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Comptroller of the Currency  
Administrator of National Banks

**Small Bank**

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## **PUBLIC DISCLOSURE**

November 15, 1996

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Grundy County National Bank  
Charter Number 531**

**201 Liberty Street  
Morris, Illinois 60450-4208**

**Comptroller of the Currency  
Chicago Southwest Duty Station  
7600 County Line Road, Suite 3  
Burr Ridge, Illinois 60517**

**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 CRA performance of Grundy County National Bank prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of November 15, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

**INSTITUTION'S CRA RATING: This institution is rated **Satisfactory.****

The bank's average loan-to-deposit ratio at 59% is considered satisfactory and compares favorably to similarly situated institutions. 70% of the number of loans and 62% of the dollar volume of loans originated by the bank are within its assessment area. The bank also has a satisfactory record of lending to borrowers of all income levels and to businesses of different sizes.

The following table indicates the performance level of Grundy County National Bank with respect to each of the five performance criteria.

| <b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>                                   | <b><u>Grundy County National Bank</u><br/>PERFORMANCE LEVELS</b>    |  |  |
|--|---|--|--|
|  | Exceeds Standards for Satisfactory Performance                      | Meets Standards for Satisfactory Performance | Does not meet Standards for Satisfactory Performance |
| Loan to Deposit Ratio  |   | X  |  |
| Lending in the Assessment Area   |   | X  |  |
| Lending to Borrowers of Different Incomes and to Businesses of Different Sizes |   | X  |  |
| Geographic Distribution of Loans   | <b>Not rated since the entire assessment area is middle income.</b> |  |  |
| Response to Complaints   | <b>No complaints were received since the prior examination.</b>     |  |  |

## **DESCRIPTION OF INSTITUTION**

The Grundy County National Bank (GCNB) is located in Morris, Illinois, approximately 60 miles southwest of Chicago and 20 miles west of Joliet. The bank is a wholly-owned subsidiary of Illinois Valley Bancorp Inc., a one bank holding company. The bank has three branches and three automated teller machines (ATMs) located within its assessment area.

GCNB's assets as of June 30, 1996, totaled \$116 million. The bank's loan portfolio of \$47 million represents 41% of total assets. The loan portfolio composition is 52% commercial, 30% residential mortgage, 10% consumer, and 8% agricultural loans. The average size of the bank continues to be approximately \$90 million. Seasonal deposit activity accounts for fluctuations in asset size. There are no financial or legal impediments that would impact the bank's ability to help meet the credit needs of its assessment area. The bank received a "Satisfactory" rating at its last CRA examination on January 24, 1994.

The bank identified home mortgage and small business loans as the primary needs in the community. To help meet these needs, the bank offers a wide variety of lending products including residential mortgage loans, home improvement, home equity, consumer and commercial loans. Loan products that target low- and moderate-income borrowers and small business borrowers include IHDA (Illinois Housing Development Authority) guaranteed mortgages loans, SBA (Small Business Administration) loans (standard and Low-Doc), and FmHA (Farmers Home Administration) guaranteed loans. In addition, the bank participates in the Upper River Valley Community Development Corporation (CDC) that focuses on small to medium size firms. Our interview with the Grundy County Economic Development Council (GCEDC) confirmed that residential mortgage and small business loans are the primary credit needs in the community.

According to the 1995 Home Mortgage Disclosure Act (HMDA) market share information, GCNB ranked fifth in home purchase originations out of a total of 90 financial institutions serving this market. Further, GCNB is a top originator of refinance loans within the assessment area.

## **DESCRIPTION OF THE ASSESSMENT AREA**

The bank's assessment area is Grundy County. Grundy County is comprised of nine census tracts. The city of Morris is the county seat and major population center. All nine census tracts are middle-income areas, however, 37% of the families within these census tracts have incomes in the low- and moderate-income range. The assessment area meets the legal requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas.

The total population of the assessment area is 32,337 (based on 1990 U.S. Census Data). There are 12,652 housing units of which 66% are owner-occupied, 28% are rental-occupied, and 6% are vacant. The median age of the housing stock is 31 years while the median housing price is \$80,900.

The economy in the assessment area is stable. The unemployment rate in the area is 5.49%. Based on information provided by the GCEDC, the county has a stable manufacturing sector that is presently showing some growth. The GCEDC expects this growth to continue as the county provides more industrial infrastructure to meet the needs of businesses moving out from the Chicago area. Their analysis shows positive growth in all industry sectors.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

- **The bank’s loan to deposit ratio is satisfactory.**

The average loan-to-deposit ratio for the past twelve quarters since the last examination is 59%. This exceeds the ratios of three similarly situated institutions, which range from 38% to 47%. These similar institutions are comparable in location and asset size.

- **The majority of the loans made by the bank are within its assessment area.**

As the table below details, 70% of the number of loans and 62% of the dollar volume of loans were within the assessment area. Our analysis is based on a sample of 154 residential loans from the 1995/96 HMDA-LAR (Loan Application Register) and 20 small business loans from the bank’s commercial loan trial as of October 27, 1996.

| Loan Type                  | Dollar Volume of Loans |             | Number of Loans |            |
|----------------------------|------------------------|-------------|-----------------|------------|
|                            | Within AA              | Outside AA  | Within AA       | Outside AA |
| Residential Mortgage Loans | \$7,230,000            | \$4,240,000 | 106             | 48         |
|                            | 63%                    | 37%         | 69%             | 31%        |
| Small Business Loans       | \$625,000              | \$590,000   | 15              | 5          |
|                            | 51%                    | 49%         | 75%             | 25%        |
| Total Sample               | \$7,855,000            | \$4,830,000 | 121             | 53         |
|                            | 62%                    | 38%         | 70%             | 30%        |

- **The bank has a satisfactory record of lending to borrowers of different incomes and businesses of different sizes within its assessment area.**

The following table outlines the bank's residential real estate lending record to borrowers of different incomes. The table is based on a sample of 106 residential mortgage loans originated within the assessment area in 1995/96. 27% of the number of these loans were to low- and moderate-income individuals. This distribution is reasonable considering that the total percentage of low- and moderate-income families within the assessment area is 37%.

| Gross Income Levels | \$ of Loans        | % of Total  | # of Loans | % of Total  |
|---------------------|--------------------|-------------|------------|-------------|
| Low                 | \$236,000          | 3%          | 6          | 6%          |
| Moderate            | \$978,000          | 14%         | 22         | 21%         |
| Middle              | \$1,517,000        | 21%         | 27         | 25%         |
| Upper               | \$4,499,000        | 62%         | 51         | 48%         |
| <b>Total</b>        | <b>\$7,230,000</b> | <b>100%</b> | <b>106</b> | <b>100%</b> |

The bank's record of lending to businesses of different sizes is good. The table below details the distribution by revenues of businesses and is based on a sample of 15 loans selected from the bank's October 27, 1996 commercial loan trial. As the table indicates, 87% of the number of loans within the assessment area are to businesses with revenues of less than \$1 million.

| Gross Revenue Levels  | # of Loans | % of Total  | \$ of Loans    | % of Total  |
|-----------------------|------------|-------------|----------------|-------------|
| Less than \$100,000   | 4          | 27%         | 40,000         | 6%          |
| \$100,000 - \$250,000 | 3          | 20%         | 54,000         | 9%          |
| \$250,000 - \$500,000 | 6          | 40%         | 277,000        | 44%         |
| More than \$500,000   | 2          | 13%         | 254,000        | 41%         |
| <b>Total</b>          | <b>15</b>  | <b>100%</b> | <b>625,000</b> | <b>100%</b> |

- **An analysis of the geographic distribution of loans has not been performed at this examination.**

An analysis of the geographic distribution of loans is not meaningful since the income level throughout the assessment area is homogeneous. All nine census tracts in the assessment area are middle income geographies.

- **The bank is in compliance with the antidiscrimination laws and regulations.**

No violations of the provisions of the antidiscrimination laws and regulations were identified during the examination.