



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

September 02, 2012

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Fairview S&LA  
Charter Number 702049

301 N Main St  
Fairview, OK 73737-1624

Office of the Comptroller of the Currency

The Harvey Parkway Building  
301 NW 63rd Street, Suite 490  
Oklahoma City, OK 73116-7908

**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**

Summarize the major factors supporting the institution's rating.

- Factors supporting the bank's rating should be briefly summarized in bullet format. The summary should highlight only the primary reasons for the rating. It is not necessary to address all five performance criteria in the summary.
- When evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs has been identified in the supervisory process, the conclusion must include a statement if the rating was influenced by this evidence. The conclusion should not mention any technical violations.
- This performance evaluation (PE) format is for EV purposes and does not include detailed guidance. Refer to the Small Bank Training and Tool Kit for guidance on writing the performance evaluation. The kit is available on the Compliance Policy intranet page under CRA.

**SCOPE OF EXAMINATION**

Write a short description of the scope of the examination. Discuss how CRA activities were reviewed (using full-scope or limited-scope reviews). At a minimum, discuss the time period covered in the review, the specific lending products reviewed, the names of (any) affiliates reviewed and their corresponding lending products, and how they were considered in the evaluation. Include a description of loan samples used in your analysis and discuss any applicable data integrity review.

**DESCRIPTION OF INSTITUTION**

Write a brief description of the institution's ability to meet various credit needs based on its financial condition and size, product offerings, prior performance, legal impediments and other factors. Information that may be important to consider includes relationships with a holding company or affiliates, total assets, asset/loan portfolio mix, primary business focus, branching network, and any merger or acquisition activity. Information included in the bank's Public File need not be repeated here; instead, you may refer to the Public File.

**DESCRIPTION OF ASSESSMENT AREA(S)**

Briefly describe the assessment area(s) under review by providing appropriate information (and any trends) on local economic conditions, including community credit needs and business opportunities identified through outreach activities. Include a discussion of the number and kinds of CRA-related community contacts that were consulted and relevant information obtained and used, if any, in the CRA evaluation.

Information included in the bank's Public File need not be repeated here; instead, you may refer to the Public File.

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

Discuss the institution's CRA performance. The facts and data that support your conclusions must be included in the PE. The PE should clearly demonstrate how the core performance criteria were considered in order to rate the institution. The PE should include information on qualified investments and services **only** when they help raise a bank's rating to Outstanding.

In order to make it easier for the reader to find the support for the rating, describe the bank's performance using the following headings:

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

[Conclusion]

### **Lending in Assessment Area**

[Conclusion]

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

[Conclusion for full-scope AA(s)]

[Conclusion for limited-scope AA(s)]

### **Geographic Distribution of Loans**

[Conclusion for full-scope AA(s)]

[Conclusion for limited-scope AA(s)]

### **Qualified Investments and CD Services (Optional)**

[Conclusion]

### **Responses to Complaints**

[Conclusion]

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

Write a paragraph about the institution's record of complying with the laws relating to discrimination and other illegal credit practices inconsistent with helping to meet community credit needs using the following guidelines:

If no substantive violations are found, the PE must state: "We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs."

OR

When substantive violations involving discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs have been identified in the supervisory process and were taken into account in the CRA evaluation, state that substantive violations were found, the nature and scope of the violations, whether they caused the CRA rating to be adjusted downward, and why the rating was or was not adjusted. Identify the law(s) and regulations(s) violated, the extent of the violation(s) (e.g., widespread or limited to a particular office, division, subsidiary, or affiliate) and characterize management's response in acting upon the violation(s)



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September 2, 2012

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

Fairview Savings & Loan Association  
Charter Number 702049

301 N. Main Street  
Fairview, Oklahoma 73737

Office of the Comptroller of the Currency

The Harvey Parkway Building  
301 NW 63rd Street, Suite 490  
Oklahoma City, OK 73116-7908

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## ***INSTITUTION'S CRA RATING***

**This institution is rated “Satisfactory”**

The major factors supporting the institution’s rating include the following:

- The loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance;
- A majority of the bank’s loans were originated within the bank’s assessment area (AA);
- The bank meets the standard for satisfactory performance for lending to borrowers of different income levels and farms of different sizes; and
- The bank is committed to serving the community and demonstrates satisfactory lending performance.

## ***SCOPE OF EXAMINATION***

Fairview Savings & Loan Association (FSLA) was evaluated under the Small Bank examination procedures, which primarily focuses on the Lending Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The bank's AA was reviewed and included the census tract that has the main bank and drive-thru facility, as well as the surrounding geographies.

This Performance Evaluation is based largely on 2000 U.S. Census demographic information and 2011 business demographic information. Conclusions regarding the lending test are based on a sample of home mortgage loans and a sample of agricultural loans originated from January 1, 2010 through December 31, 2011. FSLA does not have any offices in a Metropolitan Statistical Area and is therefore not required to complete the Home Mortgage Disclosure Act reporting log.

## ***DESCRIPTION OF INSTITUTION***

FSLA is a \$36 million institution that is headquartered in Fairview, Oklahoma. The bank is a federally chartered mutual institution, whose only office is located in Fairview, Oklahoma. The bank does not have any affiliates.

The main bank and drive-thru facility are located at 301 N. Main Street in Fairview, Oklahoma. Extended hours are provided Monday through Friday at the drive-thru. A 24-hour access Automated Teller Machine (ATM) is located on the premises. No branches or ATMs have been opened or closed since the prior Community Reinvestment Act (CRA) examination.

FSLA's primary focus is to serve the consumer, agricultural and commercial customers in the AA and surrounding communities. FSLA meets these needs by providing various loan and deposit products and services, as well as Internet Banking and Automated Clearing House services. Traditional loan products are offered such as consumer, home purchase, business and agricultural loans; however, residential and farm real estate loans are the primary lending products offered by FSLA. Since the bank offers up to 30 year mortgage loans, they are referred customers from the surrounding banking institutions. Traditional checking and savings accounts, in addition to CDs and IRAs are offered.

As of March 31, 2012, FSLA's total assets equaled \$36 million, of which \$30 million, or 84 percent, were comprised of various types of loans to individuals and businesses. The bank's portfolio composition is depicted in the following table.

<b>Loan Portfolio Composition</b>		
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Residential Real Estate Loans	13,404	44.72%
Agricultural Loans	12,337	41.16%
Commercial and Industrial Loans	3,106	10.36%
Individual Loans	1,128	3.76%
<b>Total</b>	<b>29,975</b>	<b>100%</b>

*Source: March 31, 2012 Report of Condition and Income.*

There are no known legal, financial, or other factors impeding management's ability to help meet the credit needs of the designated AA. FSLA is involved in and provides support to meet the community's financial needs. The bank received an overall rating of "Satisfactory" at the last evaluation dated November 17, 2006.

## Description of Assessment Area

The AA adopted by FSLA consists of whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude low- or moderate-income geographies. It meets the requirements of the CRA regulation.

FSLA's AA is comprised of the entire political subdivision classified as Major County. Major County is located in northwestern Oklahoma and is comprised of three contiguous middle-income census tracts. The bank, drive-thru and ATM are located in the City of Fairview which lies within census tract 9553. The following table describes major demographic and economic characteristics of the AA, based on 2000 U.S. Census data.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<b>Population</b>	
Population by Geography	7,545
Number of Families	2,225
Number of Households	3,056
<b>Geographies</b>	
Number of Census Tracts	3
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	0.00%
% Middle-Income Census Tracts	100.00%
% Upper-Income Census Tracts	0.00%
<b>Median Family Income (MFI)</b>	
2000 MFI for AA	\$37,864
2011 HUD-Adjusted MFI	\$48,800
<b>Economic Indicators</b>	
Unemployment Rate	2.80%
2000 Median Housing Value	\$53,246
% of Households Below Poverty Level	12.70%

*Source: 2000 Census data and 2011 HUD updated income data.*

The economy of Major County is characterized as good and stable. The economic conditions are driven in part by the expanding oil & gas sector in the surrounding areas. Oil & gas activity is picking up in neighboring counties which is increasing the traffic through the area.

Major employers in the AA are the U.S. Gypsum Plant, Fairview Fellowship Home and Village (retirement & nursing), Fairview Public Schools, and Fairview Regional Medical Center. While no individual oil & gas company is considered a major employer, the industry as a whole has become a major employer in the area. The labor market in the area is holding stable. The unemployment rate in Major County is low at 2.8 percent compared to the Oklahoma State unemployment rate of 4.9 percent. This is according to the Oklahoma Employment Security Commission as of June 2012.

The community credit needs and business opportunities are also served by two other financial institutions in Fairview, as well as other financial institutions in the surrounding communities.

A community contact was conducted during this review to help ascertain the credit needs of the AA. The contact indicated that the credit needs of the community are being adequately met. A possible need in the community is for additional housing, as the current stock is moving quickly and the rentals are staying occupied due to the influx of oil & gas workers.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

This Performance Evaluation assesses FSLA's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the AA; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints.

To evaluate FSLA's lending performance, the major loan products offered by the bank were evaluated. A random sample of 27 residential real estate loans and 29 agricultural loans that originated from January 1, 2010 through December 31, 2011 were selected. Based on the analysis and consistent with available resources and capabilities, FSLA is meeting the credit needs of the AA in a satisfactory manner.

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

FSLA's loan-to-deposit (LTD) ratio is more than reasonable and exceeds the standard for satisfactory performance. The bank's quarterly average LTD ratio from December 31, 2006 to December 31, 2011 was 124.60 percent, which has increased from the quarterly average LTD ratio of 109 percent at the prior CRA evaluation. The LTD ratio as of December 31, 2011 was 104.34 percent which is in the 90 percentile compared to other peer group Savings and Loan Associations with assets less than \$50 million.

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

FLSA's lending in its AA meets the standard for satisfactory performance. A majority of the number and dollar amount of home mortgage loans and agricultural loans were originated within the bank's AA. As depicted in the table below, 77 percent of the number and 75 percent of the dollar amount of loans were originated in FLSA's AA.

<b>Lending in AA</b>										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	20	74.07%	7	25.93%	27	\$1,355	70.03%	\$580	29.97%	\$1,935
Agricultural	23	79.31%	6	20.69%	29	\$2,407	78.53%	\$658	21.47%	\$3,065
<b>Totals</b>	<b>43</b>	<b>76.79%</b>	<b>13</b>	<b>23.21%</b>	<b>56</b>	<b>\$3,762</b>	<b>75.24%</b>	<b>\$1,238</b>	<b>24.76%</b>	<b>\$5,000</b>

*Source: Loan samples.*

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

FLSA’s borrower distribution in the AA is reasonable and meets the standard for satisfactory performance for lending to borrowers of different incomes and farms of different sizes. The following tables represent the distribution of lending based on the sample of 20 residential mortgage loans and 23 agricultural loans originated within the bank’s AA during 2010 and 2011.

The overall distribution of home mortgage loans to low- and moderate-income borrowers is reasonable considering the barriers for low-income persons to purchase a home. While the sample of residential mortgage loans did not include any loans to low-income borrowers, the number of loans to moderate-income borrowers exceeded the comparable peer data. A low-income family earns less than \$24,400 annually and the medium housing value is \$53,246. The ability of a low-income family to meet the bank’s required 20 percent down payment is difficult. A 30-year mortgage at the bank’s current rate with the required down payment, taxes, insurance, and utility bills would make purchasing a house difficult for most low-income families.

There are additional factors affecting the housing market in the AA. Available housing in the area is currently limited due to the influx of oil and gas employees that need housing. Fairview also has two multi-family housing complexes that provide rent subsidized housing for low-income persons.

<b>Borrower Distribution of Residential Real Estate Loans in AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Residential Real Estate	20.00%	0.00%	10.00%	20.00%	20.00%	10.00%	50.00%	70.00%

Source: Loan sample; Aggregate 2010 HMDA originations (includes 20% with income reported as N/A).

FLSA’s borrower distribution to small agricultural operations with revenues of \$1 million or less is excellent. The percentage of bank loans by number and dollar exceeds the standard for satisfactory performance.

<b>Borrower Distribution of Loans to Farms in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	100%	0.00%	0.00%	100%
% of Bank Loans in AA by #	100%	0.00%	0.00%	100%
% of Bank Loans in AA by \$	100%	0.00%	0.00%	100%

Source: Loan sample; Dun and Bradstreet data.

***Geographic Distribution of Loans***

An analysis of the geographic distribution of loans sampled would not be meaningful since there are no low- or moderate-income census tracts in FLSA's AA.

***Responses to Complaints***

There have been no consumer complaints pertaining to FLSA's CRA performance during this evaluation.

## **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.