



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**August 03, 2007**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Ordway  
Charter Number 8695**

**300 Main Street  
Ordway, CO 81063**

**Comptroller of the Currency  
Northern Colorado  
1225 17th Street Suite 450  
Denver, CO 80202**

**NOTE: This document is an evaluation of this 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. 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.**

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

**A satisfactory rating is appropriate given the bank's demonstrated ability to meet the credit needs of the community. Specifically:**

- The bank's loan-to-deposit ratio is good given area competition and credit needs of the community.
- The bank's pattern of lending to low- and moderate-income individuals and small businesses reasonably reflects area demographics.
- The geographic distribution of loans within the AA is excellent.

First National Bank of Ordway (FNB) is committed to serving the communities in which it operates and demonstrates satisfactory lending performance.

This examination commenced in January 2007 with an offsite review of loan and demographic information. It was concluded onsite in August 2007.

## Description of Institution

First National Bank of Ordway is a \$38 million institution located in south eastern Colorado. FNB is majority owned by Lindoe, Inc., a multi-bank holding company located in Ordway, CO. Lindoe, Inc. also owns a small community state chartered bank in Gunnison, CO. These two banks make up substantially all of the holding company's total assets.

The bank operates 2 full-service facilities. The main office is located in Ordway, Colorado in Crowley County. One branch is located in the neighboring community of Rocky Ford in Otero County. The bank does not operate any stand alone ATMs.

First National Bank offers a variety of credit products. Although the primary product by dollar volume is commercial real estate loans at 31% of total loans, we did not include this product in our analysis for CRA performance because the majority of loans by number and amount are participations purchased from other financial institutions. There are only 13 commercial real estate loans originated by the bank at our review date. Therefore, our rating of the bank's CRA performance is based on an analysis of loans originated by the bank secured by farmland at 25% of total loans, and 1-4 family real estate secured loans at 13%. Other loan products include commercial and industrial loans (12%), agricultural production loans (9%), construction and development loans (5%), multi-family housing loans (2%), and other consumer loans (2%). Net loans represent 82% of total assets. There are no legal or financial impediments to the banks ability to meet the credit needs of the assessment area.

We made one community contact with this examination. We spoke with a representative of the Crowley County Board of Commissioners. The contact identified the primary credit needs of the community as affordable housing and the credit needs of people with previous bad credit. The contact said the bank, officers, and directors are very supportive in participating in community projects and initiatives. The contact pointed to a program whereby an individual can earn the equity required to purchase a new house by assisting in the construction of the house at least thirty hours per week.

The contact said that economic conditions in the county are far better than in prior years due in part to the increase in snow cover and rainfall. There have been good wheat and hay crops and cattle prices continue to be high. The contact said the two prisons in the county provide the opportunity for employment and attract a younger population willing to fix up available houses in Ordway and surrounding communities.

First National Bank received a "Satisfactory" rating at the last CRA examination dated June 25, 2002.

*Refer to the bank's CRA Public File for more information.*

## **Description of Crowley and Otero Counties**

Management has designated one assessment area (AA). The AA includes Crowley County and Census Tracts 9879, 9880, 9881, and 9882 of Otero County. Based on 2000 census data, this AA is comprised of 5 census tracts of which four are designated as moderate-income (80%) and one is designated as middle income (20%). The Department of Housing and Urban Development (HUD) 2006 updated non-MSA median-family income for this AA is \$51,500. Based on 2000 US Census data, there are 3,362 families residing within the AA of which 56 percent are deemed low- and moderate-income. Income designations are determined based on annual income as a percentage of the non-MSA median-family income.

Local unemployment is low at 3 percent. Local businesses are primarily small businesses which comprise 99 percent of total business. Small businesses are described as businesses with total annual revenue less than or equal to \$1 million. The majority of local industry is non-farm making up 88 percent of all businesses. Arkansas Valley Correctional Facility and Correctional Corporation of America are the largest employers in Crowley County. Farming in Otero County has sharply declined due to the sale of water rights to Front Range communities.

The AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies.

*Refer to the bank's CRA Public File for more information.*

## **Conclusions about Performance Criteria**

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

The bank's loan-to-deposit (LTD) ratio is good given area competition and credit needs of the community.

The bank's quarterly LTD ratio since the previous CRA exam is 93 percent. The LTD ratio as of September 30, 2006 is 103%. However, 38% of total loans are out of area participations purchased from other financial institutions to maintain a high LTD ratio. We considered this fact in our conclusion on the LTD ratio. The quarterly average LTD ratio of similarly situated banks over the same time period ranged between 48% and 103%. Similarly situated banks are those banks of similar business lines operating within the same geography.

### **Lending in Assessment Area**

The majority of loans by number are originated within the bank's AA, however large out of area loans purchased from other financial institutions depressed the percent of loans within the AA by dollar volume.

We sampled 32 1-4 family real estate secured loans and 28 loans secured by farmland over the years 2004, 2005, 2006, and 2007. Of the 60 loans reviewed, 62% by number, and 40% by dollar volume were originated within the AA.

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

The bank's pattern of lending to low- and moderate-income individuals and small businesses reasonably reflects area demographics.

#### **1-4 Family Real Estate Secured Loans:**

The distribution of 1-4 family real estate secured loans to borrowers of different incomes reasonably reflects area demographics. An analysis of 21 loans originated within the AA over the evaluation period shows 48% by number and 37% by dollar volume were originated to low- or moderate-income individuals. This is reasonably comparable to the 56% of families designated low- and moderate-income within the AA.

#### **Farmland Secured Loans**

The distribution of farmland secured loans originated throughout the AA indicates strong

performance in lending to farms of different sizes. Of the 16 loans originated within the AA, 100% by number and 100% by dollar volume were originated to small businesses. Fully 81% by number and 79% by volume were originated to farms with less than \$250M in gross revenues.

### **Geographic Distribution of Loans**

The geographic distribution of loans within the AA is excellent.

Of the 21 1-4 family real estate secured loans originated within the AA over the review period, 95% by number and 97% by dollar volume were originated in moderate-income geographies. This is reflective of area demographics which indicate 80% of AA census tracts are moderate-income. There are no low-income census tracts within the AA.

Of the 16 farmland secured loans originated within the AA over the review period, 100% by number and dollar volume were originated in moderate-income geographies.

### **Responses to Complaints**

FNB has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.