
Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, NY 10036

PUBLIC DISCLOSURE

December 17, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Fulton County National Bank and Trust Company
Charter Number: 13765**

**100 Lincoln Way East
McConnellsburg, Pennsylvania 17233**

**Comptroller of the Currency
Western Pennsylvania Duty Station
4075 Monroeville Boulevard, Suite 300
Monroeville, PA 15146**

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 **Fulton County National Bank and Trust Company** prepared by **Comptroller of the Currency**, the institution's supervisory agency, as of **December 17, 1996**. 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**.

Fulton County National Bank and Trust Company is responsive to the credit needs of the community, including the low- and moderate-income individuals and areas.

- ▶ Evidence of this responsiveness is found in the substantial 97% portion of consumer loans and 93% of residential mortgage loans that originate within the assessment area.
- ▶ The institution also has a 71% loan-to-deposit ratio and offers an appropriate array of loan products.
- ▶ The distribution of loans reflects a good penetration among borrowers of diverse income levels and to small businesses.

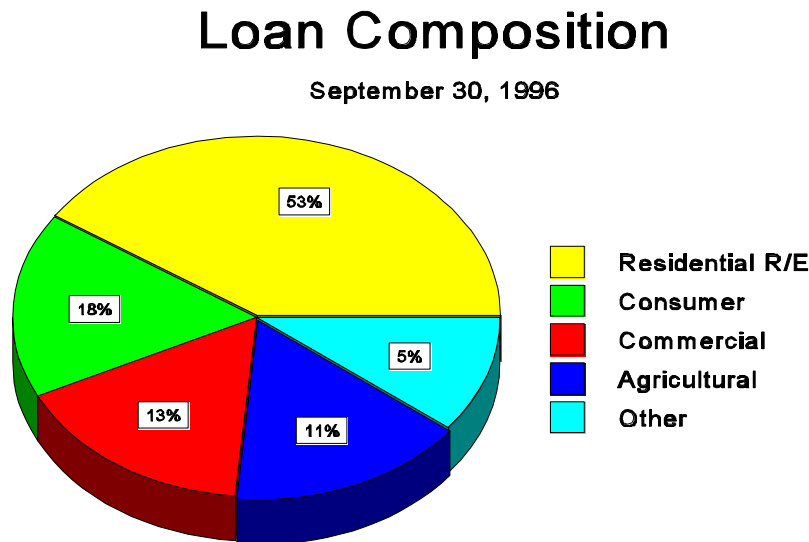
The following table indicates the performance level of Fulton County National Bank and Trust Company with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Fulton County National Bank and Trust Company</u> 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	Not Meaningful		
Response to Complaints	No Complaints were received since the last examination		

DESCRIPTION OF INSTITUTION

Fulton County National Bank and Trust Company has total assets of \$101.6 million, total deposits of \$89.6 million and total loans of \$63.8 million as of September 30, 1996. Fulton County National Bank and Trust Company offers a wide range of loan and deposit products. Its primary business focus is residential mortgage loans. The bank has no financial or legal impediments which would hinder its ability to help meet the credit needs of its community.

Fulton County National Bank and Trust Company's loan composition by total dollar amount is 53% residential real estate loans, 18% consumer loans, 13% commercial and commercial real estate loans, 11% agricultural loans, and 5% of other loan types. The following chart also shows the proportion of loan types, as of September 30, 1996:



Fulton County National Bank and Trust Company has four banking offices in Fulton County and one banking office in Huntingdon County. The main office is located in McConnellsburg, with the other four offices in McConnellsburg, Warfordsburg, Hustontown and Shade Gap. The Penn's Village office in McConnellsburg has an automated teller machine (ATM). Construction of ATM's are in process for the Hustontown and Warfordsburg offices.

DESCRIPTION OF THE ASSESSMENT AREA

The bank's assessment area consists of Fulton County, a part of southern Huntingdon County, and a portion of western Washington County in Maryland. Five Block Numbering Areas (BNA's) in the Pennsylvania counties comprise the majority of the assessment area. The remaining portion of the assessment area is one census tract within the Washington County Metropolitan Statistical Area (MSA). This census tract and all BNA's are middle-income areas. The assessment area contains no low-, moderate-, or upper-income areas.

Fulton County National Bank and Trust Company's assessment area complies with the Community Reinvestment Act and does not arbitrarily exclude low- and moderate-income areas.

The banking offices are evenly distributed within the assessment area. The population of the assessment area is 24,147 per the 1990 Census. The 1990 Census Median Family Income is \$28,934. We also used the Pennsylvania non-MSA HUD median family income of \$32,800 in our analysis.

The assessment area has experienced modest population growth and stable economic conditions. Both have benefitted from the growth of JLG Industries, a significant local employer. The company has grown from about 800 employees to about 2500 employees in the last 5 years. The company's growth has also led to an increase in supporting businesses. Also, a greater number of Washington D.C. area residents are establishing second homes in Fulton County.

Discussions with management revealed that credit needs of individuals within the assessment area include residential mortgage loans, consumer credit and small business and small farm loans. A "Community Contact" with a local community group revealed that local financial institutions are meeting community credit and service needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The average of Fulton County National Bank and Trust Company's loan-to-deposit ratios for the past eight quarters of 71% is reasonable. This average loan-to-deposit ratio is comparable to that of 66% for the local competition. Fulton County National Bank and Trust Company's loan-to-deposit ratio as of September 30, 1996, also 71%, is comparable to the 70% ratio for the bank's national peer group. The bank's loan-to-deposit ratio is also consistent with the assessment area's economic characteristics, the bank's capacity to lend and lending opportunities available in the assessment area.

Lending in the Assessment Area

A substantial majority of the Fulton County National Bank and Trust Company's lending has been within the assessment area. We compiled statistical information regarding lending patterns through the review of a sample of 30 residential mortgage loans and 36 consumer loans originating during 1996.

The number of consumer loan originations for 1996 within the assessment area represented 97% of the total loan originations in our sample. The number of mortgage loan originations for 1996 within the assessment area represented 93% of total loan originations in our sample.

Lending to Borrowers of Different Incomes

The distribution of loans to borrowers reflects good penetration among individuals of different income levels and businesses of different sizes. The Fulton and Huntingdon County BNA's comprise the majority of the assessment area. Within these BNA's, 20% of families are low-income; 21% are moderate-income; 27% are middle-income; and 32% are upper income.

To review the distribution of bank lending among these income groups, we reviewed a sample of 30 residential mortgage loans and 36 consumer loans originating during 1996. We found that 6% of all mortgage and consumer loans were made to low-income families; 29% were made to moderate-income families; 27% were made to middle-income families; and 38% were made to upper-income families.

The following chart reflects a reasonable dispersion of sampled consumer and mortgage loans to individuals of different income groups. Management indicated that many low- and moderate-income borrowers seek mobile home loans for their housing needs. These loans are included in the bank's consumer loan portfolio, and are reflected in the percentage of consumer loans to moderate-income families below.

<i>Lending to Borrowers of Different Incomes</i>										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
<i>Area Demographic Characteristics</i>	20%		21%		27%		32%		100%	
<hr/>										
<i>Loan Types</i>	#	%	#	%	#	%	#	%	#	%
Mortgages	1	3	2	7	11	37	16	53	30	100
Consumer	3	8	17	47	7	20	9	25	36	100

The June 30, 1996 Reports of Condition and Income indicate that small business loans and small farm loans comprise a majority of commercial lending. The Reports of Condition and Income identify commercial loans with an original amount of \$1 million or less as small business loans, and agricultural loans with an original amount of \$500 thousand or less as small farm loans. A sample of 20 commercial loans confirmed that 85% by number of these loans were made to small businesses and farms.

Geographic Distribution of Loans

Fulton County National Bank and Trust Company's assessment area includes no low- or moderate-income BNA's or census tracts. As a result, no meaningful analysis was possible regarding the distribution of credit within the assessment area.

Fair Lending Analysis

Fulton County National Bank and Trust Company is in substantial compliance with the provisions of antidiscrimination laws and regulations. An analysis performed during our examination did not reveal any disparate treatment or illegal practices.