

# **PUBLIC DISCLOSURE**

**April 30, 1999**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Community Bank of Hopedale  
19097**

**115 NW Main Street  
Hopedale, Illinois 61747**

**Federal Deposit Insurance Corporation  
Division of Compliance and Consumer Affairs  
Chicago Regional Office  
500 West Monroe, Suite 3300  
Chicago, Illinois 60661**

**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.**

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## 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 Community Bank of Hopedale prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of April 30, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION RATING

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

The bank's loan to deposit ratio has remained at an acceptable level since the previous evaluation. A majority of the bank's loans were extended within the assessment area and loans were well disbursed among all income levels.

## DESCRIPTION OF INSTITUTION

Community Bank of Hopedale is primarily owned (99 percent) by the Hopedale Investment Company, a one-bank holding company. This bank operates from its sole office located at 115 NW Main Street in Hopedale, Illinois. On December 31, 1998, the bank reported total assets of \$12,169,000. On the same date, the bank reported net loans of \$6,325,000 which results in a loan to deposit ratio of 57 percent and a loan to asset ratio of 52 percent. The eleven quarter average loan to deposit ratio was 49 percent. The bank originated 420 loans in the amount of \$3,097,440 since the previous evaluation. Consumer loans made up 52 percent of the number of loans and 65 percent of the dollar volume. Community Bank of Hopedale also offers five year balloon loans for financing residential real estate as well as commercial and agricultural loans and lines of credit. The bank offers a variety of deposit accounts checking, savings, individual retirement accounts (IRAs), certificates of deposit, and money market accounts.

## DESCRIPTION OF CENSUS TRACT 220, PEORIA-PEKIN MSA

Community Bank of Hopedale has designated Census Tract 220 of the Peoria-Pekin, Illinois Metropolitan Statistical Area (MSA #6120) as its assessment area. Census Tract 220 is located in the southeastern portion of Tazewell County and includes the Villages of Hopedale, Minier,

and Armington. This is a rural area and agriculture is the main industry. Total population of the assessment area was nearly 4,100 in 1990. Tract 220 is considered a middle-income geography as the median family income for residents of this tract is equivalent to approximately 92 percent of the Peoria-Pekin Metropolitan Statistical Area's median family income. The chart, below, provides demographic information concerning Census Tract 220.

**Table 1**

<b>Demographic &amp; Economic Data for Assessment Area and Peoria-Pekin MSA</b>		
	<b>Assessment Area</b>	<b>Peoria-Pekin MSA #6120</b>
<b>Total Population</b>	4,053	339,172
<b>1990 MSA Median Family Income</b>		\$36,405
<b>1998 Estimated Median Family Income(*)</b>		\$48,100
<b>1999 Estimated Median Family Income(*)</b>		\$50,000
<b>Percentage of Families by Income Level:</b>		
Low-Income	15%	20%
Moderate-Income	23%	18%
Middle-Income	24%	24%
Upper-Income	38%	38%
<b>Percentage of Families Below Poverty Level</b>	5%	9%
<b>Median Housing Value</b>	\$49,048	\$49,303
<b>Median Housing Age</b>	44 years	46 years
<b>Percentage of Total Housing Units:</b>		
1-4 Family Residential Units	94%	84%
Multi-Family Units	2%	13%
Mobile Homes	3%	2%
Other	1%	1%
<b>Median Gross Rent</b>	\$330	\$349
<b>Owner-Occupied Housing Units</b>	69%	65%
<b>Rental Housing Units</b>	25%	30%
<b>Vacant Housing Units</b>	6%	5%

\* This figure is based on estimates from the Department of Housing and Urban Development for Peoria-Pekin Metropolitan Statistical Area

Two other financial institutions operate within this assessment area. In addition, financial institutions located in Morton, Tremont, Peoria, and Bloomington-Normal, Illinois, compete with this bank for loans within census tract 220. Information obtained from recent interviews by all financial institution regulatory agencies indicates that the majority of residents within the assessment area find employment in the larger metropolitan areas of Peoria and Bloomington-Normal. Specifically, Caterpillar, Inc. (Peoria), Diamond-Star Motors (Bloomington) and State Farm Insurance (Bloomington) are major employers for residents of the assessment area. The Village of Hopedale (population 900) is located approximately 30 miles southeast of Peoria, Illinois and 25 miles west of Bloomington-Normal, Illinois. The Hopedale Medical Complex (200-300 employees) is the largest employer in Hopedale.

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

The following analyses focus directly on the bank's lending patterns during the evaluation period, with particular emphasis on the extent to which the bank has served the credit needs of its community, including those of the low- and moderate-income population.

### **Sampling Procedures**

The loan category selected for sampling was consumer loans which, in the aggregate, accounted for approximately 52 percent of the number and 64 percent of the dollar amount of all loan originations since the previous evaluation. Twenty-six of 56 consumer loans originated between October 31, 1998 and the date of this evaluation were sampled. The sample was representative of the bank's lending performance during the evaluation period, which runs from April 8, 1996 (the date of the last evaluation) through the date of this Public Disclosure document.

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

The sampled loans were reviewed to determine the number and dollar amount originated inside and outside the bank's assessment area. **Table 2** reflects such findings.

<b>Table 2 – Distribution of Sampled Loans Inside/Outside Assessment Area</b>				
<b>Distribution</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>	<b>Dollar Volume of Loans (000's)</b>	<b>Percent of Dollar Volume</b>
<b>Consumer Loans</b>				
Inside Assessment Area	14	54%	\$61,850	47%
Outside Assessment Area	12	46%	\$70,288	53%
Totals	26	100%	\$132,138	100%

The bank has demonstrated an acceptable record of originating a majority of the number of loans within the assessment area.

**Lending to Borrowers of Different Incomes:**

All of the sampled loans originated within the assessment area were further reviewed to determine their distribution among borrowers of varying income levels, with emphasis on the distribution among low- and moderate-income borrowers. The consumer loans are segregated among low-, moderate-, middle-, and upper-income categories, as reflected in **Tables 3**, based on the borrowers' income levels in relation to the Peoria-Pekin Metropolitan Statistical Area. The percentages are further compared to the relative percentage of families representing such income levels within the assessment area. The basis for determination of a given borrower's income classification is based on estimates by the Department of Housing and Urban Development (HUD) as follows:

- LOW** Borrower income less than 50% of the HUD MFI
- MODERATE** Borrower income between 50% and less than 80% of the HUD MFI
- MIDDLE** Borrower income between 80% and less than 120% of the HUD MFI
- UPPER** Borrower income of 120% and over of the HUD MFI

<b>Borrower Income (Number of Loans)</b>	<b>Percentage Number/Dollar</b>	<b>Percent of Families in Category</b>
Low Income (3)	21% / 7%	15%
Moderate Income (5)	36% / 32%	23%
Middle Income (4)	29% / 49%	24%
Upper Income (2)	14% / 12%	38%
<b>Total (14)</b>	<b>100% / 100%</b>	<b>100%</b>

The number and, to a lesser extent, the dollar volume of sampled consumer loans to low- and moderate-income borrowers exceeded their representation in the assessment area. This performance is further enhanced once the residents with incomes below the poverty level are taken into consideration (5 percent). Poverty level borrowers generally do not seek consumer-based loans. The bank's performance relative to this factor is considered to be above average.

**Loan to Deposit Ratio:**

The net loan-to-deposit ratio of the Community Bank of Hopedale as of December 31, 1998, was 56 percent. The bank has maintained an average ratio of 49 percent since the previous evaluation. This average was calculated using the 11 quarterly ratios since the previous evaluation beginning with April 8, 1996, to December 31, 1998. The ratio has increased from 41 percent to 57 percent during that period. Given the level of competition in this market and the positive growth trend, the average loan to deposit ratio is considered adequate.

**Geographic Distribution of Loans:**

Because the bank's assessment area consists of one middle-income geography, the sampled loans were not reviewed in detail to determine their geographic distribution within the assessment area. Analysis of the geographic distribution of the sampled loans was not deemed to be necessary.

**Response to Complaints:**

No complaints, concerning the bank's CRA performance, have been received by the bank since the preceding evaluation dated April 8, 1996.

**Antidiscrimination Laws:**

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