

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PUBLIC DISCLOSURE

Crowell State Bank	100 East Commerce
_____ Name of Institution	_____ Street
Crowell	Foard
_____ City	_____ County
Texas	79227
_____ State	_____ Zip Code
Diane van Gelder	
_____ Examiner-in-Charge	

Table Of Contents

	Page
GENERAL INFORMATION	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF FOARD COUNTY	2
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:	3
LOAN TO DEPOSIT RATIO	3
LENDING IN ASSESSMENT AREA	3
LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES	3
GEOGRAPHIC DISTRIBUTION OF LOANS	4
RESPONSE TO COMPLAINTS	4
COMPLIANCE WITH ANTIDISCRIMINATION LAWS (ECOA, FHA, OR HMDA)	4

CRA PERFORMANCE ASSESSMENT

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 **Crowell State Bank, Crowell, Texas**, prepared by **Federal Reserve Bank of Dallas, Dallas, Texas**, the institution's supervisory agency, as of February 10, 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 major factor contributing to the bank's rating was the level of lending to small farms with gross revenues less than \$250 thousand. Analysis revealed that 92 percent of the small farm loans sampled were to borrowers of this revenue level. The remaining eight percent of the small farm loans were to borrowers with less than \$500 thousand in annual gross revenues. Further analysis revealed an adequate level of lending inside the bank's assessment area. Of the motor vehicle and small farm loans sampled 75 and 76 percent respectively, were originated inside the bank's assessment area.

DESCRIPTION OF INSTITUTION

Crowell State Bank is a wholly-owned subsidiary of Crowell Bancshares, Inc., a one bank holding company. The bank operates one office, located at 100 East Commerce Street, Crowell, Texas. During the bank's previous assessment of November 13, 1995, the bank received an Outstanding rating.

As of September 30, 1996, the bank reported total assets of \$20.9 million. Net loans and leases represented 57.25 percent of total deposits. As indicated in the following chart, the bank's primary lending focus continues to be agricultural related, accounting for 27 percent of the total loan portfolio. Combined with agricultural real estate loans, total agricultural purpose loans consist of more than 42 percent of the bank's loan portfolio.

LOAN TYPE	DOLLAR AMOUNT (THOUSANDS)	PERCENT OF TOTAL LOANS
Real Estate:		
Construction	\$ 14	0.13%
Residential 1-4	1,182	10.99
Multifamily	0	0.00
Commercial	1,102	10.25
Agricultural	1,616	15.03
Total Real Estate	3,914	36.40
Consumer:		
Open-end	0	0.00
All other	1,382	12.85
Commercial and Industrial	2,513	23.37
Agricultural	2,922	27.17
Other	24	0.21
Total	\$10,755	100.00%

The bank's ability to meet various community credit needs has not been hampered by its capacity to lend, the capacity of other similarly-situated institutions to lend in the assessment area, demographic and economic factors present in the assessment area, or the lending opportunities available in the institution's assessment area.

DESCRIPTION OF FOARD COUNTY

The bank considers its assessment area to be Foard County. Crowell, Texas, is the county seat of Foard County. This rural community is located approximately 90 miles northwest of Wichita Falls, Texas. While the economy is based in agriculture, other large employers within the community

include a cap factory and the local independent school district. According to community contacts with a municipal government official and a county official, the largest demand for credit in the area remains agricultural credit. The county has many small farming operations with loan needs for small seasonal operating lines of credit.

The 1990 United States Census (Census) estimated that there are slightly over 700 households in Foard County with a population of 1,794 residents. According to the Census, approximately 43 percent of the households earn less than 80 percent of the Median Family Income (MFI) and are designated low- and moderate-income. The county consists of one BNA tract that has been designated as a middle income tract. The Department of Housing and Urban Development updates MFI annually and reports the 1996 MFI for rural areas not located in a Metropolitan Statistical Area (MSA) to be \$28,700.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN TO DEPOSIT RATIO

The bank's average loan-to-deposit ratio is considered satisfactory in light of its performance context which includes the institution's capacity to lend, the capacity of other similarly situated institutions to lend, existing demographic and economic factors, and the lending opportunities available in the institution's assessment area.

The bank's average loan-to-deposit ratio since the previous CRA assessment is 57.70 percent. As of September 30, 1996, the bank's net loans represented 56 percent of total deposits, which compares to the bank's national peer group of 62.53 percent. As of September 30, 1996, the bank compares favorably to the average loan-to-deposit ratio of 47.51 percent for its four competing commercial banks located in the surrounding counties.

LENDING IN ASSESSMENT AREA

A review of sampled loans originated indicated that a majority of the loans were located inside the assessment area and the institution's performance is considered reasonable given the size of the bank's assessment area in relation to its total assets. Examiner analysis included a review of 40 motor vehicle and 62 small farm loans. The small farm and consumer loan review sampled six months of recent loan activity. Of the 102 loans reviewed, 94 had physical addresses that could be utilized for determining the amount of lending activity performed by the bank inside its assessment area. Of the 94 loans reviewed, 71 (or 75.5 percent) were found to be within the bank's assessment area. When analyzed on a dollar amount basis, 80 percent of the dollar amount extended went to farms or consumers located in Foard County.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

A review of the bank's distribution of loans in its assessment area by gross revenue and borrower income revealed an exceptional distribution of loans. Approximately 95 percent of the number of the

small farm loans sampled were extended to farms with gross revenues of less than \$250 thousand. Additionally, 100 percent of the number of loans extended and 100 percent of the dollar amount were to farms with gross revenues of less than \$1 million. Further, the average size of the small farm loans reviewed was \$15,000.

The following table details the distribution of small farm loans sampled:

1996 SMALL FARM LOAN SAMPLE		
GROSS REVENUES OF BUSINESS (THOUSANDS)	NUMBER OF LOANS BY INCOME OF APPLICANT	PERCENT OF TOTAL LOANS
\$0 - 100	44	73.3
\$100 - 250	13	21.7
\$250 - 1,000	3	5.0
OVER \$1,000	0	0.0
TOTAL	60	100.0

An analysis by borrower income of the motor vehicle loan sample was not performed because the bank does not routinely collect income information for consumer credit. When current income information is not available, loan amount is often used as a proxy for income. The bank has performed well in providing small dollar loans, as indicated in a review of the sample of motor vehicle loans. Loan amounts ranged from a high of \$25,000 to a low of \$625, averaging \$6,400.

GEOGRAPHIC DISTRIBUTION OF LOANS

As previously indicated in the description of the bank's assessment area (Foard County) the entire assessment area is located in a middle- income Block Numbering Area. It was not possible to conduct a meaningful analysis of the bank's distribution of loans in its assessment area among low-, moderate-, middle-, and upper-income geographies.

RESPONSE TO COMPLAINTS

The institution has not received any written complaints about its CRA performance since the previous assessment.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS (ECOA, FHA, OR HMDA)

No substantive violations involving illegal discrimination or discouragement were noted during the examination.