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**Comptroller of the Currency  
Administrator of National Banks**

**SMALL  
BANK**

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## **PUBLIC DISCLOSURE**

**November 16, 1998**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Hulett National Bank  
Charter Number 18154**

**133 Main Street  
Hulett, Wyoming 82720**

**Billings Field Office  
490 North 31st Street, Suite 220  
Billings, Montana 59101-1256**

**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 **Hulett National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 16, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Hulett National Bank meets the needs of its community through agriculture loans, small commercial loans, including SBA financing, consumer lending, and, on a limited basis, home financing. The bank makes the majority of its loans inside its assessment area. The bank's lending patterns show a good penetration of loans to individuals of different income levels, as well as businesses and farms of different sizes. The bank's loan-to-deposit ratio is reasonable compared to similarly situated banks. Hulett National Bank's loan originations are well-disbursed geographically throughout its assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Hulett National 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	X		
Response to Complaints	No complaints received since the last CRA exam.		

**DESCRIPTION OF INSTITUTION:**

Hulett National Bank is a \$7 million independently owned community bank located in Hulett, Wyoming. Hulett is a rural agricultural community of about 429 people. Hulett is located near the center of Crook County, Wyoming, which is in the northeast corner of the state. The bank has one office and no automated teller machines.

The bank offers a full range of credit products, including: agricultural loans, commercial loans (including government-guaranteed agricultural loans and commercial loans), consumer loans, and (on a limited basis) home loans. For home loans the bank offers a maximum maturity of 10 years and does not offer government-guaranteed loans targeted to low- and moderate-income borrowers. As of September 30, 1998, the bank’s loan and lease portfolio consisted of 34 percent agricultural loans, 29 percent residential real estate loans, 22 percent commercial loans, 10 percent consumer loans, and 5 percent other loans. There are no financial or legal impediments to the bank’s ability to meet the credit needs of its assessment area. The bank received a satisfactory rating at the last CRA examination on December 23, 1996.

**DESCRIPTION OF CROOK COUNTY:**

Hulett National Bank has designated all of Crook County as its assessment area (AA). The bank’s designated AA meets the requirements of the CRA and does not arbitrarily exclude low- or moderate-income geographies. The county is not in a Metropolitan Statistical Area (MSA). There are three block numbering areas (BNA) included in the assessment area. Two of the BNAs are designated middle income and one is moderate income. One BNA, which includes Hulett, is designated moderate income. The following chart shows the makeup, by family income, of the assessment area.

<b>FAMILY INCOME FOR THE ASSESSMENT AREA</b> <b>1997 Statewide Non-MSA Median Income is \$41,900</b>		
<b>Income Category</b>	<b>Number of Families</b>	<b>Percent</b>
<b>Low Income</b> (Less than \$20,950)	325	22
<b>Moderate Income</b> (At least \$20,950 but less than \$33,520)	331	23
<b>Middle Income</b> (At least \$33,520 but less than \$50,280)	351	24
<b>Upper Income</b> (At least \$50,280)	443	31
<b>Total</b>	1,450	100

The population in the county totals 5,294 based on the 1990 U.S. Census. The census data indicates less than one-half of the population is considered low- to moderate-income. According to the 1990 census data, the median housing value for the area is \$53,799.

The economy in the assessment area is dependent upon cattle ranching, logging, and two saw mills. The major employers are the saw mills and the school district. Also, Devils Tower National Monument, visible from the town, attracts thousands of visitors to the area.

Hulett National Bank is the only bank in Hulett, Wyoming. The closest competing bank is located in Sundance, Wyoming, approximately 38 miles away.

We met with two community contacts from Hulett on December 8, 1998. One contact represented the local housing authority and the real estate business. The other contact represented the housing authority and local industry. Discussion with these community contacts revealed a prevalent desire for the bank to offer a wider variety of home loan products which would serve to assist the moderate-income borrower. Low-income housing was recently constructed in the community for low-income people, including senior citizens, but moderate-income individuals are not eligible for these units. The local contacts believe that longer-term mortgages, together with local bank participation in government-guaranteed home loan programs, would benefit the community.

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

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

Hulett National Bank's loan-to-deposit ratio is satisfactory compared to similarly situated banks. The banks are similarly situated by geographic location, asset size, and demographic characteristics. The bank's average loan-to-deposit ratio for the eight quarters ending June 30, 1998, is 62 percent. This percentage represents the middle of six similarly situated banks in northeast Wyoming. The banks in the test group had average loan-to-deposit ratios for the eight quarters ending June 30, 1998, in the range of 37 to 76 percent.

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

Hulett National Bank originates a clear majority of loans within its assessment area. This conclusion is based on 100 percent of the loans made between January 1, 1997, and November 16, 1998. This review showed 88 percent of dollar volume and 92 percent of the number of loans made are within the bank's assessment area. We tested management's internal geocoding by sampling 10 percent of the loans reported as originated in the assessment area. This lending pattern was consistent for all types of loans.

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

Hulett National Bank's distribution of loans reflects good penetration among businesses, farms, and individuals of different income levels and sizes. The following table reveals that all of the 223 commercial and agricultural loans made since January 1, 1997, were to small businesses (revenues less than \$1 million) and small farms (revenues less than \$500,000). The majority of the loans were made to businesses with annual revenues less than \$100,000. This is reflective of the bank's operating environment given that most of the bank's commercial loans are to small sole proprietorships located in Hulett.

<b>DISTRIBUTION OF BUSINESS AND AGRICULTURAL LOANS BY REVENUE</b>		
<b>Business Size by Revenue \$(000s)</b>	<b>Number of Business Loans</b>	<b>Percent of Businesses with Revenues &lt;\$1,000,000</b>
Revenue ≥ \$1,000	0	0
Revenue ≥ \$500 < \$1,000	0	0
Revenue ≥ \$250 < \$500	1	5
Revenue ≥ \$100 < \$250	3	15
Revenue < \$100	16	80
<b>Total</b>	20	100

The table following shows the bank extends a significant percentage of consumer and home mortgage loans to low- and moderate-income borrowers. The table is based on a sample of loans made between January 1, 1997, and November 16, 1998. During this period the bank made a total of 28 home mortgage loans and 290 consumer loans. The number of home loans made during the last 23 months appears low, which may be due to the limited home loan products offered by the bank. As discussed earlier, home loan products for moderate-income borrowers was a credit need identified by the local contacts. This bank's lending pattern compares favorably to the percent of low- and moderate-income families in the bank's assessment area based on 1990 U.S. Census data.

<b>DISTRIBUTION OF CONSUMER AND MORTGAGE LOANS BY INCOME LEVEL</b>					
<b>Income Designation of Borrowers</b>	<b>Percent of Families in Assessment Area</b>	<b>Mortgage Loan Sample</b>		<b>Consumer Loan Sample</b>	
		<b>Number of Borrowers</b>	<b>Percent of Borrowers</b>	<b>Number of Borrowers</b>	<b>Percent of Borrowers</b>
<b>Low</b>	22	3	30	20	64
<b>Moderate</b>	23	2	20	8	26
<b>Middle</b>	24	4	40	3	10
<b>Upper</b>	31	1	10	0	0
<b>Total</b>	100	10	100	31	100

*Geographic Distribution of Loans*

The bank's loans are reasonably dispersed throughout the assessment area. The majority of bank loans are in the moderate-income tract which is the town of Hulett. We tested management's geocoding by sampling 10 percent of the 295 loans originated by the bank.

<b>GEOGRAPHIC DISTRIBUTION BY NUMBER OF LOAN ORIGINATIONS</b>			
<b>From January 1, 1997, through November 16, 1998</b>			
<b>Income Characteristic of Block Numbering Area (BNA)</b>	<b>Number of BNAs</b>	<b>Percent of BNAs</b>	<b>Percent of all loans originated</b>
<b>Low Income</b>	0	0	0
<b>Moderate Income</b>	1	33	81
<b>Middle Income</b>	2	67	19
<b>Upper Income</b>	0	0	0
<b>Total</b>	3	100	100

***Response to Complaints***

No complaints have been received regarding the bank's CRA performance since the last CRA Performance Evaluation dated December 23, 1996.

***Record of Compliance with Antidiscrimination Laws***

We did not find any evidence of discrimination or practices intended to discourage applicants from applying for credit.