



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

August 10, 2010

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of the Rockies  
Charter Number: 7435

2452 Highway 6 and 50  
Grand Junction, CO 81505

Office of the Comptroller of the Currency

Northern Colorado  
1225 17<sup>th</sup> 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 Outstanding.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

The major factors which contribute to First National Bank of the Rockies' CRA rating are as follows.

- Lending in the bank's assessment areas (AAs) is excellent; a significant majority of the home mortgage and small business loans were originated in the bank's AAs.
- Lending to borrowers of different incomes and businesses of different sizes is excellent in the Moffat, Rio Blanco, and Routt Counties Non-MSA and reasonable in the Grand Junction MSA.
- Overall the geographic distribution of home mortgage and small business loans in the bank's AAs is excellent, with the strongest performance noted in the Moffat, Rio Blanco, and Routt Counties Non-MSA AA.
- Overall, First National Bank of the Rockies provided a very high level of community development loans and investments in its AAs. This greatly enhanced the bank's efforts to meet the community development needs of its AAs and was a significant factor in the overall CRA rating.

## **Scope of Examination**

The scope of this examination included a full-scope review of both of the bank's AAs. These include the Grand Junction MSA and the Moffat, Rio Blanco, and Routt Counties Non-MSA. This examination focused on a review of the Home Mortgage Disclosure Act (HMDA) reportable data and a sample of 60 commercial loans originated or renewed between July 2007 and June 2010. We also reviewed community development loans, investments, and services which First National Bank of the Rockies provided from July 2, 2007 to July 10, 2010.

## **Description of Institution**

First National Bank of the Rockies (FNBR) is a full-service financial institution headquartered in Grand Junction, Colorado. As of March 31, 2010, FNBR had total assets of \$368 million and Net Tier 1 Capital of \$35 million.

FNBR is a subsidiary of FNBR Holding Corporation located in Grand Junction, Colorado. FNBR's assets represent all of the holding company assets.

FNBR operates as an intrastate bank in Colorado with four offices in Grand Junction

and one in each of the following locations: Craig, Hayden, Meeker, Oak Creek, Rangley, and Steamboat Springs. Each branch operates a drive-up facility. The bank also owns and operates one cash-dispensing automated teller machine (ATM) at each location. In addition, the bank operates a cash-dispensing ATM in a supermarket in Craig. During the review period, the bank did not close or open any branches.

The bank's assessment areas are as follows:

- Grand Junction (Mesa County) MSA and
- Moffat, Rio Blanco, and Routt Counties Non-MSA

FNBR offers a full range of credit products within its AAs including commercial, real estate, consumer, and agricultural loan products. However, the bank's primary business focus is commercial lending. By dollar amount, FNBR's loan portfolio consists of the following types of credit: 27 percent construction and development; 12 percent commercial and industrial; 21 percent one-to-four family; 32 percent other real estate loans, including multifamily and non-farm/non-residential real estate secured loans; 3 percent consumer loans; 3 percent agricultural loans; and 2 percent municipal loans and all others.

At the previous CRA examination, the bank received a rating of "Outstanding," under the intermediate small bank CRA examination procedures performed as of July 1, 2007.

## Description of Assessment Areas

The bank has designated the Grand Junction MSA and the Moffat, Rio Blanco, and Routt Counties Non-MSA as its assessment areas (AAs). The AAs meet the requirements of the regulation. They are comprised of whole political subdivisions and do not arbitrarily exclude any low- or moderate-income areas. A description of the AAs follows:

### Grand Junction MSA

Demographic Information for Full Scope Area: Grand Junction MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	0.00%	17.86%	57.14%	25.00%	0.00%
Population by Geography	116,255	0.00%	17.70%	60.49%	21.81%	0.00%
Owner-Occupied Housing by Geography	33,306	0.00%	14.19%	60.18%	25.63%	0.00%
Business by Geography	12,162	0.00%	26.80%	51.44%	21.76%	0.00%
Farms by Geography	423	0.00%	9.93%	65.48%	24.59%	0.00%
Family Distribution by Income Level	31,729	17.40%	19.63%	23.69%	39.28%	0.00%
Distribution of Low and Moderate Income Families throughout AA Geographies	11,749	0.00%	24.23%	63.83%	11.94%	0.00%
Median Family Income for 2000		43,015	Median Housing Value (as of 7/31/2010)			\$195,000
HUD Adjusted Median Family Income for 2010		57,200	Unemployment Rate (5/31/10))			8.80%
Households Below Poverty Level		10%				

(\*) The NA category consists of geographies that have not been assigned an income classification. Source: 2000 US Census and 2010 HUD updated MFI.

The bank operates four branches in the Grand Junction MSA.

The MSA consists of 28 census tracts (CTs) in Mesa County. There are no low-income CTs in the county; 18 percent are moderate-income; 57 percent are middle-income; and 25 percent are upper-income. Grand Junction, the county seat, is the largest city in the MSA, followed by Fruita and Palisade. Other towns and unincorporated subdivisions include Clifton, Fruitvale, DeBeque, Collbran, Mesa, Mack, Loma, Gateway, Glade Park, and Whitewater.

Due to the area's mild climate and vast diversity, the county has become a popular place for relocation and recreation. From 1990 to 2000, Mesa County's population grew by 25 percent, placing the county in the top 10 percent of counties, nationwide, in terms of population change.

The median price of a single family home decreased 9.5 percent in the past two years, from \$210 thousand in 2008 to \$190 thousand in 2010. Bank management notes that although there has been a decrease in the median housing price, the market is beginning to stabilize.

In conjunction with this examination, we performed one community contact in this AA and reviewed other current community contacts. Community contacts stated that the economy is somewhat diverse; the energy and agriculture industries are complimented with a strong higher education system, a nationally renowned health care system, a strong tourism industry, and a robust retail and service industry. However, during this review period, energy prices decreased and drilling exploration diminished, which in turn impacted the local economy and resulted in increased underemployment and unemployment.

The major employers in Mesa County are the Mesa County School District, St. Mary's Hospital, and Mesa State College. Mesa County's unemployment rate has increased significantly with the declining economy, stemming from decreases in employment in the energy sector. The unemployment rate as of May 2010 was 8.8 percent.

The community contacts indicate there is need for small business lending, home equity lines of credit, and overall financial literacy throughout the community. Barriers to obtaining credit include high unemployment rates, overall credit worthiness given today's economic climate, high consumer debt, and the cost of credit.

Community contacts also stated that opportunities for participation by local financial institutions in community development include providing grant funding, bank volunteers, and technical assistance with complicated layering of financing needed for almost all affordable housing developments. Home retention programs, foreclosure prevention programs, and planning new affordable housing developments were other opportunities mentioned.

There are several competing banks within the Grand Junction MSA. These include Wells Fargo, N.A.; Alpine Bank; American National Bank; Grand Valley Bank; Bank of the West; Bank of Colorado; U.S. Bank, N.A.; Timberline Bank; Palisades National Bank; Home Loan State Bank; Vectra Bank; Community Banks of Colorado; and Academy Bank, N.A.

Moffat, Rio Blanco, and Routt Counties, Non-MSA

Demographic Information for Full Scope Area: Moffat-Rio Blanco-Routt Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	15	0.00%	6.67%	53.33%	40.00%	0.00%
Population by Geography	38,860	0.00%	2.18%	57.88%	39.94%	0.00%
Owner-Occupied Housing by Geography	10,721	0.00%	2.70%	56.78%	40.53%	0.00%
Business by Geography	6,187	0.00%	1.49%	48.54%	49.98%	0.00%
Farms by Geography	263	0.00%	3.42%	57.03%	39.54%	0.00%
Family Distribution by Income Level	10,153	13.06%	15.43%	23.83%	47.68%	0.00%
Distribution of Low and Moderate Income Families throughout AA Geographies	2,893	0.00%	4.01%	72.87%	23.12%	0.00%
Median Family Income for 2000	44,319	Median Housing Value (7/31/2010)				
HUD Adjusted Median Family Income for 2010	56,400	Moffat County		\$219,000		
Households Below Poverty Level	7%	Rio Blanco County		\$219,000		
		Routt County		\$585,000		
		Unemployment Rate (5/31/10)				
		Moffat County		8.80%		
		Rio Blanco County		5.50%		
		Routt County		10.4		

(\*) The NA category consists of geographies that have not been assigned an income classification. Source: 2000 US Census and 2010 HUD updated MFI.

The bank operates six branches in the Moffat, Rio Blanco, and Routt counties. The branches are located in the cities of Craig, Hayden, Meeker, Oak Creek, Rangley, and Steamboat Springs, Colorado.

The AA consists of 18 census tracts (CTs). There are no low-income census tracts and only one moderate-income CT in this AA.

Moffat, Rio Blanco, and Routt Counties are contiguous. However, the economy of Moffat and Rio Blanco Counties is substantially different than that of Routt County. Moffat County is located in the northwestern corner of Colorado, along the Wyoming and Utah borders. The county seat is Craig, Colorado. Rio Blanco County is located immediately south of Moffat County. It consists of the towns of Meeker and Rangley. Over half of the land in these two counties is public land used for various recreational activities, including hunting, fishing, and cross-country skiing. As of May 2010, the unemployment rate in Moffat County was 8.3 percent; in Rio Blanco County it was 5.5 percent.

Routt County is immediately east of Moffat County. Steamboat Springs is the county seat and drives the economy within the county. Other towns are Hayden, Oak Creek, and Yampa. The economy is largely dependent on tourism, driven by the ski industry and recreational activity. The largest area employer is Steamboat Ski and Resort Corporation, followed by the school district and city and county governments. Areas outside of Steamboat Springs are largely rural. Major industries include agriculture and mining. These towns also serve as bedroom communities to individuals employed in Steamboat Springs who are unable to find affordable housing within the city limits. With a decrease in tourism and recreation sports, there has been a significant increase in the unemployment rate in Routt County. As of May 2010, the unemployment rate in Routt County was 10.4 percent.

The median cost of housing is significantly different between Routt County and the Moffat and Rio Blanco Counties. As of June 2010, the median cost of housing in Moffat and Rio Blanco counties was \$219 thousand; in Routt County it was \$585 thousand. Due to the high housing price in Routt County, many of the county's employees either rent or commute long distances.

We performed one community contact in this AA. The community contact stated that Moffat County and Routt County entered into the recession much later than the rest of the country. Recent foreclosures tend to be isolated to second homebuyers in the area. The contact also stated that rental vacancy rates seem to be high, but are somewhat inflated as a result of homeowners placing homes which fail to sell into the rental market.

There are limited community development organizations in this AA. A recent community contact indicated that the opportunities include providing grant funding and bank volunteers for organizational programs. Also, there are opportunities in restructuring previous affordable housing real estate development loans, providing more loans for mobile homes and mobile home parks, as well as providing affordable housing providers land banking loans especially in Steamboat Springs. The community contact also stated that the current marketplace cannot support any new real estate development activity.

Competing financial institutions in these counties include Wells Fargo, N.A.; Yampa Valley Bank; Mountain Valley Bank; Bank of the West; Alpine Bank; Vectra Bank, N.A.; Bank of Colorado; and Millennium Bank.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

Overall, the bank's performance under the Lending Test is rated "Satisfactory." This is based on FNBR's reasonable lending performance in the Grand Junction MSA and excellent performance in the Moffat, Rio Blanco, and Routt Counties Non-MSA.

**Loan-to-Deposit Ratio**

The loan-to-deposit (LTD) ratio is reasonable. As of March 31, 2010, the 12-quarter average LTD ratio, calculated since the previous CRA examination, was 62 percent. The LTD ratio is low compared to the average LTD of similarly situated banks, due to loan portfolio restrictions and minimal loan demand. The LTD ratios for the same time period for nine similarly situated banks range between 55 percent and 114 percent. Similarly situated banks are those banks of comparable asset size and operating in the same geographies.

**Lending in Assessment Area**

The extent of lending inside of the AAs is excellent. The bank originated 94 percent of total loans, based on number, inside the bank's AAs. Based on dollar amount, the percentage is 97 percent.

<b>Table 1 - Lending in the Grand Junction MSA and Moffat, Rio Blanco, Routt non-MSA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	223	94%	15	6%	238	\$18,517	95%	\$935	5%	\$19,452
Commercial	65	93%	5	7%	70	\$7,890,606	97%	\$271,716	3%	\$8,162,322
Totals	288	94%	20	6%	308	\$7,909,123	97%	\$272,651	3%	\$8,181,774

Data Source: 2010 HMDA data and Loan Sample

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

Overall lending to borrowers of different incomes is excellent. We placed more weight on lending in the Moffat, Rio Blanco, and Routt Counties Non-MSA given that 76 percent of the bank’s deposits come from this AA. In reaching our conclusions, we also considered the downturn in the Grand Junction economy due to a decline in the energy sector, which in turn affected consumers and local small businesses and the demand for loans.

Grand Junction MSA

The overall borrower distribution of home mortgage loans to low- and moderate-income borrowers in the Grand Junction MSA is reasonable. It is important to note that the bank originated only 55 home mortgage loans in the Grand Junction MSA. For 20 of the loans, the bank did not report income data either because the borrower was an entity or a bank employee. The distribution of the remaining 35 loans is as follows: The bank did not make any home purchase loans to low-income borrowers and the portion of these loans to moderate-income borrowers is significantly lower than the

demographic comparator. On the other hand, the portion of home improvement loans to low-income borrowers is good, particularly considering that 10 percent of the low-income families are below the poverty level and would not be able to qualify for any type of home mortgage loan; the level of home improvement loans to moderate-income borrowers is excellent. The level of home refinance lending to both low- and moderate-income borrowers is adequate.

Borrower Distribution of Residential Real Estate Loans in the Grand Junction MSA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17.40%	0.00%	19.63%	7.69%	23.69%	30.77%	39.38%	61.54%
Home Improvement	17.40%	11.11%	19.63%	33.33%	23.69%	0.00%	39.38%	55.55%
Home Refinance	17.40%	15.38	19.63%	15.38	23.69%	0.00	39.38%	69.23

Source: Data reported under HMDA: U.S. Census data.

Moffat, Rio Blanco, and Routt Counties Non-MSA

The overall borrower distribution of home mortgage loans to the low- and moderate-income borrowers in the Moffat, Rio Blanco, and Routt Counties Non-MSA is excellent. The bank originated 168 home mortgage loans in this AA. The bank did not report income information for 16 of these loans, either because the loan was originated to an entity or to an employee of the bank. The analysis for the remaining 152 loans is as follows: The level of home purchase, home improvement, and home refinance lending to low-income borrowers is below the geographic comparator, but it is reasonable considering that 7 percent of the low-income population is below the poverty level and would not be able to qualify for any type of home mortgage loan. Home purchase, home improvement, and home refinance lending to moderate-income borrowers significantly exceeds the demographic comparator and is excellent.

Borrower Distribution of Residential Real Estate Loans in the Moffat, Rio Blanco, & Routt Counties Non- MSA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	13.06	8.70	15.43	23.91	23.83	10.87	47.68	56.52
Home Improvement	13.06	10.53	15.43	17.54	23.83	33.33	47.68	38.60
Home Refinance	13.06	4.08	15.43	28.57	23.83	18.37	47.68	48.98

Source: Data reported under HMDA: U.S. Census data.

Grand Junction MSA

Distribution of loans to small businesses (businesses with less than \$1 million in gross annual revenues) in the Grand Junction MSA is significantly lower than the

demographic comparator. Based on number of loans in our sample, the bank originated 53 percent of its total business loans to small businesses. Based on dollar volume, the portion was 26 percent. However, as noted above, we considered the distribution of loans to small businesses to be reasonable due to a downturn in the local economy and a corresponding decline in loan demand and qualified borrowers.

<b>Table 2A - Borrower Distribution of Loans to Businesses in the Grand Junction MSA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	80%	4%	17%	100%
% of Bank Loans in AA by #	53%	47%	0%	100%
% of Bank Loans in AA by \$	26%	74%	0%	100%

Source: Loan sample; Dunn and Bradstreet data.

Moffat, Rio Blanco, and Routt Counties Non-MSA

Distribution of loans to small businesses in the Moffat, Rio Blanco, and Routt Counties Non-MSA is excellent. Based on number, the portion of loans to small businesses exceeds the demographic comparator. Based on dollar amount, the portion of loans nearly meets the demographic comparator.

<b>Table 2A - Borrower Distribution of Loans to Businesses in the Moffat, Rio Blanco, and Routt County Non-MSA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72%	3%	26%	100%
% of Bank Loans in AA by #	75%	25%	0%	100%
% of Bank Loans in AA by \$	68%	32%	0%	100%

Source: Loan sample; Dunn and Bradstreet data.

**Geographic Distribution of Loans**

Grand Junction MSA

Overall the geographic distribution of home mortgage loans in moderate-income CTs is excellent. The geographic distribution of home purchase loans in the Grand Junction MSA is excellent. The portion of home purchase loans in moderate-income CTs significantly exceeds the demographic comparator. The bank did not originate any home improvement or home refinance loans in moderate-income CTs. There are no low-income CTs in this AA. We placed more weight on home purchase loans since the total of home purchase loans far exceeded the total loans for home improvement or home refinance. Home purchase loans in the Grand Junction MSA represented 53 percent of all loans; home improvement loans represented 18 percent; and home refinance loans represented 29 percent of the bank’s home mortgage lending.

Geographic Distribution of Residential Real Estate Loans in the Grand Junction MSA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Owner Occupied Housing	% of Number of Loans	% of Owner Occupied Housing	% of Number of Loans	% of Owner Occupied Housing	% of Number of Loans	% of Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00%	0.00%	14.19%	17.24%	60.18%	62.07%	25.63%	20.69%
Home Improvement	0.00%	0.00%	14.19%	0.00%	60.18%	80.00%	25.63%	20.00%
Home Refinance	0.00%	0.00%	14.19%	0.00%	60.18%	75.00%	25.63%	25.00%

Source: Data reported under HMDA: U.S. Census data.

Moffat, Rio Blanco, and Routt Counties Non- MSA

The geographic distribution of home mortgage loans in moderate-income CTs in the Moffat, Rio Blanco, and Routt Counties Non-MSA is excellent. There are no low-income CTs in this AA. In moderate-income CTs, the portion of home purchase loans significantly exceeds the demographic comparator; the portion of home improvement loans exceeds the demographic comparator; and the portion of home refinance loans is slightly below the demographic comparator. Overall, the portion of total home purchase loans, home improvement loans, and home refinance loans is almost evenly divided with home improvement loans slightly higher than the other types of home mortgage lending.

Geographic Distribution of Residential Real Estate Loans in the Moffat, Rio Blanco, & Routt Counties Non- MSA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00%	0.00%	2.70%	11.11%	56.78%	70.37%	40.53%	18.52%
Home Improvement	0.00%	0.00%	2.70%	3.23%	56.78%	72.58%	40.53%	24.19%
Home Refinance	0.00%	0.00%	2.70%	1.92%	56.78%	86.54%	40.53%	11.54%

Source: Data reported under HMDA: U.S. Census data.

Grand Junction MSA

The geographic distribution of loans to businesses in the Grand Junction MSA is reasonable. The portion of business loans in moderate-income CTs is near the demographic comparator. There are no low-income CTs in this AA.

Table 3A – Geographic Distribution of Loans to Businesses in the Grand Junction MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans
Commercial	0.00%	0.00%	25.05%	21.21%	51.31%	45.45%	23.64%	33.33%

Source: Loan sample; U.S. Census data.

Moffat, Rio Blanco, and Routt Counties Non-MSA

The geographic distribution of loans to businesses in moderate-income CTs in the Moffat, Rio Blanco, and Routt Counties Non-MSA AA is excellent. The portion of business loans in moderate-income CTs significantly exceeds the demographic comparator. There are no low-income CTs in this AA.

Table 3A – Geographic Distribution of Loans to Businesses in Moffat, Rio Blanco, Routt Counties Non-MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans
Commercial	0.00%	0.00%	1.51%	3.13%	47.95%	75.00%	50.54%	21.88%

Source: Loan sample; U.S. Census data.

**Responses to Complaints**

The bank has not received any CRA-related complaints since the previous CRA examination.

**COMMUNITY DEVELOPMENT TEST**

The bank’s performance under the community development test is “Outstanding.” The level of CD loans and investments relative to allocated Net Tier 1 Capital<sup>1</sup> is excellent. In its Grand Junction MSA AA, the bank provided a very high level of CD loans and investments. In its Moffat, Rio Blanco, and Routt Counties Non-MSA AA, the bank provided a high level of CD loans and investments particularly considering the weak community development infrastructure in this AA.

**Number and Amount of Community Development Loans**

FNBR demonstrated an excellent responsiveness by providing a very high level of community development (CD) loans in the Grand Junction MSA AA and a high level of

1 The term “allocated Net Tier 1 Capital” is used to describe the portion of capital that is equal to the portion a specific AA represents in relation to total bank deposits. It is used only as a reference. The term is used in relation to FNBR’s CD lending and qualified investments.

CD loans in the Moffat, Rio Blanco, and Routt Counties Non-MSA AA.

The bank provided 10 CD loans totaling \$3.8 million in the Grand Junction MSA AA. The loans equal 47 percent of allocated Net Tier 1 Capital which is a very high level of CD lending. Seven loans provided funding to a local builder who focuses on building affordable homes for first-time low- and moderate-income home buyers. The builder notes that 70–75 percent of the homes are sold to individuals through FHA, HUD, and other organizations that assist LMI borrowers. Three loans provided funding for a non-profit organization which provides housing for recovering alcoholics transitioning from homelessness.

The bank also provided three CD loans totaling \$6 million to an organization which focuses on providing affordable housing for low-income individuals in the Moffat, Rio Blanco, and Routt Counties Non-MSA. The loan renewals represent 22 percent of allocated Net Tier 1 Capital.

### **Number and Amount of Qualified Investments**

FNBR's level of qualified community development investments in the bank's AA is excellent, particularly in the Grand Junction MSA AA.

In the Grand Junction MSA AA, the bank invested in four FNMA and GNMA mortgage pools which helped provide affordable housing for 31 LMI households. The bank also provided two small donations to an organization that provides transitional housing for recovering alcoholics who were previously homeless, and another organization which provides services for migrant workers and their children. Qualified investments in the Grand Junction AA total \$5.8 million and represent 71 percent of allocated Net Tier 1 Capital.

FNBR did not originate investments specifically targeted to the Moffat, Rio Blanco, and Routt Counties Non-MSA AAs. However, the bank did originate a Colorado Housing and Finance Authority Tax Revenue Bond totaling \$1 million which helps provide affordable housing for LMI households in the state of Colorado, including the non-MSA AAs. The bond represents 4 percent of allocated Net Tier 1 Capital.

In addition, the bank originated three qualified municipal bonds totaling just over \$4 million in three distressed middle income non-MSA census tracts outside the bank's AAs, but in the state of Colorado.

### **Extent to Which the Bank Provides Community Development Services**

FNBR operates ten branches in its assessment areas. Three or 30 percent of its branches are located in underserved/distressed middle-income non-metropolitan census tracts. The bank also offers free checking accounts, telephone banking, and online banking through a cell phone or computer.

Qualified community development services were limited to one organization which provides services for migrant workers and their children.

### **Response to Community Development Needs**

Overall the bank demonstrated exceptional efforts and responsiveness to the community development needs in its assessment areas. The bank responded to the need to support affordable housing for low- and moderate-income individuals in its AA as well as the need to provide services for low-income migrant workers and their children. There is also documentation in the bank's files that shows the bank made efforts to assist another organization in its AA to meet its community development needs; however, the organization did not respond.

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

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.