

# **PUBLIC DISCLOSURE**

January 27, 1997

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

FIRST MOUNTAIN BANK  
295356  
10081051

409 Harrison Avenue  
Leadville, Colorado 80461

**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 First Mountain Bank, Leadville, Colorado, prepared by Federal Reserve Bank of Kansas City, the institution's supervisory agency, as of January 27, 1997. 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 CRA RATING:** *This institution is rated **Satisfactory**.*

The bank's performance under the CRA is satisfactory. The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area credit needs. A substantial majority of loans are within the bank's assessment area, and the distribution of loans reflects excellent dispersion among individuals of different income levels. The geographic distribution of the loan sample was not evaluated as the bank's entire assessment area is designated as middle-income Block Numbering Areas (BNAs). The following table indicates the performance level of First Mountain Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT	First Mountain Bank 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	X		
Geographic Distribution of Loans	A meaningful analysis could not be conducted as the bank's assessment area consists entirely of middle-income BNAs.		
Response to Complaints	The bank has not received any complaints about its CRA performance since the prior examination.		

## DESCRIPTION OF FIRST MOUNTAIN BANK

First Mountain Bank is located in the town of Leadville, Colorado, at 409 Harrison Avenue. The bank has one location and does not operate any branches. Since the last examination, the bank installed an automated teller machine (ATM) in its exterior lobby.

The bank has the ability to meet the credit needs of its defined assessment area based on the bank's size, financial condition, and resources. The types of credit products offered by the bank include commercial, real estate, consumer, and overdraft protection loans.

The bank reported total assets of \$13,625,000 in its December 31, 1996 Report of Condition and Income (Call Report). The table on the following page reflects the distribution of the bank's loan portfolio as of that date.

<b>DISTRIBUTION OF LOANS IN THE LOAN PORTFOLIO</b>		
<i>Type of Loan</i>	<i>\$ Amount (In Thousands)</i>	<i>Percentage of Total Loans</i>
Loans Secured by Real Estate	\$6,917	71%
Consumer Loans (closed-end and open-end)	2,532	27%
Commercial	209	2%
Other	32	<1%
<b>Total</b>	<b>\$9,690</b>	<b>100%</b>

The bank's performance under the CRA was last evaluated at the June 12, 1995 examination, at which time it was considered Satisfactory.

### **DESCRIPTION OF FIRST MOUNTAIN BANK'S ASSESSMENT AREA**

The bank's assessment area is Lake County, Colorado. The county is centrally located in the Rocky Mountains of the state of Colorado. The bank primarily serves the city of Leadville (the county seat), as well as the surrounding towns and communities of Climax, Granite, Stringtown, and Twin Lakes. A map of the bank's assessment area is included as Attachment A.

The bank's assessment area is comprised of three middle-income block numbering area (BNA) geographies. Middle-income is defined as the median family income that is at least 80 percent and less than 120 percent of the state of Colorado's nonmetropolitan income figures from 1990 census data. The median family income for the bank's assessment area is \$28,967.

The bank's assessment area does not arbitrarily exclude any low- and moderate-income areas. All income levels of the population, including upper-income individuals are represented in the population. Based upon the U.S. 1990 Census, the population of Lake County is 7,926 and Leadville is the largest town in the county with a population of 2,637. The 1990 census data also reports that 1,537 families reside in Lake County.

Information obtained from two community contacts was used in analyzing the institution's lending record. One contact was a representative from a nonprofit organization that recruits new businesses to the city. The other contact is a local business owner. Both community contacts stated that the credit needs of the community are generally being met. However, the business recruiter indicated that low-cost funding is needed for community redevelopment.

The community contacts also indicated that the area's economy has remained fairly stable. The economy is somewhat diversified. Presently, the tourism industry is a leading source of income during the summer months. The economy is also reliant on mining; however, this industry tends to fluctuate. The major employers in the area include the local government, the school district, St. Vincent General Hospital, and ASARCO Mining. Nearly half of the residents in Lake County are employed outside of the county. This segment of the population is employed primarily by the ski areas in Summit and Eagle Counties and the hotels located in Vail, Colorado.

The town of Leadville has become a bedroom community to Summit and Eagle Counties. As the cost of housing in these counties continues to escalate, the labor force is seeking housing in Lake County. According to the community contacts, the population now totals approximately 3,000 and 7,000 in Leadville and Lake County, respectively. The increase in population has caused a shortage of affordable housing. Existing homes prices range from \$60,000 to \$80,000. Consequently, affordable housing for low- and moderate-income families has become a concern.

Although the assessment area is sparsely populated, there are three independent banks and one credit union established by one of the largest employers in Lake County. Many of the Lake County residents working in the ski areas conduct their banking in the area of their employment.

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

First Mountain Bank's performance under the CRA is considered Satisfactory. The bank's lending levels reflect adequate responsiveness to the community's credit needs. The bank's performance under each of the five small institution core assessment criteria is summarized on the following pages.

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

The bank's loan-to-deposit ratio, which contrasts the level of net loans to deposits, is satisfactory given the bank's financial condition, assessment area credit needs, and competition. The bank's average net loan-to-deposit ratio for the last four quarters based on Call Report information ending December 31, 1996, is 73 percent.

The bank's loan-to-deposit ratio compared slightly above similarly-sized Colorado rural banks. For a comparative peer analysis, a four quarter average net loan-to-deposit ratio was reviewed from the period ending September 30, 1996. The loan-to-deposit ratios for these banks ranged between 53 and 81 percent, averaging 66 percent. The bank's last four quarters for this time frame averaged 69 percent. This ratio is reasonable compared to the average net loan-to-deposit ratio for banks in nonmetropolitan areas and of similar size within the state of Colorado.

## Lending in the Bank's Assessment Area

A substantial majority of the bank's loan originations are from within the bank's assessment area. This conclusion is based on a sample of loans reviewed during the examination. The two loan types sampled included consumer unsecured loans and motor vehicle loans, as these were determined to be the bank's major product lines. As demonstrated in following table, 89 percent of the total number and 91 percent of the total dollar volume of loans sampled are in the bank's assessment area.

<b>DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA</b>								
<i>Loan Type</i>	<i>Inside</i>				<i>Outside</i>			
	Number of Loans	%	Amount of Loans	%	Number of Loans	%	Amount of Loans	%
<b><i>Consumer Motor Vehicle</i></b>	33	94%	\$206,133	97%	2	6%	\$ 5,700	3%
<b><i>Consumer Unsecured</i></b>	25	83%	49,559	72%	5	17%	19,378	28%
<b><i>TOTALS</i></b>	58	89%	\$255,692	91%	7	11%	\$25,078	9%

## Lending to Borrowers of Different Incomes

The distribution of borrowers, given the demographics of the assessment area, reflects an excellent dispersion among individuals of different income levels. Overall, the combined distribution of the total number of the sampled motor vehicle and unsecured consumer loans to low- and moderate-income borrowers is significant at 74 percent. This percentage is particularly noteworthy considering that the assessment area is comprised of only 34 percent low- and moderate-income individuals. The following table demonstrates the bank's level of lending to borrowers with different income levels.

**DISTRIBUTION OF CONSUMER LOANS SAMPLED IN THE ASSESSMENT AREA  
BY INCOME LEVEL OF BORROWER**

<i>Income Category</i>	<i>Low<sup>1</sup></i>	<i>Moderate<sup>2</sup></i>	<i>Middle<sup>3</sup></i>	<i>Upper<sup>4</sup></i>
Number of Motor Vehicle Loans	12	14	5	2
Percentage of Motor Vehicle Loans	36%	43%	15%	6%
Dollar Amount of Loans	\$43,859	\$109,699	\$36,166	\$16,409
Percentage Dollar Amount of Loans	21%	53%	18%	8%
Number of Unsecured loans	13	4	5	3
Percentage of Unsecured loans	52%	16%	20%	12%
Dollar Amount of Loans	\$24,623	\$7,098	\$9,883	\$7,955
Percentage Dollar Amount of Loans	50%	14%	20%	16%

<sup>1</sup> Less than 50 percent of the nonmetropolitan statistical area (MSA) median family income

<sup>2</sup> Between 50 and 80 percent of the nonMSA median family income

<sup>3</sup> Between 80 and 120 percent of the nonMSA median family income

<sup>4</sup> Greater than 120 percent of the nonMSA median family income

**Geographic Distribution of Loans**

As mentioned previously, the bank's entire assessment area is comprised of three middle-income BNAs. Therefore, a meaningful analysis of the bank's geographical loan distribution could not be conducted.

**Response to Complaints**

The bank has not received any complaints about its performance in meeting assessment area credit needs. Therefore, no assessment of the bank's performance in responding to complaints was made.