



Comptroller of the Currency
Administrator of National Banks

Small Bank

PUBLIC DISCLOSURE

October 25, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**DuPage National Bank
Charter Number 15038
101 Main Street
West Chicago, Illinois 60185**

**Office of the Comptroller of the Currency
Chicago South Field Office
7600 County Line Road, Suite 3, Burr Ridge, IL 60521**

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 the **DuPage National Bank of West Chicago, Illinois** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of **October 25, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

DEFINITIONS

1. HMDA Loans

HMDA (Home Mortgage Disclosure Act) loans are home purchase loans and home improvement loans, including refinancing. A home purchase loan is any loan secured by and made for the purchasing of a dwelling. A home improvement loan is any loan to be used, at least in part, for repairing, rehabilitating, remodeling or improving a dwelling (or the real property on which the dwelling is located) and is classified or carried on the institutions books as a home improvement loan. The term applies to secured and unsecured loans.

2. Income Level

Low income-an individual income that is less than 50 percent of the area median income or a median family income that is less than 50 percent, in the case of a geography.

Moderate income-an individual income that is at least 50 percent and less than 80 percent of the area median income, or a family income that is at least 50 and less than 80 percent, in the case of geography.

Middle income-an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Upper income-an individual income that is 120 percent or more of the area median income or a median family income that is a 120 percent or more, in the case of a geography.

INSTITUTION'S CRA RATING: This institution is rated "**Satisfactory**". This rating is primarily based on the following:

- The bank's record of lending to low-and moderate-income individuals is good; and
- The loan to deposit ratio exceeds the standards.

DESCRIPTION OF INSTITUTION

The DuPage National Bank (DPNB) is located in the Village of West Chicago, Illinois. West Chicago is approximately 28 miles west of the city of Chicago, Illinois and 13 miles north east of Aurora, Illinois. DPNB is 100% owned by F.F. Holding Corporation.

The bank operates 2 full service branches and 1 Drive-up facility in West Chicago, Illinois. The bank has 2 onsite automated teller machines (ATM) located at these branches. DPNB's competition includes a local state chartered bank as well as many larger, multi-state institutions with branch offices in West Chicago and nearby communities.

DuPage National Bank has total assets of \$60 million as of June 30, 1999 and is privately held. Net loans represents 73% of total assets as of June 30, 1999. The portfolio of average gross loans consists of 94% real estate or \$42 million, 1% instalment or \$430 thousand, and 5% or \$1.4 million commercial loans. These percentages are based on the outstanding dollar amounts as of June 30, 1999. There are no financial conditions or legal constraints that hinder the bank's ability to help meet the credit needs of its assessment area (AA).

The bank offers a variety of traditional loan products including residential real estate, home improvement, home equity and lines of credit, commercial, and small business loans. The bank is a member of the DuPage Homeownership Center. Through this membership, DPNB extends loans to low- and moderate-income applicants who might not otherwise qualify for home purchase loans.

The bank earned a "Satisfactory" rating at the previous CRA evaluation dated October 24, 1996.

DESCRIPTION OF ASSESSMENT AREA

DuPage National Bank has one assessment area (AA) located in the Chicago Metropolitan Statistical Area (MSA 1600). The AA consists of 18 census tracts located in the counties of DuPage and Kane. The 18 census tracts are comprised of 4 middle income tracts and 14 upper income tracts. There are no low- and moderate-income tracts in the bank's AA. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income tracts.

According to 1990 census data, the population of the bank's AA is 38,500 families. The updated median

family income for the MSA is \$63,800. The 4 middle-income tracts have 10,321 housing

units of which 54% are owner occupied, 40% are renter occupied and 6% are vacant. Approximately thirty-three percent (33%) of the families living in these tracts are low- or moderate-income. The 14 upper-income tracts have 40,254 housing units of which 81% are owner occupied, 15% are renter occupied and 4% are vacant. Approximately sixteen percent of the families living in these tracts are low-or moderate-income. The median age of housing in the AA is 26 years and the median housing cost is \$135,451. There is very little turnover in housing and little to no new construction.

Through involvement in it's community, DPNB has identified home improvement loans as a primary credit need along with affordable housing.

The economy of the AA is stable with the majority of residents employed as blue-collar workers. The area relies on a variety of light manufacturing, retail trades and service-orientated businesses. Some major employers are General Mills, Jel Sert, Fermilab, Swift Meat Packaging, Liquid Container, Wrigley Gum and Campbell Soups.

COMMUNITY CONTACT

We contacted a representative of a DuPage County organization whose main purpose is to increase homeownership opportunities for low- and moderate-income individuals. They provide education for home-ownership, first time homebuyers and default credit counseling. The organization sponsors an annual first time homebuyers fair and performs minority outreach. Our contact stated that the local economy is very good; however, most of the housing stock is priced beyond low- and moderate applicant income levels.

A primary credit need within the DuPage County is affordable housing. This county has no low- and moderate-income tracts and the low- and moderate-income individuals are not compressed to any specific area of the county but rather dispersed throughout the county. This makes it difficult for lending institutions to approach this segment of the population. The community contact spoke very positively about the involvement of local financial institutions, throughout the county.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

This evaluation period covers activity from January 1997 through June 1999. Overall, the DuPage National Bank meets the community credit needs in a manner commensurate with its size, resources, and capabilities. Home purchase loans, home improvement loans and refinancing of mortgage loans were analyzed using data from the banks submitted Home Mortgage Disclosure Act (HMDA) statements from 1997, 1998 and year to date 1999. These loan types were chosen for the evaluation because they comprise a large majority (94%) of the bank's loan portfolio.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

- **Lending to borrowers of different income levels meets the standards.**

Overall, the bank performs well when lending to moderate-income individuals. Lending patterns disclose that almost twenty-two percent of HMDA loans originated by DPNB are to moderate-income people. This compares favorably to the percentage of moderate-income families in the AA (12%). The lending patterns disclose that loans to low-income borrowers (8%) is comparable to the level of low-income families in the AA (8%). When analyzing home purchase loans, DPNB's performance is strong. This is evidenced by the fact that of these types of loans, 15% are made to low-income borrowers and 23% are made to moderate-income persons compared with the demographics, which show 8% and 12% respectively. An analysis of home improvement loans, identified by DPNB as a primary credit need, disclose that the bank is lending to low-income individuals at a rate higher than the demographics (12% versus 8%) and commensurate to the demographics to moderate-income borrowers. (It is important to note that the percentages may be skewed due to the volume of lending.) The chart below demonstrates the bank's borrower distribution among different income levels from data submitted on the 1997 and 1998 loan application registers and 1999 accumulated HMDA data.

Loan Distribution to Borrowers of Different Income Levels

	Low Income		Moderate Income		Middle Income		Upper Income		
	Borrowers		Borrowers		Borrowers		Borrowers		
Purpose	Count /	%	Count /	%	Count /	%	Count /	%	Total
	Amount (000's)		Amount (000's)		Amount (000's)		Amount (000's)		
Home Purchase	2	15.38	3	23.08	6	46.15	2	15.38	13 100%
	\$99	5.99	\$217	13.13	\$700	42.35	\$637	38.54	\$1,653 100%
Home Improvement	3	12.50	3	12.50	10	41.67	8	33.33	24 100%
	\$53	5.69	\$33	3.54	\$341	36.63	\$504	54.14	\$931 100%
Refinancing	4	5.13	19	24.36	28	35.90	27	34.62	78 100%
	\$120	1.78	\$1,441	21.41	\$2,427	36.07	\$2,741	40.73	\$6,729 100%
Total	9	7.83	25	21.74	44	38.26	37	32.17	115 100%
	\$272	2.92	\$1,691	18.16	\$3,468	37.24	\$3,882	41.68	\$9,313 100%
Percentage of Families *	7.6		11.8		26.1		54.5		100%

(Count is number of loans and % is of total % of loans)

*Data is from 1990 Census Demographic Data

An analysis of small business loans was not completed due to the small amount of business loans as a percentage of the total loan portfolio.

Loan to Deposit Ratio

- **The bank's loan to deposit ratio exceeds the standards.**

The bank has a quarterly average loan to deposit ratio of 72% since the last evaluation. This ratio has increased significantly and is well above similarly situated institutions. We analyzed a custom peer group consisting of local financial institutions with an average asset size ranging from \$64 million to \$96 million.

The bank's custom peer group has loan to deposit ratios ranging from 42% to 55%. DPNB's current (as of June 30, 1999) loan-to-deposit ratio of 72% has been on an upward trend since the last evaluation. Management has realized loan growth of 48% over the last two years and plans to continue this trend of increasing its loan portfolio.

Lending in the Assessment area

- **Lending inside the bank's assessment area meets the standards.**

Although only thirty-three percent of DPNB's loans originated are within the AA, given the bank's size, competition and market considerations, this is level is satisfactory. The AA is highly banked via large multi-state financial institutions and mortgage companies. According to Peer HMDA Data, 483 lenders extended a total of 18,354 (\$2,700 million) HMDA reportable loans inside DPNB's AA in 1998. DuPage National Bank ranks 68th out of the 483 and is in the top 14% of the total lenders within this market. When analyzing individual HMDA products, DPNB ranks in the top 12% of lenders in refinance loans, top 31% of lenders in home improvement loans and top 45% in home purchase loans. Recently, the bank has participated in a loan program that should allow them to be more competitive with its loan pricing. Bank management is expecting this program to improve the in/out ratio.

HMDA Loans Extended Inside and Outside the Bank's AA by Product Type

Purpose	Total HMDA Loans for 1997, 1998 & 1999				HMDA Loans Inside the bank's AA				HMDA Loans Outside the bank's AA			
	#	%	\$	% total	#	%	\$	%total	#	%	\$	%total
Home Purchase	66	19%	\$11,002	26%	13	11%	\$1,653	18%	53	23%	\$ 9,349	28%
Refinance	228	66%	\$27,596	65%	78	68%	\$6,729	72%	150	65%	\$20,867	63%
Multifamily	5	1%	\$ 1,510	4%	0	0	0	0	5	2%	\$ 1,510	5%
Home Improvement	46	13%	\$ 2,267	5%	24	21%	\$ 931	10%	22	10%	\$ 1,336	4%
Total	345	(100%)	\$42,375	(100%)	115	(100%)	\$9,313	(100%)	230	(100%)	\$33,062	(100%)

*An in and out ratio is the number and dollar amount of loans extended inside the bank's assessment area compared to the number and dollar amount extended outside of the bank's assessment area.

Geographic Distribution of Loans

- **The analysis of the geographic distribution of loans originated is not meaningful, as there are no low- or moderate-income geographies within the AA.**

Responses to Complaints

- **The bank did not receive any CRA related complaints since the last evaluation.**

Fair Lending

- **The bank is in substantive compliance with anti-discrimination laws and regulations.**

Using The Comptroller of the Currency's "Alternative Fair Lending Procedures", we reviewed various applications for compliance with anti-discrimination laws and regulations. This analysis included reviewing systems and controls in place with respect to the application process to ensure compliance with the technical requirements of the fair lending laws.

No violations of the substantive provisions of anti-discrimination laws and regulations were identified during this review.