



Comptroller of the Currency
Administrator of National Banks

Large Bank

PUBLIC DISCLOSURE

February 16, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Grant Park
Charter Number 11952
119 Main Street
Grant Park, Illinois 60942**

**Office of the Comptroller of the Currency
Chicago South Field Office
7600 County Line Road, Suite 3, Burr Ridge, IL 60521**

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 the **First National Bank of Grant Park, Grant Park, Illinois** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of **February 16, 1999**. 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.

First National Bank of Grant Park demonstrates a willingness to assess the credit needs of the community and is committed to meeting those needs.

DESCRIPTION OF INSTITUTION

The First National Bank (FNB) of Grant Park is located in the Village of Grant Park, Illinois. Grant Park is a rural area approximately 20 miles northeast of the city of Kankakee and 50 miles south of Chicago, IL. The bank is one of two financial institutions in the Village of Grant Park. There are several competing financial institutions in nearby towns. FNB of Grant Park has one branch located in Godfrey, Illinois, which is approximately 260 miles southwest of the main office and 32 miles north of St. Louis, MO. The branch was opened in September of 1997 and is known as First Community Bank of Godfrey, a branch of The First National Bank of Grant Park.

The bank has total assets of \$60 million as of 12/31/98 and is privately held. The loan portfolio represents 47% of total assets. The portfolio of average gross loans outstanding consists of 62% real estate, 20% installment, 6% agriculture and 12% commercial loans. As of year-end, the bank had annual asset growth of 44% and loan growth of 107%. These changes are due to management's strategy to increase the loan portfolio.

DESCRIPTION OF ASSESSMENT AREA

FNB of Grant Park has two assessment areas. Assessment Area 1 covers the service area of the Main Office. Assessment area 2 covers the branch service area in Godfrey, IL.

Assessment Area 1

Assessment Area 1 consists of Yellowhead, Sumner, Ganer, and Momence Townships. All are located in Kankakee County, Illinois. This area is made up of three census tracts in Metropolitan Statistical Area (MSA) 3740. These census tracts are middle income tracts with a total population of 10,207 persons according to 1990 census data. The updated average median family income for MSA 3740 is \$46,600. There are no low or moderate income geographies in assessment area 1.

The local economy is stable relying on agriculture, manufacturing, and service related industries. Housing values are stable. Most residents will not qualify for government low or no down payment products due to higher income levels.

Assessment Area 2

Assessment Area 2 consists of Madison County, Southern Jersey County and Brighton Township, Illinois. This area is made up of 56 census tracts in MSA 7040. There are 2 low-income tracts, 16 moderate-income tracts, 33 middle income tracts, 4 upper income tracts and 1 middle income Block Numbering Area (BNA). Total population of Assessment Area 2 is 263,937 persons according to 1990 census data. The updated average median family income for MSA 7040 is \$49,091. The local economy is stable relying on light to heavy manufacturing and some service-related industries. Housing values are increasing due to the migration of families from a large nearby city. Majority of residents will not qualify for government low or no down payment products due to higher income levels.

COMMUNITY CONTACT

We contacted a representative of a local community congregation to see what they would consider to be the credit needs of the community and whether or not FNB of Grant Park is meeting those needs. The community contact spoke highly of the relationship that the new owners of the bank have developed with the community and specifically the expanded role of the current bank President. Our contact stated that the community of Grant Park is very stable and growth is slow. It is very difficult for any of the few community organizations that do exist to find needy persons or families to help. Our contact also spoke of 40 acres just north of Grant Park recently purchased for residential development and of the opportunity for real estate loans there.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

This evaluation period covers activity from January, 1997 through December, 1998. Overall, the First National Bank of Grant Park meets the community credit needs in a manner commensurate with its size, resources, and capabilities. Home purchase loans, home improvement loans and refinancing of mortgage loans were analyzed using data from the banks submitted Home Mortgage Disclosure Act (HMDA) statements from 1997 and 1998. This loan type was chosen for the evaluation because it is a large majority of the banks' loan portfolio.

- **Lending to borrowers of different income levels is satisfactory.**

The charts below demonstrate the banks' borrower distribution among different income levels from data submitted on the 1998 Loan Application Register. The banks' assessment area has a low volume of low and moderate income families according to 1990 census data and information from our community contact. The banks' loan denial rate is very low and loan volume has increased significantly since our last evaluation. 1998 data was used in the charts below. 1997 data showed similar borrower distribution with some improvement in distribution to low and moderate income families during 1998. These factors help to demonstrate the bank has the capacity, ability and willingness to extend loans in their local communities.

Assessment Area 1, 1998 data

Loan Distribution to Borrowers of Different Income Levels

(Count is number of loans and % is of total % of loans)

Purpose	Low Income		Moderate Income		Middle Income		Upper Income		Total
	Count	%	Count	%	Count	%	Count	%	
Home Purchase	1	3.13	3	9.38	5	15.62	0	0	9/28.13%
Home Improvement	1	3.13	2	6.25	1	3.13	1	3.13	5/15.63%
Refinancing	1	3.13	4	12.50	8	25.00	5	15.62	18/56.25%
Total	3	9.38	9	28.13	14	43.75	6	18.75	32/100%

Percentage of Total Families within Each Income Level

Low Income Families	Moderate Income Families	Middle Income Families	Upper Income Families	Total Families
19.39%	18.85%	23.19%	38.57%	100%

Assessment Area 2, 1998 data

Loan Distribution to Borrowers of Different Income Levels

(Count is number of loans and % is of total % of loans)

Purpose	Low Income		Moderate Income		Middle Income		Upper Income		Total
	Count	%	Count	%	Count	%	Count	%	
Home Purchase	1	4.00	1	4.00	2	8.00	8	32.00	12/48%
Home Improvement	1	4.00	0	0	2	8.00	0	0	3/12%
Refinancing	0	0	3	12.00	1	4.00	6	24.00	10/40%
Total	2	8.00	4	16.00	5	20.00	14	56.00	25/100%

Percentage of Total Families within Each Income Level

Low Income Families	Moderate Income Families	Middle Income Families	Upper Income Families	Total Families
20.83%	19.62%	26.30%	33.25%	100%

- **Geographic distribution of loans in the assessment area is acceptable.**

A limited geographic loan analysis was performed. The bank has no low, moderate or upper income census tracts in assessment area 1 therefore; a geographic analysis for assessment area 1 would not be meaningful. Assessment area 2 has 2 low, 16 moderate, 33 middle and 4 upper income census tracts. The bank had no loans in the 2 low income tracts and 3 or 12% of its' total loans in the moderate income tracts. This is

considered reasonable due to the lack of opportunity to make HMDA reportable loans. 1990 census tract demographic data shows of the total owner occupied units in assessment area 2, only 1% are in the 2 low income tracts, almost 20% are in the moderate tracts, 68% are in the middle tracts and 11% are in the upper tracts.

One of the 2 low income tracts has 20% of its total families below poverty level and the second low income tract has 37% of its' total families below poverty level. Though there is some opportunity in the moderate income census tracts, the bank has had difficulty penetrating this area due to the short period of time that they have had a presence there along with the strong competition among larger institutions and mortgage companies serving this area. The chart below demonstrates the banks HMDA loan distribution in assessment area 2 during 1998. 1997 data was not used due to the branch being established in the last quarter of 1997.

1998 Loan distribution in Assessment Area 2

Loan Purpose vs. Tract Income

	Low Income		Moderate Income		Middle Income		Upper Income		Total	
PURPOSE	Count	%	Count	%	Count	%	Count	%	Count	%
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Home Purchase	0	0	0	0	7	28	5	20	12	48
	0	0	0	0	596	32	474	25	1,070	57
Home Improvement	0	0	0	0	1	4	2	8	3	12
	0	0	0	0	6	<1	23	1	29	2
Refinancing	0	0	3	12	4	16	3	12	10	40
	0	0	192	10	218	12	382	20	792	41
Total Number	0	0	3	12	12	48	10	40	25	100
Total Dollars	0	0	192	10	820	44	879	46	1,891	100

- **The bank conducts a majority of their lending in their assessment areas.**

Assessment area 1, We sampled a total of 51 HMDA reportable loans originated in 1997 and 1998. We found that 75% of the number of loans originated were in the banks' assessment area and 81% of the dollar amount of loans sampled are in the banks' assessment area.

Assessment area 2, We sampled 46 HMDA reportable loans originated in 1997 and 1998. We found that 73% of the number of loans originated were in the banks' assessment area and 83% of the dollar amount of loans originated were in the banks' assessment area.

- **The bank's loan to deposit ratio continues to improve.**

The bank has a quarterly average loan to deposit ratio of 36% since our last evaluation. This is a significant increase of 18%, however it is below similarly situated institutions that have loan to deposit ratios ranging

from 64% to 84%. The banks' current loan-to-deposit ratio of 57% has been on an upward trend since our last evaluation. The bank realized loan growth of 75% since our last performance evaluation. Management plans to continue these positive trends to increase the banks' loan volume.

- **The bank did not receive any consumer complaints since our last evaluation.**

FAIR LENDING

- **The bank is in substantive compliance with anti-discrimination laws and regulations.**

We did not detect any discriminatory practices intended to discourage applicants for credit. We reviewed 18 HMDA reported loans for 1998 from assessment area 1 and 2. Our sample included 5 home improvement loans, 9 home purchase loans and 4 refinance loans. We tested loan terms for discrimination on the basis of gender, marital status and race. We found loan terms are consistently applied to successful applicants.

Definitions

1. HMDA Loans

HMDA (Home Mortgage Disclosure Act) loans are home purchase loans and home improvement loans, including refinancing. A home purchase loan is any loan secured by and made for the purchasing of a dwelling. A home improvement loan is any loan to be used, at least in part, for repairing, rehabilitating, remodeling or improving a dwelling (or the real property on which the dwelling is located) and is classified or carried on the institutions books as a home improvement loan. The term applies to secured and unsecured loans.

2. Income Level

Low income-an individual income that is less than 50 percent of the area median income or a median family income that is less than 50 percent, in the case of a geography.

Moderate income-an individual income that is at least 50 percent and less than 80 percent of the area median income, or a family income that is at least 50 and less than 80 percent, in the case of geography.

Middle income-an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Upper income-an individual income that is 120 percent or more of the area median income or a median family income that is a 120 percent or more, in the case of a geography.

