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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

October 27, 1997

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Park National Bank  
Charter Number 20921**

**533 Big Thompson Avenue  
Estes Park, Colorado 80517**

**Comptroller of the Currency  
50 Fremont Street, Suite 3900  
San Francisco, California 94105**

**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 **Park National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 27, 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.**”

- A substantial majority (93%) of the bank’s loan dollars are within its assessment area.
- The loans are well distributed among borrowers of various incomes and businesses of different sizes.
- Park National Bank’s loans are reasonably distributed among the geographies.
- The bank’s loan-to-deposit ratio meets the standard for satisfactory performance.

**DESCRIPTION OF INSTITUTION:**

Park National Bank (PNB) is a \$24 million community bank, which was established in June 1986. PNB’s main and corporate offices are in Estes Park, Colorado. The bank does not own or operate any automated teller machines (ATMs). However, the bank issues ATM cards, which customers use at other bank’s ATMs.

As of August 30, 1997, PNB had \$12.7 million in loans, comprising 48% of the bank’s total assets. The loan portfolio consists of: real estate loans 89%, business loans 9%, and consumer loans 2%. PNB is the only bank in Estes Park designated as a Certified Lender by the Small Business Administration (SBA).

We last evaluated the bank’s CRA performance as of June 30, 1994, and we assigned an “Outstanding” rating. Apart from the size of loans the bank can fund, there are no other impediments that restrict the bank’s ability to lend.

**DESCRIPTION OF ASSESSMENT AREA:**

Management has designated the bank’s assessment area to include three census tracts in Larimer County, Colorado. Larimer County is within the Fort Collins-Loveland Metropolitan Statistical Area (MSA). Estes Park is the only town located within the assessment area. The assessment area meets the requirements of the CRA.

Two of the three census tracts in the bank’s assessment area are designated middle-income. No income information had been reported in 1990 for the third census tract. Although the assessment area only contains middle-income census tracts, low- and moderate-income families do reside in the bank’s assessment area. The table below provides a breakdown of family income levels within the three census tracts based upon the 1990 statewide MSA median-family income of \$36,932.

<b>FAMILY INCOME LEVELS WITHIN ASSESSMENT AREA</b>		
<i>Income Classification</i>	<i># of Families</i>	<i>% of Families</i>
Low income (< \$18.5M)	431	16.9%
Moderate income (\$18.5M - \$29.5M)	455	17.9%
Middle income (\$29.5M - \$44.3M)	670	26.3%
Upper income (> \$44.3M)	989	38.9%
Total	2,545	100.0%

The primary industries in the assessment area are services (30%), retail trade (27%), manufacturing (22%), construction (7%), and finance, insurance, and real estate (4%). To a lesser degree, other industries include wholesale trade, transportation and utilities, administrative auxiliary, and mining.

Real estate prices are high within the assessment area. Housing costs continue to increase each year. Additionally, very few lots are available for residential or commercial construction. As a result, real estate prices have negatively affected other industries as potential workers are unable to find affordable housing.

The bank operates in a very competitive environment. Three other local banks and two credit unions compete for the same business within the assessment area. Also, each of the three local banks have more financial resources at their disposal due to their larger asset base.

As part of this examination, we considered information obtained from a realtor, a local government entity, and a housing organization. Our contacts confirmed similar credit needs that were identified by bank management. Credit needs in the assessment area include permanent and temporary affordable housing for low-income individuals. However, our contacts identified a significant challenge to the development of affordable housing, as there is some anti-growth sentiment in the area.

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

Our conclusions are based on the bank's lending activity from January 1, 1996, through August 30, 1997. We used loan data developed by the bank and sampled several loans to confirm the accuracy of the information. Our sample included 44 consumer loans and 24 business loans funded within the bank's assessment area. Our loan sample represented 19% of the consumer loans and 24% of the business loans originated during this time period.

#### **Lending in the Assessment Area**

PNB's record of lending within its assessment area exceeds the standard for satisfactory performance. A substantial majority of the bank's loans are to borrowers within the assessment area. Of the total loans funded, 87% of the number of loans and 93% of the dollar amount of loans were extended to borrowers within the assessment area.

## Lending to Borrowers of Different Incomes and Business of Different Sizes

The bank's distribution of loans reflects a strong penetration among individuals of different income levels and business of different sizes. The following table summarizes the results of the samples.

<b>DISTRIBUTION OF CONSUMER LOANS BY BORROWER INCOME LEVEL</b>			
<i>Income Category</i>	<i>Loan Sample</i>		<i>Family Distribution Within Each Income Category</i>
	<i>Number</i>	<i>Percent</i>	<i>Percent</i>
Low income (< \$18.5M)	11	25.0%	16.9%
Moderate income (\$18.5M - \$29.5M)	16	36.4%	17.9%
Middle income (\$29.5M - \$44.3M)	17	38.6%	26.3%
Upper income (> \$44.3M)	0	0.0%	38.9%
Total	44	100.0%	100.0%

<b>DISTRIBUTION OF BUSINESS LOANS BY ANNUAL REVENUE</b>		
	<i>Number of Loans Reviewed</i>	<i>Percent of Loans Reviewed</i>
Revenues Less Than \$500M	19	79.2%
Revenues Between \$500M and \$1,000M	5	20.8%
Revenues Greater Than \$1,000M	0	0.0%
Total	24	100.0%

The above table shows a predominate proportion of commercial loans made to businesses with annual revenues of less than \$500M. This clearly demonstrates that PNB is serving the credit needs of small businesses.

### **Geographic Distribution of Loans**

We did not analyze the geographic distribution of loans for PNB as none of the three census tracts in the assessment area are designated low- or moderate-income.

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

PNB's loan-to-deposit ratio meets the standard for satisfactory performance. The bank's average loan-to-deposit ratio for the eight quarters ended June 30, 1997, was 62%. The average ratio for three similarly situated banks for the same period was 72%. For purposes of this evaluation, we consider similarly situated banks as those banks that are in the same MSA. This bank's ratio is lower than similarly situated banks since it sells most of the mortgage loans it originates. Additionally, due to federal legal lending limit restrictions, PNB sells portions of several large loans to other banks.

### **Response to Complaints**

No CRA-related complaints have been received by PNB.

### **Record of Compliance with Antidiscriminatory Laws**

The bank's compliance with the anti-discriminatory laws and regulations is satisfactory. We did not identify any discriminatory lending practices.