



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 30, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Dart National Bank
Charter #12697
368 South Park Street
Mason, Michigan**

**Office of the Comptroller of the Currency
Kalamazoo Duty Station
4341 South Westnedge, Suite 2108
Kalamazoo, Michigan 49008**

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 **Dart National Bank, Mason, Michigan** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **January 30, 1997**. 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 Record of Meeting Community Credit Needs**”.

This institution is rated satisfactory because it has a reasonable loan to deposit ratio, extends credit throughout its assessment area and grants loans to borrowers of different income levels.

The following table indicates the performance level of Dart National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Dart National 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 and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the last examination.		

DESCRIPTION OF INSTITUTION

Dart National Bank (DNB) is a \$151 million independent community bank located in Mason, Michigan. The bank has a branch in Mason and a branch in Holt, Michigan. Each office has an automatic teller machine (ATM). DNB is not affiliated with a holding company.

DNB makes all types of consumer, real estate and small business loans. As of September 30, 1996, DNB had \$77 million in loans outstanding. This represents 51.2% of total assets. The composition of the bank's loan portfolio is as follows: 36% - residential mortgages, 35% - commercial loans and 17% - loans to individuals. There are no financial, legal or other impediments limiting the bank's ability to help meet community credit needs.

DNB was rated satisfactory at its last CRA examination as of September 30, 1994.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

DNB's assessment area consists of most of Ingham County and four census tracts on the eastern edge of Eaton County. The area is included in the Lansing Metropolitan Statistical Area (MSA). It includes the cities of Mason, Holt, Lansing, East Lansing, Okemos and Eaton Rapids. The area complies with CRA requirements and does not arbitrarily exclude any low- or moderate-income areas.

The assessment area consists of 43 census tracts with a total population of 186,873. Based on 1990 Census data, there is one low-income and six moderate-income census tracts within the assessment area. The area also contains 28 middle-income and eight upper-income census tracts. The 1990 Census family median income for the area is \$38,660. There are 46,903 families in the assessment area. The following table summarizes the location of families, based upon census tract designation.

Location of Families, Based upon Census Tract Income Designation - 1990 Census Date			
Low Income	Moderate Income	Middle Income	Upper Income
2.05%	12.96%	70.07%	14.92%

Economic conditions within Eaton and Ingham Counties are good. The area has experienced job growth in the service, government and manufacturing sectors. The unemployment rate for the Lansing area is 3.6% compared to the state unemployment rate of 4.7%. Significant local employers include General Motors, the State of Michigan and Michigan State University.

Many financial institutions create a highly competitive environment for DNB within its assessment area. Competitors include local community banks, branches of regional banks, thrift institutions, credit unions, finance companies and subsidiaries of regional and multinational banks.

Representatives from community organizations we contacted stated DNB is helping address local credit needs. Representatives of two community-based development intermediaries said DNB is actively involved in their organizations through low-interest rate loans and financial contributions. One of the representatives described DNB as a leader in the organization. The representative said additional home improvement and rehabilitation lending would benefit the areas served by his organization. He also said some low-income individuals do not use banks, and a need exists to educate those individuals and encourage them to use bank services.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN TO DEPOSIT RATIO

DNB’s loan to deposit ratio is reasonable. The following table illustrates the trend in the bank’s loan to deposit ratio since the last CRA examination and how it compares to its national peer group average. This peer group represents banks of a similar asset size and branch structure.

Loan to Deposit Ratio Trend			
	9/30/96	12/31/95	12/31/94
Bank Ratio	56.38%	54.06%	51.74%
Peer Ratio	70.47%	68.17%	68.81%

DNB’s average loan to deposit ratio since December 31, 1994 is 54.26% compared to the average ratio of 67.89% for the peer group banks. Although the table above shows DNB’s ratio has historically been below its peers, the bank has increased its loan to deposit ratio through growth in commercial and real estate loans. The loan growth has reduced the difference between DNB’s ratio and its peer banks’ ratio. According to bank management, the loan growth is due to customer dissatisfaction with larger banks and not due to any new bank programs or products.

LENDING IN ASSESSMENT AREA

The bank’s origination of loans within the assessment area is good. The majority of the bank’s lending occurs within its assessment area. The following chart details this information. It is based upon the bank’s analysis of the geographic distribution of loans originated or renewed during the first ten months of 1996 and analysis of its entire portfolio.

Lending Within Assessment Area				
	Loans Originated in 1996		Loan Portfolio	
	Within Area	Outside Area	Within Area	Outside Area
# of Loans	1,316	485	3,937	1,472
\$ of Loans (\$000s)	27,824	6,269	59,221	15,162
% - # of Loans	73.07%	26.93%	72.79%	27.21%
% - \$ of Loans	81.61%	18.39%	79.62%	20.38%

Analysis of DNB's market shares for some real estate products compares favorably with other banks in the area. DNB's market shares for refinancing residential mortgages and for home improvement lending are high, particularly since it competes against much larger financial institutions. Based upon 1995 HMDA information, DNB refinanced the third-highest number of residential mortgage loans of any financial institution within its assessment area. It also originated the fifth-highest number of home improvement loans within its area. Its market shares were 4.87% and 7.17%, respectively, based upon the number of these loans originated during 1995.

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

The bank effectively lends to borrowers of all income levels. We used HMDA information for 1995 and 1996 to analyze the distribution of residential mortgage loans, including home improvement, based upon the income of the borrowers. The following table shows the distribution of those loans. It also compares the distribution of residential mortgage loans to the population distribution in the area, based upon percentage of families of each income level, using 1990 Census data.

Residential Real Estate Lending Distribution by Borrower Income - HMDA Analysis								
	Low		Moderate		Middle		Upper	
	% - #	% - \$	% - #	% - \$	% - #	% - \$	% - #	% - \$
1996 HMDA	12.93%	2.66%	22.39%	15.20%	30.85%	32.04%	33.83%	50.10%
1995 HMDA	10.10%	2.39%	23.08%	7.72%	25.48%	20.11%	41.34%	69.78%
% of Families	18.69%		17.69%		25.68%		37.94%	

DNB's lending during 1996 and 1995 reflects a reasonable loan distribution to all income levels. As a percentage of the number of residential real estate loans made during that period,

the number of real estate loans made to low- and moderate income borrowers approximates the percentage of low- and moderate-income families within the area.

We also reviewed a sample of commercial loans made during 1996 to assess the bank's volume of lending to small businesses. Within our sample, 50% of the commercial borrowers have gross annual revenues under \$1 million. The majority of the bank's commercial loans are for \$1 million or less.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans within the bank's assessment area is reasonable. The review of the bank's geographic analysis of its lending reveals that DNB originated loans in 42 of the 43 census tracts within its assessment area. As the following table indicates, the bank's lending is concentrated in the middle- and upper-income areas which represent the largest percentage of the population within the assessment area. The low volume of lending within low- and moderate-income areas reflects a lack of bank programs to encourage loan applications from those areas.

Loan Distribution by Census Tract Income within Assessment Area								
	Low		Moderate		Middle		Upper	
	% - #	% - \$	% - #	% - \$	% - #	% - \$	% - #	% - \$
1996 Originations	0.53%	0.42%	5.62%	3.11%	85.18%	84.50%	8.67%	11.97%
Loan Portfolio	0.87%	0.65%	4.57%	2.21%	84.91%	80.59%	9.65%	16.55%
Population Within Tracts	2.28%		12.98%		65.14%		19.61%	

RESPONSES TO COMPLAINTS

There have been no CRA-related complaints since the prior CRA examination.

We did not identify any violations of the substantive provisions of antidiscrimination laws and regulations.