



---

Comptroller of the Currency  
Administrator of National Banks

**Small Bank**

---

## **PUBLIC DISCLOSURE**

October 26, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Wakefield  
Charter Number: 11305  
401 Sunday Lake Street  
P.O. Box 147  
Wakefield, MI 49968

Office of the Comptroller of the Currency  
Iron Mountain Field Office  
P.O. Box 666  
Iron Mountain, Michigan 49801

**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 **The First National Bank of Wakefield** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 26, 1998**. 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**.

The First National Bank of Wakefield has a satisfactory record of originating loans to individuals of different income levels and small businesses. The loan-to-deposit ratio is reasonable and a substantial majority of loans are to borrowers located in the assessment area.

## DESCRIPTION OF INSTITUTION

The First National Bank of Wakefield is a \$27 million bank with its main office located at 401 Sunday Lake Street, Wakefield, Michigan a middle income Block Numbering Area (BNA). The bank has no branches. No offices have been opened or closed since our last CRA examination which was dated December 4, 1995.

The bank offers traditional community bank services with a loan portfolio representing 69% of total assets. The loan portfolio consists of commercial loans (30%), residential related mortgage loans (51%), and consumer loans (19%). There are no financial, legal, or other impediments which would hinder the bank's ability to help meet credit needs within its assessment area.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of ten BNAs located in both Michigan and Wisconsin. The Michigan BNAs are located in Gogebic County (7 BNAs) and Ontonagon County (1 BNA). The Wisconsin BNAs are located in Iron County (1 BNA) and Vilas County (1 BNA). Five of the BNAs are moderate-income areas and five are middle-income areas.

Based on the 1990 census data, the population of this assessment area is 24,604. The population consists of 6,753 families of which 1,656 (25%) are low-income; 1,498 (22%) moderate-income; 1,675 (25%) middle-income, and 1,924 (28%) upper-income. Based on 1998 Housing and Urban Development (HUD) data, the weighted average median family income level for the State of Michigan is \$37,100 and for the State of Wisconsin is \$41,800. The weighted average median housing value for the State of Michigan is \$26,164 and for the State of Wisconsin is \$46,493.

The local economy has been impacted in recent years by the closures of the Copper Range Mine, Norco Windows, and Connors Forest Products. Unemployment is higher than normal due to these closures. Economic conditions have seemed to stabilize. The primary economic activities in the bank's assessment area are tourism and logging. Some of the other major employers in the area include Bessemer Plywood, Gogebic Medical Care Facility, Art Unlimited, and Fox Point. Major seasonal employers include Indianhead Ski Corp.

There is not much competition in the Town of Wakefield; however, several commercial banks and credit unions are located nearby in the towns of Bessemer and Ironwood, Michigan and Hurley, Wisconsin. An out of area community bank is also building a branch in the Bergland, Michigan area.

The bank's assessment area meets the requirements of the Community Reinvestment Act (CRA) and does not arbitrarily exclude low- or moderate-income geographies.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to Deposit Ratio:

The bank's loan-to-deposit ratio is satisfactory and averaged 73% over the last twelve quarters. The average loan-to-deposit ratios of peer banks located in the area ranged from 61% to 86% over the same period. The overall average loan-to-deposit ratio for these banks is 75%. The bank's local peer group for this analysis consists of similar banks with total assets less than \$250 million in Gogebic, Ontonagon, Iron, and Vilas Counties.

### Lending in the Assessment Area:

A substantial majority of the bank's loans are within its assessment area. This conclusion is based upon a sample of twenty-two commercial loans, thirty-five residential 1-4 family real estate loans, and forty-six consumer loans originated or refinanced by the bank since January 1, 1998. Customer location was determined using city, street address, zip codes, county plat books, and the assessment area map. The results of our sample are illustrated in Table 1.

**Table 1**

	# In Area	% In	\$ In* Area	% In	# Out of Area	% Out	\$ Out* of Area	% Out
Commercial Loans	20	91%	\$384	85%	2	9%	\$67	15%
Residential Real Estate Loans	31	89%	\$965	92%	4	11%	\$82	8%
Consumer Secured Loans	43	93%	\$334	94%	3	7%	\$22	6%
Totals	94	91%	\$1,683	91%	9	9%	\$171	9%

\* Dollar amount in Thousands

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

The bank’s record of lending to borrowers of different incomes and to small businesses is satisfactory.

Commercial borrowers have a wide diversity of gross annual revenue levels ranging from a few thousand to several million dollars. A sample of commercial customer files indicates that a majority of the bank’s commercial loans are made to small businesses having less than \$1 million in annual revenues. Table 2 reflects the results of this sampling.

**Table 2**

Annual Revenue	<\$100M	\$101M - \$500M	\$501M - \$1MM	>\$1MM
# of Loans	4	10	2	4
% of Loans	20%	50%	10%	20%

Table 3 represents an analysis of 69 loans files containing borrower income information. The sample included secured consumer loans and residential real estate mortgage loans originated since January 1, 1998. The table indicates that the percentage of loans made to low- and moderate-income borrowers is generally higher than the actual proportion of these families located in the assessment area.

**Table 3**

Income Category	# Loans Extended	%	\$ Loans Extended*	%	# Families	%** Families
Low-Income	24	35%	\$229	17%	1,656	25%
Moderate-Income	20	29%	\$382	29%	1,498	22%
Middle-Income	17	25%	\$288	22%	1,675	25%
Upper-Income	8	11%	\$433	32%	1,924	28%
Totals	69	100%	\$1,332	100%	6,753	100%

\* Dollar amounts in thousands

\*\* Based on 1990 census data

**Geographic Distribution of Loans:**

The bank has a satisfactory distribution of loans. Our analysis of the loan portfolio indicated that there is a reasonable geographic distribution of customers throughout the assessment area. The locations of the loan customers were determined using their home address and plat books for Gogebic, Ontonagon, Iron and Vilas Counties.

Our sample of 94 loans consisted of both secured and unsecured consumer loans and residential real estate mortgage products. Customers were randomly selected from all loans originated since January 1, 1998.

Table 4 indicates a lower percentage of loans made in moderate income BNAs within the assessment area compared to the population in those BNAs. We feel that this is reasonable based on the locations of the moderate income BNAs with respect to FNB's office location. Families in the three moderate income BNAs that had a lower volume of loans have more convenient access to credit from other financial institutions located in closer proximity to them (Please refer to discussion below).

**Table 4**

Analysis of Lending in BNAs	Moderate-Income BNAs	Middle-Income BNAs	Totals
Loans Made in BNAs	21	73	94
Percent of Loans	22%	78%	100%
Dollar Amount of Loans *	\$485	\$1,198	\$1,683
Percent of Dollars	29%	71%	100%
Population of Area	11,462	13,142	24,604
Percent of Population	47%	53%	100%

\* Dollar amount in thousands

Our sample showed a lower volume of loans made in three out of the five moderate income BNAs in FNB's assessment area. The moderate income BNA located in Vilas County, Wisconsin is on the southern border of the bank's assessment area. Families in this BNA have access to credit from other financial institutions located in the Manitowish Waters area. The two other moderate income BNAs with lower loan volumes are located in Iron County, Wisconsin and the Town of Ironwood, Michigan. These BNAs are also on the outer edge of the bank's assessment area and families have access to credit from several financial institutions located in Hurley, Wisconsin and Ironwood, Michigan. Our analysis of the remaining two moderate income BNAs that are closer to the bank's office showed the volume of loans made was comparable to the percentage of the population in those BNAs. Based on these facts, the geographic distribution of loans is considered reasonable.

### **Response to Consumer Complaints and Compliance with Fair Lending Laws and Regulations**

The bank has received no CRA-related complaints since its last CRA examination. No violations of substantive provisions of anti-discrimination laws and regulations were identified.