans<sup>1</sup></b>	<b>Percent of Loans</b>
Under \$250,000	52	78.79%
\$250,000 to \$500,000	11	16.67%
\$500,000 to \$1,000,000	3	4.54%
Total	66	100.00%

<sup>1</sup>Based on a sample of loans made between July 1, 1997, and December 31, 1997.

***Loans To Individuals of Different Income Levels:***

The distribution of consumer credit shows an emphasis on loans to low- and moderate-income individuals.

<b>LENDING TO INDIVIDUALS OF DIFFERENT INCOME LEVELS</b>					
<b>Income Levels</b>	<b>Percent of Population by Income Level<sup>1</sup></b>	<b>Number of Mortgage Loans<sup>2</sup></b>	<b>Percent of Mortgage Loans Per Income Level</b>	<b>Number of Consumer Loans<sup>2</sup></b>	<b>Percent of Consumer Loans Per Income Level</b>
Low	31.73%	1	50%	132	39.05%
Moderate	21.01%	1	50%	101	29.88%
Middle	20.20%	0	0%	52	15.38%
Upper	27.06%	0	0%	39	11.55%
Unknown		0	0%	14	4.14%
Total	100.00%	2	100%	338	100.00%

<sup>1</sup>Based on 1990 census data.

<sup>2</sup>Based on all mortgage and consumer instalment loans made in 1997.

**Record of Compliance with Anti-discrimination Laws**

A concurrent fair lending examination did not find evidence of discrimination or practices intended to discourage applicants from applying for any types of credit.

**Response To Complaints**

No complaints have been received regarding the bank's CRA performance.