

**PUBLIC DISCLOSURE**

SEPTEMBER 16, 1996

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**GREENHORN VALLEY BANK**

**10-08-0235**

**629559**

**P.O. BOX 19033**

**ONE NORTH PARKWAY**

**COLORADO CITY, COLORADO 81019**

**Federal Reserve Bank of Kansas City**

**925 Grand Boulevard**

**Kansas City, Missouri 64198**

**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 Greenhorn Valley Bank, Colorado City, Colorado, prepared by the **Federal Reserve Bank of Kansas City, Denver Branch**, the institution=s supervisory agency, as of September 16, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

**INSTITUTION=S CRA RATING:** *This institution is rated **Outstanding**.*

**The bank=s CRA performance is considered outstanding. In a manner consistent with its resources and capabilities, the bank demonstrates outstanding performance in originating loans in its assessment area and to individuals of different income levels and businesses of different sizes.**

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Greenhorn Valley 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	This category is unrated because the bank only has one census tract in its assessment area and that tract is classified as middle-income.		
Response to Complaints	This category is unrated as the bank has not received any complaints about its performance under the Community Reinvestment Act.		

## DESCRIPTION OF INSTITUTION

Greenhorn Valley Bank is a small community bank operating out of its only facility in Colorado City, Colorado. The bank does not have any branches or automated teller machines. According to management, the bank's niche is small dollar consumer lending.

The bank reported total assets of \$10,316,000 in its June 30, 1996 Report of Condition and Income (Call Report). The following table reflects the distribution of the bank's loan portfolio as of June 30, 1996:

<b>DISTRIBUTION OF LOANS IN THE LOAN PORTFOLIO</b>		
<b>Type of Loan</b>	<b>Amount (In Thousands)</b>	<b>Percentage of Total Loans</b>
Consumer Loans	\$2,493	38
Loans Secured by Real Estate:		
Loans secured by 1- to 4-family residential properties	2,324	36
Construction and land development	453	7
Secured by multifamily (5 or more) residential or nonresidential properties	343	5
Agricultural Loans	527	8
Commercial Loans	327	5
Other	16	< 1
Total	\$6,483	

The bank's performance under the CRA was last evaluated at the January 3, 1995 examination, at which time it was considered Satisfactory.

#### **DESCRIPTION OF GREENHORN VALLEY BANK'S ASSESSMENT AREA**

The bank's assessment area, which is the geographic area management has designated as its primary service area, consists entirely of one census tract in the southern edge of the Pueblo Metropolitan Statistical Area (MSA). The assessment area encompasses Colorado City and the town of Rye, which are located approximately 20 miles south of the city of Pueblo. The bank's assessment area does not arbitrarily exclude any low- and moderate-income areas, taking into account the bank's size, structure, and financial condition.

The census tract that the bank has designated as its entire assessment area is classified as middle-income. No specific low- or moderate-income neighborhoods could be identified in the assessment area. However, community contacts indicated that low- and moderate-income individuals are dispersed throughout the area. Per 1990 census data, the population in the

assessment area is estimated at 2,524. Community contacts indicated that the area's population is now much higher than reported in the 1990 census given the substantial growth the community has experienced, particularly in the last year and a half. The 1995 median family income of the Pueblo MSA is estimated to be \$30,400.

Community contacts stated that the local economy is stable and continues to benefit from the presence of Columbia House, a distribution center for CDs, tapes, and videos ordered through Columbia House. Columbia House, which employs over 600 people during peak periods, is the largest employer in Colorado City. Additionally, the area also benefits from some agricultural activities and small businesses. One community contact characterized Colorado City and Rye as bedroom communities of the city of Pueblo, as many people residing in the area commute to Pueblo to work. That community contact noted that people choose to reside in Colorado City and Rye instead of Pueblo because of the small town atmosphere and the affordability of housing. According to that community contact, the average price of a home is only \$100,000 and \$30,000 for a condominium. That contact also noted that the area is seeing a surge in new residential construction due to people leaving the cities and moving into the area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio, which contrasts the level of loans to deposits, is more than reasonable given the bank's size, financial condition, location, and assessment area credit needs. The bank's average net loan-to-deposit ratio for the last four quarters, based on Call Report information, is 71 percent. This ratio is much higher than similarly-sized banks in the state. There were approximately 22 other financial institutions in the state of Colorado with total assets less than \$15 million. The average net loan-to-deposit ratio for the last four quarters for those financial institutions was only 59 percent. There were no similarly-sized banks in Colorado City or Rye or in the neighboring towns.

### Lending in Assessment Area

A substantial majority of loans are in the bank's assessment area. This is based on a sample of loans reviewed during the examination utilizing sampling software procedures. Data obtained from a statistically derived sample of files

was compiled. Some income and address information was obtained through interviews with bank management in cases where the information was not in the files. Two loan types were sampled, including nonreal estate-secured consumer loans (herein referred to as Aconsumer loans@) and small business loans. Overall, 76 percent of both the number and dollar of loans sampled were in the bank=s assessment area.

The following table shows the percentage of loans in the assessment area for each loan type sampled.

DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA								
	<i>Inside the Assessment Area</i>				<i>Outside the Assessment Area</i>			
	Number of Loans	%	Amount of Loans	%	Number of Loans	%	Amount of Loans	%
<b>Consumer Loans</b>	41	77	\$205,807	78	12	23	\$ 56,484	22
<b>Small Business Loans</b>	18	72	\$429,158	28	7	28	\$139,727	25

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

The distribution of loans shows excellent penetration among individuals of different income levels, particularly low- and moderate-income borrowers, and businesses of different sizes given the demographics of the assessment area and the environment in which the bank operates.

The results showed that, overall, 51 percent of the number of consumer loans in the assessment area were to low- and moderate-income borrowers. The bank=s lending to low-income individuals was particularly noteworthy at 34 percent of the number of loans. Lending to moderate-income borrowers was also very good at 17 percent of the number of loans. These results compare very well to the income demographics of the population in the community which is estimated to only be 16.8 percent low-income and 16.8 percent moderate-income.

The bank=s origination of small business loans is excellent. All of the loans in the sample were considered to be small business loans (loans with an original amount of one million or less). Furthermore, the bank=s lending to smaller businesses is particularly noteworthy. The sample showed that 56 percent of the number of small business loans in the assessment area were to businesses with gross annual revenues less than \$500,000. Another 28 percent were to businesses with gross annual revenues of \$100,000 or more but less than \$250,000. The remaining 17 percent were to businesses with gross annual revenues greater than or equal to \$250,000 but less than \$500,000. There were no loans in the sample to businesses with gross annual revenues greater than or equal to \$500,000.

### **Geographic Distribution of Loans**

This performance criteria was not rated given that there are no identifiable low- or moderate-income census tracts in the assessment area. As stated previously, the bank only has one census tract in the assessment area and that tract is classified as a middle-income tract.

### **Response to Complaints**

The bank has received no complaints about its performance in meeting assessment area credit needs. Therefore, no assessment of the bank=s performance in responding to complaints was made.

### **Compliance with Antidiscrimination Laws and Regulations**

The examination identified no violations of antidiscrimination laws and regulations.