

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 operations 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 CRA performance of **Peoples State Bank of Mansfield** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **August 12, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S RATING: This institution is rated Satisfactory.

The bank's lending activity promotes economic growth, consistent with its size, financial capacity, location, and assessment area's current economic conditions. The bank's loan-to-deposit ratio evidences these efforts. The majority of the bank's loans are within its assessment area and are reasonably distributed among applicants of different income levels and businesses of different sizes. The board of directors and senior management are advised to review the comments under each performance criterion.

The following table indicates the performance level of **Peoples State Bank of Mansfield** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	PEOPLES STATE BANK OF MANSFIELD PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans	There are no low or moderate-income census tracts or BNAs in the assessment area.		
Response to Complaints	No Complaints have been received since the previous examination		

DESCRIPTION OF INSTITUTION

Peoples State Bank of Mansfield, with total assets of \$73.2 million as of June 30, 1996, is a subsidiary of Mansfield Holding Company, a one-bank holding company. The bank operates a full-service branch located in Mahomet. The bank offers a variety of deposit products and services, as well as residential, agricultural, commercial and consumer loans. The bank's primary competitors include Farmer City State Bank in Farmer City, branch offices of Busey Bank (Urbana), Central Illinois Bank in Monticello and Champaign National Bank in Mahomet. Additional competition is provided by branches of Bank One (Champaign-Urbana) located in De Land and Monticello. The Farm Credit Services also competes for agricultural loans through offices in Bloomington, Champaign and Decatur.

DESCRIPTION OF ASSESSMENT AREA

Peoples State Bank of Mansfield operates in the north central portion of Piatt County. The bank's main office is located in Mansfield, Illinois, approximately 20 miles northwest of Champaign and 35 miles southeast of Bloomington. The bank's branch office is located in Mahomet, approximately 8 miles east of Mansfield. The bank's assessment area includes 2 Block Numbering Areas (BNAs) and 2 Census Tracts. The northern half of Piatt County is comprised of BNA # 9545; BNA # 9714 lies adjacent to the west and makes up the northeastern portion of De Witt County; census tracts 106.01 and 106.02 comprise the eastern portion of the assessment area, and both of the census tracts are within Champaign County and make up the northern and western portions of the county. There are no low or moderate-income census tracts or BNAs in the assessment area.

Management indicated that the bank's market share within census tract 106.02 penetrates only the western portion of the tract. However, because of the provisions of the regulation, the delineation has been extended to include the northern portion of the tract from which there is little activity. According to 1990 census information, the bank's assessment area has a population of 17,906 which is 8.7% of the two county and MSA 1400 total population. The total minority population for the assessment area comprises 1.2% of the assessment area's total population. According to the census data, the median family income for the assessment area is \$38,203. Approximately 12.4% of the assessment area's population has income less than 50% of the assessment area median and 23.9% of the population has income less than 80% of the assessment area median. Median age of housing stock was 17 years. In 1990, the median home value was \$71,270. The following chart represents additional housing information.

HOUSING DATA	ASSESSMENT AREA	Percent of Total
Owner Occupied Units	5,035	73.9%
Total Rental Units	1,435	21.05%
Vacant Units	<u>346</u>	5.05%
Total Housing Units	<u>6,818</u>	

The majority of the delineated community consists of rural farming areas; with corn and soybeans as the major cash crops. Mahomet serves as a bedroom community for the twin city area of Champaign and Urbana. The following is a list of the significant employers in the communities that the bank serves:

Employer	City	# Employed	Product\Service
University of Illinois	Champaign-Urbana	19,548	College
Carle Clinic	Champaign-Urbana	2,426	Health Care
Carle Foundation Hospital	Champaign-Urbana	2,097	Health Care
Kraft Foods	Champaign-Urbana	1,800	Food Processor
Champaign School District	Champaign	1,000	Education
Parkland College	Champaign-Urbana	899	Education
Urbana School Districts	Urbana	672	Education

Unemployment in De Witt, Piatt, and the Champaign MSA was 5.6%, 6.3% and 3.3%, respectively, compared to the state unemployment rate of 5.5% as of June 30, 1996, according to the Illinois Department of Employment Securities.

Community contacts indicated that a strong demand for housing has resulted in the construction of many new subdivisions within Piatt and Champaign Counties. Within the last year, three new subdivisions were constructed in Mahomet. Demand for senior citizen housing has resulted in the designation of a 10-acre tract on the east side of Mahomet for 40 multi-family units.

Since the previous examination, the bank has revised its assessment area to consist of one or more contiguous political subdivisions, to contain all geographies where it has offices, and to consist of only whole BNAs. In addition, the assessment area does not reflect illegal discrimination and does not arbitrarily exclude any low-income or moderate-income areas and meets the requirements of the regulation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Management has developed adequate policies, procedures, and training programs supporting nondiscrimination in lending activities. The examiner's review revealed that the institution is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts.

Loan To Deposit Ratio Analysis

The bank's average quarterly loan to deposit ratio since the previous exam is 63.71%. According to the Uniform Bank Performance report dated June 31, 1996, the bank's level of lending ranks in the 53 percentile of their peer and exceeds that of its peers average which totaled 62.71%.

The bank's loan-to-deposit ratio, considering the bank's capacity to lend, demographic and economic factors present in the assessment area, and the lending opportunities available in the institution's assessment area, meets standards for satisfactory performance.

Lending in Assessment Area

A six-month sample of originated consumer installment and real estate loans were reviewed to determine the bank's level of performance in lending within their assessment area and revealed the following:

LOAN TYPE	TOTAL SAMPLED NUMBER/\$	WITHIN THE LOCAL DELINEATED COMMUNITY NUMBER/\$	PERCENT OF TOTAL NUMBER/\$
Real Estate Purchase	15/\$599,000	12/\$430,000	80.0/71.8
Refinance	17/\$665,000	15/\$516,000	88.2/77.6
Home Improvement	5/\$48,000	3/\$22,000	63.6/45.8
Installment Secured	108/\$441,786	74/\$313,171	68.5/70.9
Total	145/\$1,753,786	104/\$1,281,171	71.7/73.1

As the above chart illustrates, 71.7% of the total number of loans and 73.1% of the total dollar amount of loans were within the local community. Additionally, a sample of commercial and agricultural loans was reviewed. The sample revealed that all of the commercial loans were made within the assessment area, and were for amounts of \$100,000 or less. Management also indicated that the bank does not currently have any loans outstanding to businesses which generated revenue in excess of \$1 million during the previous year. The majority of the sample of originated loans were made within the bank's assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

A six-month sample of consumer installment and real estate loans was reviewed to determine the bank's distribution of loans among borrowers' different income levels which is detailed on the following chart. The income levels of the population from the BNAs within the assessment area were compared to the non-metropolitan state median family income; while the income levels of the population from the census tracts were compared to the MSA 1400 median family income.

LOAN TYPE	LOW-INCOME \$/Number	MODERATE- INCOME \$/Number	MIDDLE-INCOME \$/Number	UPPER- INCOME \$/Number	TOTALS
Real Estate Purchase	\$32,000/1	\$37,000/2	\$73,000/3	\$288,000/6	\$430,000/12
Refinance	\$85,000/4	\$42,000/2	\$200,000/5	\$189,000/4	\$516,000/15
Home Improvement	\$0/0	\$2,000/1	\$0/0	\$20,000/2	\$22,000/3
Total Real Estate	\$117,000/5	\$81,000/5	\$273,000/8	\$497,000/12	\$968,000/30
Installment	\$134,837/55	\$90,321/12	\$88,012/7	\$0/0	\$313,170/74

As the above chart illustrates, 8.33% of the real estate purchases, and 26.67% of refinancings were made to low-income individuals; while 16.67% of purchases, 13.33% of refinancings, and 33.33% of home improvements were made to moderate-income individuals. The dollar amount of real estate loans to low or moderate-income individuals was 20.45% of the total real estate loans originated during the six-month sample period. This compares reasonably to the assessment area population distribution which includes 26.5% of the population categorized as low or moderate-income.

A six-month sample of installment loans was also reviewed to determine the bank's distribution of loans among borrowers' of different income levels. Because the bank does not collect income information for installment loans, a proxy using payment amount was substituted as suggested by the regulation. The monthly loan payment amount was compared to the different median income-based categories to approximate the bank's loan penetration to low- or moderate- income borrowers. As the above chart illustrates, the substantial majority (74.32%) of the installment loans from the sample were originated with a low payment amount for low-income individuals to qualify.

Additionally, a six-month sample of commercial and agricultural loans was reviewed. Although annual revenue information was not available for the majority of the commercial loans sampled, management indicated that all the loans were to small family farm operations or other businesses with annual revenue under \$1 million. Approximately 68% of commercial and agricultural loans were for amounts less than \$20,000. A review of the three previous June 30 Call Reports revealed that a substantial majority of the dollar volume of the bank's loans secured by nonfarm nonresidential properties and commercial and industrial loans had original amounts of \$100,000 or less.

The loan penetration to borrowers of different income levels and businesses of different sizes, given the demographics of the assessment area, meets the standards for satisfactory performance.

Geographic Distribution of Loans

There are no designated low- or moderate-income geographies located within the assessment area. Because there are no low- or moderate-income geographies contained within the assessment area, in which lending activity could be analyzed, this criterion is not rated.

Response to Complaints

No complaints have been received since the previous examination.