



## **PUBLIC DISCLOSURE**

April 27, 1998

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Lemont National Bank and Trust Company  
Charter Number 11715**

**310 Main Street  
Lemont, Illinois 60439**

**Office of the Comptroller of the Currency  
Chicago-South Field Office  
7600 County Line Road, Suite 3  
Burr Ridge, Illinois 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 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.*

*institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Lemont National Bank and Trust Company** prepared by **Office of the Comptroller of the** , the institution's supervisory agency, as of April 27, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12*

**INSTITUTION'S CRA RATING:** This institution is rated: **Record of Meeting**

A majority of the bank's loans are originated inside the assessment area. The distribution of borrowers reflect reasonable penetration among individuals of different incomes and businesses

## **DESCRIPTION OF INSTITUTION**

Lemont National Bank (LNB) is located in the Village of Lemont, Illinois which is about 30 miles southwest of Chicago. LNB is majority (54%) owned by Lemont Bancorp, a one bank holding company. The bank has four offices, all of which are located in the Village of Lemont. One of the branches is located in downtown Lemont, a depressed business district. All locations have automated teller machines which can be accessed 24 hours a day.

LNB totaled \$55.5 million in total assets as of December 31, 1997. Gross loans comprise 30% of the bank's total assets. The loan portfolio is 39% residential real estate (1-4 family), 34% home equity 6% other real estate, 8% commercial, 4% installment, and 9% other. Other assets consist of 23% investments, and 43% bank balances and federal funds sold.

The bank offers a variety of loan products which include: conventional and jumbo mortgage products with 15 & 30 year fixed rates, and 5 & 7 year balloons; home refinance; home improvement; home equity lines and fixed rate loans; small business association (SBA) loans, commercial loans, and student loans with Illinois Designated Account Purchase Program (IDAPP). The bank refers applications for Federal Housing Authority and Veterans Administration to local mortgage brokers.

No financial or legal impediments exist that would impact the bank's ability to meet the credit needs of its community. The Comptroller of the Currency rated the bank's performance "Outstanding" at the last CRA evaluation dated July 13, 1995. That evaluation was done using the prior regulation guidelines and criteria.

## **DESCRIPTION OF THE BANK'S ASSESSMENT AREA**

LNB's assessment area (AA) consists primarily of Lemont Township and South Downers Grove Township, which is part of the Chicago Metropolitan Statistical Area (MSA 1600). This area encompasses the bank's branches and a substantial majority of their loans. The median family income is \$55,800. There is one middle income census tract (8458.03), and four upper income tracts (8240.01, 8240.02, 8458.05, and 8459) in the AA. While there are no low- or moderate-income tracts in the AA, low- and moderate-income families comprise 7% and 13% of the families in the AA, respectively. The AA is comprised of 6,812 families.

This area has a relatively low population density with large vacant parcels of land belonging to the Forest Preserve District, Argonne Laboratories, and religious denominations (Hindu Temple). Total population in the AA is 25,404.

Although the downtown business district in Lemont is depressed, the local economic conditions of the AA are good. The city of Lemont is experiencing growth as residential

## **DESCRIPTION OF THE BANK'S ASSESSMENT AREA- Continued**

development is expanding throughout the AA. The average cost of these newer homes is \$250 thousand and are primarily being purchased by second or third time home buyers. The area has a good mix of large employers, including heavy industrial, retail, and government. Unemployment in the AA is only 2%.

Many financial institutions serve the assessment area. According to 1996 Home Mortgage Disclosure Act (HMDA) information, 244 financial institutions originated real estate mortgages in the bank's AA. Some of the banks located in the area are branches of larger regional and money center banks. There are no banks in the AA that are of similar size to LNB. Lemont National Bank is the smallest bank in its AA. There are five other financial institutions within a one mile radius from the bank's main office.

We considered comments from the community is assessing the bank's CRA performance. We contacted local government officials. Our contacts indicated that the community's credit needs were small business loans and education loans. They also stated that loans for low cost housing were not a need because they were not profitable for developers due to the high cost of land. Bank management has identified small business loans and residential loan refinancing as credit needs.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

► Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of mortgage loans compares favorably to the income level characteristics of the bank's assessment area. Table 1 details LNB's distribution of loans to individuals by borrower's income. Of the HMDA loans made since January 1996, 21% of them were made to borrowers with low-and moderate-incomes. This level is reasonable given the AA consists of 20% of low-and moderate-income families.

Table #1:HMDA Loans to Borrowers of Different Income Levels

Income Levels	Loans 1996-1998 YTD			
	#	%	\$(000)	%
Low	2	6	90	4
Moderate	5	15	216	8
Middle	15	44	821	31
Upper	12	35	1,489	57
Totals	34	100	2,616	100

The bank's record of making loans to small businesses is satisfactory. Table #2 indicates the distribution of loans to small businesses (gross revenues under \$1million) within the assessment area. Seventy percent of the commercial loans made were to businesses with revenues less than \$1 million. Our analysis is based on a 20% sample of commercial loans originated by the bank from 1996- 1998 YTD. The bank made 54 commercial loans for about \$2 million during the same time period. Table #3 depicts that the majority of those loan amounts (89%) were for amounts less than \$100 thousand. In addition, bank management indicated that several of the small business owners obtain home equity loans to fund business operations as borrowing costs are cheaper. The bank is currently offering a home equity product priced at 1% below prime with no closing costs. As previously discussed, home equity loans represents 34% of the bank's loan portfolio. As of March 31, 1998, the bank had \$5.5 million in home equity products. It is impractical for management to track the purpose of each distribution under a home equity line of credit. Therefore, we could not determine the specific amount used for small business purposes.

Table #2: Loans to businesses of different sizes

<b>1996-1998 YTD</b>	<b>Loans Within Assessment Area</b>			
<b>GROSS REVENUES</b>	<b>#</b>	<b>%of total</b>	<b>\$(000)</b>	<b>%of total</b>
Under \$1,000,000	7	70	461	48
Over \$1,000,000	3	30	493	52
Totals	10	100	954	100

Based upon 20% sample of commercial loans originated 1996-1998 YTD.

Table # 3: Small loans to businesses of different sizes

<b>1996-1998 YTD</b>	<b>Total Commercial Loans</b>			
<b>LOAN AMOUNTS</b>	<b>#</b>	<b>%of total</b>	<b>\$(000)</b>	<b>%of total</b>
0-99,999	48	89	842	42
100,000-250,000	5	9	906	44
Over 250,000	1	2	278	14
Totals	54	100	2,026	100

Based upon all commercial loans originated 1996-1998 YTD.

► *Lending in the Assessment Area*

A majority of LNB's lending is within its assessment area. As indicated by Table #4, 77% of the commercial and HMDA loans are within the bank's AA. The analysis is based on HMDA loans originated by the bank from 1996 through March 1998, and internal bank reports (commercial loans numbers) for the same time period. Based on 1996 HMDA information, the bank ranked 6th (4.68% market share) out of 49 lenders for home improvement loans in the AA, and 29th (1.06 % market share) out of 174 lenders for refinance loans in the AA. This level of lending is reasonable given LNB's size and the aggressive competition in the AA. All of the financial institutions with better market share are considerably larger than LNB.

Table #4: Lending in the Assessment Area

LOAN TYPE	Loans Within Assessment Area				Total Loans	
	#	% of loans in AA	\$(000)	% of loans in AA	#	\$(000)
Commercial	46	85	1,777	88	54	2,026
Mortgage(HMDA)	34	68	2,617	68	50	3,859
Total	80	77	4,394	75	104	5,885

▶ Loan to Deposit Ratio

The bank's loan-to-deposit ratio is reasonable in light of other competing financial institutions in the AA, and the bank's participation in providing identified community credit needs. The average loan-to-deposit ratio is 31%. This ratio was calculated by taking the average of the last eleven quarter-end figures. As of March 31, 1998, LNB's loan-to-deposit has improved to 33%. This compares unfavorably to financial institutions within LNB's AA, which average a loan-to-deposit ratio of 70%. These institutions are significantly larger than LNB with asset sizes ranging from \$250 million to multi-billion dollar money center banks.

The bank's participation in various local programs to increase lending supplements its low loan-to-deposit ratio. LNB makes loans available in the Tax Increment Financing (TIF) district located in Lemont's downtown business district and immediately east of the downtown. A TIF designation allows the Village to offer favorable financing such as low interest rates to stimulate business and revitalize the area. LNB has extended two loans in 1996 totaling \$285 thousand, and four loans in 1997 totaling \$61 thousand. Our community contacts indicated that small business loans, particularly to revitalize the downtown area were a credit need. The bank also participates in the SBA loan program. The bank has not made any new loans under this program since its last evaluation; however, the demand for this type of lending is low. Because the downtown has been designated a TIF district, federal grants are available for business owners which reduces their need for credit. In addition, the bank participates in the IDAPP's Community Education Partnership program to make student loans available. LNB made 36 student loans totaling \$60 thousand, and 13 loans totaling \$28 thousand in 1996 and 1997, respectively. The level of student loan activity for 1998 YTD was not yet available.

▶ Geographic Distribution of Loans

An analysis of the geographic distribution of loans is not meaningful since there are no low-or moderate-income census tracts in the bank's assessment area.

▶ Responses to Complaints

No complaints have been received relating to the Community Reinvestment Act.

▶ *Compliance with Anti-Discrimination Laws*

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified in the course of the evaluation.