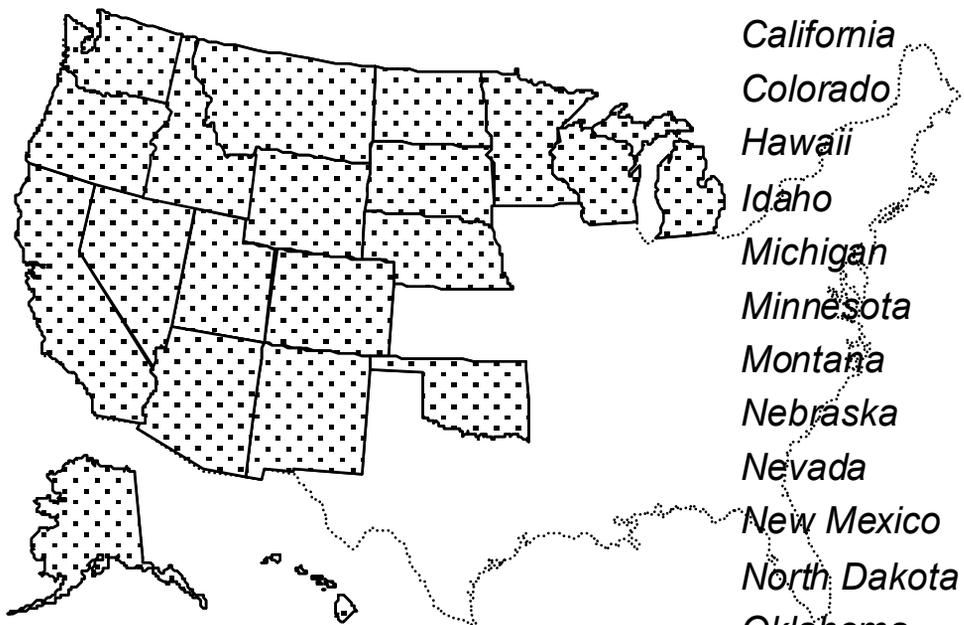


CRA ACTIVITIES IN INDIAN COUNTRY

JANUARY 1, 2000–JULY 1, 2002

A guide to community development lending, investments and services directed at Native Americans in



Alaska

Arizona

California

Colorado

Hawaii

Idaho

Michigan

Minnesota

Montana

Nebraska

Nevada

New Mexico

North Dakota

Oklahoma

Oregon

South Dakota

Utah

Washington

Wisconsin

Wyoming

CRA ACTIVITIES IN INDIAN COUNTRY

JANUARY 1, 2000–JULY 1, 2002



Published by the Community Affairs Department
of the Federal Reserve Bank of Minneapolis

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The mission of Community Affairs at the Federal Reserve Bank of Minneapolis is to support the Federal Reserve System's economic growth objectives by promoting community development activities and fair and impartial access to credit.

The Community Affairs Department offers information on public/private partnerships, resources, and innovative models that foster access to credit and investment in the low - and moderate-income communities of the metropolitan areas, rural areas, small communities and Indian reservations that make up the Ninth Federal Reserve District.

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This guide is not intended for use in assessing a financial institution's performance. An activity's appearance in this publication does not imply that such an activity will always qualify under the CRA. Views expressed in this publication do not necessarily represent those of the Federal Reserve System or the Federal Reserve Bank of Minneapolis.

CONTENTS

Introduction.....	v
<i>CRA Activity Listings</i>	
Alaska.....	3
Arizona	4
California.....	6
Colorado	8
Hawaii.....	8
Michigan.....	11
Minnesota	12
Montana	13
Nebraska.....	15
Nevada.....	15
New Mexico	16
North Dakota.....	18
Oklahoma	19
Oregon	20
South Dakota	21
Utah	22
Washington.....	23
Wisconsin	25
Wyoming.....	27

CRA ACTIVITIES IN INDIAN COUNTRY

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INTRODUCTION

Many leaders in Indian Country seek to increase the amount of loans, services and investments financial institutions make in their communities. Conversely, many financial institutions look for safe, sound community development loans and investments and useful community development services they can provide to the Native American communities in their service areas. Through this publication, the Federal Reserve Bank of Minneapolis hopes to increase awareness of partnership opportunities that can benefit financial institutions and Native American communities alike.

This guide offers examples of partnerships that have resulted in lending programs serving Native Americans, both on and off reservations. It highlights lending, investment and service activities that focus on Native American populations in 20 Midwestern and Western states. In particular, it outlines activities deemed to be community development, as defined by the Community Reinvestment Act (CRA). The activities listed here are excerpted from performance evaluations conducted by the four federal financial regulators over a 30-month period. The information is not intended to be a comprehensive listing; instead, it is provided for illustrative purposes, to introduce examples of activities that can help Indian Country communities and financial institutions achieve their goals.

The Community Reinvestment Act

The CRA, which was enacted in 1977 and revised in 1995, is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods.¹

Evaluation of CRA Performance

The CRA requires that each depository institution's record of helping to meet the credit needs of its entire community be evaluated periodically.

Neither the CRA nor its implementing regulation define specific criteria for rating the performance of depository institutions. Rather, they indicate that the evaluation process should accommodate an institution's individual circumstances. Nor does the law require institutions to make high-risk loans that might jeopardize their financial safety. To the contrary, the law makes it clear that an institution's CRA activities should be undertaken in a safe and sound manner.

¹ Excerpted from the Federal Reserve Board web site. <<<http://www.federalreserve.gov/dcca/cra/>>> October 4, 2002.

CRA examinations are conducted by the four federal agencies that are responsible for supervising depository institutions: ² the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve System (FRS), the Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS). Interagency information about the CRA is available from the Federal Financial Institutions Examination Council (FFIEC).

For more information about the CRA and the CRA examination process, please visit www.ffiec.gov/cra.

Definition of Community Development

As defined by the CRA, “community development” can encompass:

- Affordable housing for low - and moderate-income individuals;
- Community services targeted to low - and moderate-income individuals;
- Activities that promote economic development by financing small businesses or small farms; or
- Activities that revitalize or stabilize low - and moderate-income geographies. ³

Examples of activities that may qualify under each of the four broad areas are listed in the table on the opposite page.

² This language is excerpted directly from the Federal Reserve Board’s web site. <<<http://www.federalreserve.gov/dcca/cra/>>> October 4, 2002.

³ Adapted from the article “Community Development Under the CRA: Review of the 1995 Regulation Begins,” from *Community Dividend*, Issue No. 1, 2001, published by the Federal Reserve Bank of Minneapolis, p. 8.

EXAMPLES OF LENDING, INVESTMENTS AND SERVICES UNDER THE CRA⁴***Community Development Lending***

These types of loans might include financing for the following activities:

- Rehabilitation of affordable multifamily housing to abate lead-based-paint hazards;
- A loan pool that targets small and emerging businesses in a low- and moderate-income geography;
- Community development activities of state, local or tribal governments, such as construction of a library to serve a low- and moderate-income geography; or
- A daycare center targeted to low- or moderate-income parents.

Community Development Investments

Under the CRA, community development investments might include investments, membership shares, deposits, donations or grants, such as:

- Investments in projects eligible for low-income housing tax credits;
- Purchase of municipal bonds issued to fund construction of assisted-living apartments for low- and moderate-income senior citizens;
- A certificate of deposit in a credit union owned by a Native American tribe located in a low-income area; or
- Investment in a community development financial institution.

Community Development Services

Such services must be related to the provision of a financial service or use the financial expertise of the banker. They might include:

- Low-cost checking accounts that make deposit services accessible to low- and moderate-income individuals;
- Financial literacy programs for schoolchildren;
- Accounting services for a food bank; or
- Financial planning services for a small business owner who is hiring and training minimum-wage workers.

⁴ Ibid.

CRA ACTIVITY LISTINGS

ALASKA

First Bank (Ketchikan) \$257 million FDIC 6/2/00

LENDING

Tribal Health Clinic

The bank provided interim construction and subsequent long-term financing for the new tribal health clinic for \$6.6 million. The clinic provides jobs, health care, and social services to certain tribal members in southeast Alaska. The clinic receives operating grants from the Indian Health Services, Bureau of Indian Affairs (BIA) and a variety of other federal sources. The bank participated with other local lenders and assisted in securing BIA and Alaska Industrial and Development Association guarantees for the term financing.

Tribal Housing Authority

The bank has a cooperative agreement with a local tribal housing authority to work with potential low- and moderate-income homeowners through prequalification, borrower education and affordable housing programs. In 2000, the bank granted two home loans to low-income borrowers by combining a tribal grant for down payment and closing costs with the bank's interest rate reduction for lower-income borrowers. The result was low interest rates and loan amounts for Alaska Native families by combining the two programs. Two 30-year loans were originated, one for 6 percent, and the other for 5.75 percent. Both loans were to first-time homebuyers.

Tribal Regional Housing Authority

The bank and the housing authority teamed up to provide a home loan to a low-income Alaska Native family. The bank provided a \$30,000 home loan and the housing authority provided \$5,351 in down-payment and closing-cost assistance grant money.

First National Bank of Anchorage (Anchorage) \$1.7 billion OCC 9/24/01

LENDING

Alaska Native Heritage Center Loan

This loan involved a collaborative effort among a Native American corporation, local and regional governments, charities and local banks. A variety of sources funded the project, including loan funds, revenues from the Native American Corporation, grant money and a private capital subscription from donors in the community. Officers from local banks, including First National Bank of Anchorage (FNBA), spent a considerable amount of time providing technical support to the borrower in order to help structure a transaction with acceptable risk to the lenders. The jobs at the center are targeted to low- to moderate-income (LMI) Native Americans. In addition to being a cultural center and open to tourists, the center will provide education programs for Native Americans, the majority of whom are LMI.

Native American Housing and Self-Determination Act Title VI Loan Guarantee Demonstration Program (U.S. Department of Housing and Urban Development, or HUD)

- FNBA was the first bank in the nation to participate in this loan program sponsored by HUD's Office of Native American Programs. The program is designed to provide Native American tribes or tribal entities with the ability to establish innovative model programs that develop affordable housing, increase access to private capital and further economic growth. The program utilizes various combinations of bank loans, government grants, rental income, revenue bonds and

government guaranties to fund projects on tribal lands. The bank made 11 loans totaling \$9,251,770 that financed affordable housing for LMI Native Americans, a critical need in Native American villages in Alaska.

- Bank officers spent more than 180 hours meeting with Native American villages in rural Alaska, providing financial and legal expertise to assist them with gathering the necessary information to complete applications under HUD's Title VI program. Through this activity, bank officers provided the impetus to get the program started in Alaska as well as the entire country. The officers also helped Native American villagers secure other sources of funding to supplement the loans.

ARIZONA

Bank of Tucson (Tucson) \$121 million FDIC 2/19/02

SERVICES

Participation in a Leadership Council

A member of management serves on a leadership council that works to define and respond to local community and economic development challenges and initiatives. One of the council's current projects involves meeting with Native American tribal representatives to define and respond to the credit needs of local tribes.

Camelback Community Bank (Phoenix) \$42 million FDIC 10/2/00

LENDING

Letter of Credit

The bank entered into a \$1 million standby letter of credit with a division of the Salt River Pima-Maricopa Indian Community. This letter of credit will be used to support various new construction contracts for the community. This division employs 300 individuals from the reservation who are primarily LMI.

Dillard National Bank (Gilbert) \$27.9 million OCC 10/9/01

INVESTMENTS

Certificate of Deposit

A certificate of deposit for \$100,000 was placed in a community development financial institution (CDFI), which was chartered to meet the unique credit needs of Native Americans in the assessment area. The bank has renewed the certificate of deposit annually for the past five years, and thus provided a continuous source of funds for loans to LMI individuals.

Jewelers National Bank (Tempe)	NA	OCC	3/6/00
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INVESTMENTS***Certificate of Deposit***

The bank purchased a \$25,000 certificate of deposit at a financial institution located on the Gila River Indian Community reservation in a low-income area.

Life Skills Training Support

The bank supports a community-based nonprofit social service, educational and employment-training agency whose mission is to promote economic development and social self-sufficiency of Native Americans residing off-reservation in Maricopa County. This organization is the largest provider of social services to the off-reservation community in the Phoenix area. In 1999, the bank's contribution, along with that of another bank, enabled 47 Native Americans to participate in four Life Skills workshops. In 2000, the bank contributed to continued support of its Life Skills Training Program.

Johnson Bank Arizona, N.A. (Phoenix)	\$308 million	OCC	6/4/01
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SERVICES***Federal Home Loan Bank (FHLB) Affordable Housing Sponsor***

- A 25-unit apartment complex for Native American homeless families with small children, where one or more adults is recovering from substance abuse. In addition to sponsoring the program, the bank internally funded this subsidy, and when certain terms and conditions of the program were met, the FHLB reimbursed the bank.
- A 35-unit apartment complex for homeless Native Americans with substance abuse problems who are in need of rehabilitation.

Nordstrom FSB (Scottsdale)	\$57.8 million	OTS	3/26/01
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SERVICES***Board Participation***

The CRA officer is a board member of the Arizona Native American Community Development Corporation, which provides credit to residents of Arizona reservations.

Three loans were funded, totaling \$259,200, in Lake and Yuba counties. Another loan for \$88,400 in Lake County was in process as of March 31, 2001, but was not funded until April 2, 2001.

INVESTMENTS

First Nations Development Institute

The bank contributed \$1,250 for a conference hosted by First Nations Development Institute, designed for Native Americans to learn the necessary skills to implement economic development projects to benefit their communities.

SERVICES

Tribal Government Assistance

The manager and staff of the institution's Citrus Heights Office have devoted many hours to assisting the Cortina and Washoe Native American tribes by providing financial literacy training, homebuyer education and technical assistance to the tribal governments' housing authority to apply for NAHASDA grant funds.

Canyon National Bank (Palm Springs)	\$78.6 million	OCC	7/10/00
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SERVICES

North American Native Bankers Association

The bank's president is a founding board member of the North American Native Bankers Association (NANBA). This is the first association of banks that are majority-owned by Native Americans. NANBA researches and promotes ways to make loans and provide other financial services in Indian Country.

Financial Services Expertise

Bank officers have met with Native American groups to provide financial services expertise. For example, the bank provided education services on how tribes can form Native American-owned banks. The formation of these banks helps increase access to financial services for Native Americans, who have been historically underserved by the financial services industry.

Trust Land Policy

The bank provided technical expertise to help a tribal leader secure the first-ever Native American title policy on Native American trust land in the area. This will enable Native Americans to more readily obtain financing from financial institutions to build or improve their homes on tribal lands.

El Dorado Savings Bank (Placerville)	\$878.6 million	OTS	9/5/00
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INVESTMENTS

Education

The bank made an investment of \$300 in the El Dorado Indian Council for educational purposes.

Universal Bank (West Covina)	\$378.1 million	OTS	6/4/01
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LENDING***Agua Caliente Bank of Cahuilla Indians***

The bank made a loan for \$720,595 for the development of tribal gaming facilities. A large portion of the gaming revenues is utilized for tribal economic development and to provide jobs to tribal members.

Santa Rosa Band of Tachi Indians

The bank made a loan for \$1.5 million for the development of tribal gaming facilities. A large portion of the gaming revenues is utilized for tribal economic development. This includes the provision of jobs and improved medical and educational facilities for tribal members and for the local economy.

COLORADO

Vectra Bank Colorado, N.A. (Farmington, NM)	\$2.2 billion	OCC	11/5/01
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SERVICES***Various***

- A bank officer served as a loan committee member for a nonprofit organization that promotes affordable housing and homeownership on a Native American reservation. To accomplish this, the organization educates residents of the reservation on managing credit, helps its clients prepare loan applications, works with banks to obtain permanent financing for clients and educates bankers on the use of various government mortgage-loan programs. As a result, 54 Navajo families have received home mortgages since the organization began in 1996, and over 1,150 Navajo families have completed the homebuyer education course. Zions Bancorporation is currently negotiating with the organization to have Vectra Bank Colorado become an active lender with the organization.
- The same officer is also a board member for an organization seeking to bring higher education to the Navajo Indian Reservation. The goal of the organization is to raise funds to build a satellite campus for Dine College, a college specifically established to meet the needs of the Navajo people.

HAWAII

First Hawaiian Bank (Honolulu)	\$7.3 million	FDIC	1/1/01
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LENDING***Department of Hawaiian Home Lands (DHHL)***

Within the state of Hawaii, several land parcels are set aside as Native Hawaiian Home Lands (NHH) to provide land where native Hawaiian people can live. For these purposes, a native is defined as an individual with at least 50 percent native Hawaiian blood quantum. The land is owned by the DHHL.

Individual parcels of the land are leased to native Hawaiian people for \$1 per year for a term of 99 years. This greatly reduces the cost of a home.

Although the lender can take title to homes that are built on the land, it cannot take a lien on the land, which does not afford the lenders full collateral protection. For a variety of reasons not related to the banks, many of the NHHs remain undeveloped. The bank has, however, worked with the Office of Hawaiian Affairs (OHA) and DHHL to provide loans to native Hawaiians in the NHHs. These programs include down payment, home improvement, construction and self-help construction.

SERVICES

DHHL/OHA Loan Program

Through the efforts of several bank employees, the bank took a leadership role and established a loan program through an agreement with the DHHL and the OHA. The OHA was created in 1978 and is a multifunctional state organization. It serves as a trust for land revenues and a social service agency for the betterment of Native Hawaiians. The agreement between the bank and the OHA will provide a down-payment, construction or permanent-financing loan program for beneficiaries of the DHHL program.

During 1998, the program was restructured to make the down payment more accessible to the Hawaiian people, as rates were lowered from 6 percent to 3 percent. The source of loan funds is the OHA. The bank accepts applications, interviews and prequalifies applicants, assists applicants in completing applications, processes and underwrites the loans, forwards applications to the DHHL/OHA for final approval, prepares loan documents, closes and services the loans and administers the advertising of the program.

The bank exclusively offers this program. In 1998 and 1999, 91 and 150 loans totaling \$3.7 million and \$5.3 million, respectively, were funded. In 1999, at least one-third of the funds was used for unsecured down-payment loans. The pool of loan funds started at \$20 million and is nearing depletion.

Affordable Housing Lending

A \$5 million construction revolving line of credit and a \$2 million bulge loan were made to finance the construction of a 225-unit DHHL Village 3 project in the Lai'opua residential subdivision in Kona.

DHHL Homeownership Class

Three homeownership workshops were done in 1999 with the help of loan officers from the Real Estate Department. These workshops were held in Hilo, Maui and Honolulu. The workshops covered the loan application process and lending programs under OHA and Federal Housing Administration (FHA) 247.

Lai'opua Self-Help Housing Project

Of the 225 lots made available with this project, 35 were sold and originated by the developer. Unfortunately, the developer allowed construction to begin on these lots without following standard self-help housing procedures. The 35 leases, therefore, could not qualify under DHHL's standard underwriting guidelines. To resolve the situation, the Residential Real Estate Development staff spent many hours meeting to discuss and draft a proposal. The bank also provided the following services: prepared an approval letter for DHHL to review to be used for these loans, prepared each approval letter for DHHL on bank letterhead, assisted DHHL in the preparation of an FHLB grant request with supporting documentation for each of the 35 leases and conducted mass closings for the 15 Lai'opua leases.

Keaukaha Self-Help Housing Project

In partnership with the Hawaii Island Community Development Corporation, an agency that targets low-income families to promote homeownership, DHHL provided the land; OHA provided the funds and the bank provided the real estate loan, credit counseling and loan inspections. It also provided the

loan processing and the servicing support. The collaborative effort resulted in the closing of nine OHA/DHHL Self-Help loans for the Keaukaha loans.

OHA Self-Help Housing

A loan officer worked with seven low-income families to obtain and close OHA Self-Help loans for the construction of homes on NHHs. The bank handled the staged inspections and funds disbursement during the construction phase and the loan officer continued working with the families on budgeting skills.

DHHL Waioluli Kula Project

The DHHL met with lessees of Waioluli Kula, a Maui development. The bank provided the OHA with loan program brochures to give the lessees some financing options. Types of financing options include the FHA 247, OHA Down Payment and OHA Self-Help loans. The infrastructure was completed by early 2000 and DHHL held financial seminars in the spring of 2000. The bank participated in these seminars. During this review period, the bank originated three OHA/DHHL loans with \$13.5 million outstanding.

DHHL Contractors' Fair

A bank officer participated in the DHHL-sponsored fair, which was targeted to Hawaiian Homestead Leases on the island of Hawaii. The officer provided homeownership counseling and handouts on the various OHA loan programs available through the bank.

Credit Education

A real estate loan officer provided income-credit analysis and consumer loan education to potential DHHL lessees in 1998. This officer also instructed teenage parents on the use of credit, credit evaluation methods and the importance of maintaining good credit. The officer worked with five families in the OHA Self-Help Program to build alternative credit resources and explanations to qualify for new loans.

Native Hawaiian Revolving Loan Fund (NHRLF)

The Economic Development Division of the OHA was established to broaden the development choices available to the Hawaiian community and increase the self-sufficiency of all Hawaiians. The division established the NHRLF to provide economic help to thousands of Hawaiians and their families who otherwise could not get assistance. A bank officer serves as an advisory director to the organization.

Finance Factors Ltd. (Honolulu)

\$443.9 million

FDIC

10/16/00

LENDING

FHA-Hawaiian Home Land Program

This FHA-guaranteed mortgage loan program provides home purchase loans to qualified native Hawaiians within the state of Hawaii. During the period reviewed, the bank brokered one loan in the amount of \$85,000.

HomeStreet Bank (Seattle, WA)	\$1.3 million	FDIC	1/2/01
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LENDING***Waiehu Kou Housing Development***

Waiehu Kou is a housing development by the DHHL on the island of Maui. It is a 109-unit subdivision that includes a two-acre landscaped park. All homes will be sold to native Hawaiians and will be awarded a 99-year lease from the DHHL for the residential lots of \$1 per year. Ten units are self-help built. All homebuyers earn less than 80 percent of the median family income. The bank is providing approximately 80 permanent FHA loans.

SERVICES***DHHL***

The bank applied for and is administering an FHLB Affordable Housing Program grant of \$544,891 for the Waiehu Kou project. Bank personnel have also taught homeownership classes, prequalified and qualified potential homebuyers, and are providing the permanent financing for the homebuyers.

MICHIGAN

North Country Bank and Trust (Manistique)	\$642,193	FDIC	4/1/01
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LENDING***Loans to Native American Tribes***

The bank made five loans to Native American tribes totaling \$7,922,329. Loans to tribes were used to purchase commercial property for tribal use and to expand a tribal casino.

SERVICES***Assistance to the Sault Ste. Marie Tribe***

- A bank officer assists the Economic Development Commission of the Sault Ste. Marie Tribe of Chippewa Indians. This commission was developed in 1991 to provide direction and support for the tribe's existing enterprises and to further the tribe's economic growth in new business development. The subject bank's officer, who has been involved with the commission since its inception, provides the tribe with private sector expertise and leadership to assist in its economic development efforts. Specifically, the bank officer acts as a financial advisor for the tribe, which includes analyzing financial transactions and commitments before the tribe enters into them.
- Two bank officers are providing financial management expertise to the Sault Ste. Marie Tribe of Chippewa Indians. This tribe has borrowed money from the U.S. Department of Agriculture through the Farmers Home Administration and another independent source at a very low interest rate to establish a loan fund totaling \$3 million. The money is to be lent to businesses in order to create jobs in rural Michigan. The tribe makes funds available to Native Americans as well as non-Native Americans in northern Michigan. This fund has been in existence for approximately five years and is fully loaned. Approximately 90 percent of these funds have been utilized in job creation and approximately 10 percent in job retention.

Isabella Bank and Trust (Mount Pleasant)	\$415 million	FRS	2/5/01
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LENDING***Saginaw-Chippewa Indian Housing Corporation (SCIHC) Loan Program***

- The bank has committed up to \$2 million to provide conventional mortgage loans, including construction loans, to members of the Saginaw-Chippewa Indian Tribe on tribal lands. Under this program, the bank will work with the SCIHC. The bank will receive an irrevocable assignment of per capita that serves to guarantee the mortgages, without the use of federal grants. The underwriting standards are more flexible than a standard conventional mortgage to accommodate poor credit histories. However, all credit must be current and all judgments and collections paid.
- During the past year, the tribal council has implemented an infrastructure to make loans to tribal members on grant lands less risky for both financial institutions and the secondary market. The bank has extended seven loans totaling \$388,210 to tribal members during 2000. The bank also has approximately 27 loans as part of the Kinross Loan Program for Indian Housing Loans totaling \$339,448.
- The housing corporation, the bank and Fannie Mae are working on a triparty agreement to provide additional funds. The agreement will be finalized within the next few months. According to tribal representatives, over 100 applicants are waiting for the agreement to become effective in order to purchase homes. Currently, there are approximately 40 lots available on the reservation. Fannie Mae has committed \$5 million to this pilot program. Under the agreement, the bank will make mortgage loans through the SCIHC and then sell them to Fannie Mae. This program is the first of its kind in the country.

SERVICES***Various***

The assistant vice president of mortgage assisted the Saginaw-Chippewa Indian Tribe with development of the triparty agreement with Fannie Mae. He also assisted the tribe with building codes, credit issues, title insurance and prequalification concerns. The mortgage department is working with and counseling approximately 30 homeowners, whose homes were found uninhabitable due to health risks. It also offers members of the Saginaw-Chippewa Indian Tribe individual credit counseling and financial planning.

MINNESOTA

The Goodhue County National Bank (Red Wing)	\$290 million	OCC	2/14/00
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SERVICES***Outreach on the Prairie Island Reservation***

The bank has a presence at the reservation on monthly Per Capita Payment Day, during which tribal members receive stipends from gaming receipts of the tribe-owned casino. On those days, bank personnel are available to discuss the accounts and services the bank offers. Bank personnel have also met with the tribal council to discuss the financial service needs of the tribe and how the bank could address those needs.

Wells Fargo Bank Minnesota N.A. (Minneapolis) \$34 billion OCC 2/1/00

LENDING***Urban Indian Housing Program***

An affiliate, Wells Fargo Home Mortgage, made 11 home mortgage loans totaling \$748,000 to Native American borrowers under this program, which provides significantly reduced interest rates and more flexible underwriting.

SERVICES***American Indian Housing Corporation (AIHC)***

The bank provides leadership and direction as AIHC's only lending institution and non-Native board member. During the evaluation, the FHLB awarded the bank with the "Innovations in Housing Award" for its involvement with AIHC.

MONTANA

First Interstate Bank (Billings) \$1.8 billion FRS 10/30/00

INVESTMENTS***Foundation Grants and Contributions***

- Funded by the bank, the First Interstate Foundation (FIF) awards grants and contributions to organizations located throughout the overall assessment area; it also performs this service for the affiliate banks. Each office and branch owned by First Interstate BancSystem, Inc., Billings, Montana (the bank's parent holding company), must contribute .75 percent of 2 percent of its quarterly after-tax earnings to the FIF.
- The FIF developed a savings education tool that is currently used by schools on two Native American reservations. Students at the school manage a bank; they elect a board of directors, appoint officers, adopt loan policies and develop a management and marketing process. During the school year, the minibank is open once a week. Students can open and close savings accounts as well as make deposits and withdrawals. Since the last evaluation, the FIF donated \$13,700, which includes buying computers and providing a \$200 cash drawer for each minibank, to this program.

Bank Grants and Contributions

In addition, the bank made a number of grants that benefited Native American populations. These grants included the following: funding that allowed Native American students to attend a national conference with the purpose of developing networks, a resumé, a job search and scholarship skills; helping to fund operating expenses for a community service organization that assists Native American students who are mostly from LMI families, by providing internships, mentors and job placement; providing support for a Pow Wow event; and acting as the sponsor participant for a camp that provides education about tribal economic development, business and leadership.

Stockman Bank of Montana (Miles City)	\$739 million	FDIC	9/24/01
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SERVICES***Board Participation***

A bank officer serves on the board of a nutrition coalition that worked with the Montana Food Bank Network and the Indian Development and Educational Alliance to establish a regional warehouse for food bank commodities for Eastern Montana.

U.S. Bank N.A. Montana (Billings)	\$1 billion	OCC	3/31/00
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SERVICES***Native American Development Corporation***

An officer of the bank serves on the revolving loan fund committee of this corporation. The corporation provides gap financing to businesses located on or near Native American reservations in Montana.

Wells Fargo Bank Montana N.A. (Billings)	\$1.4 billion	OCC	3/31/00
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LENDING***Local Tribal Government Financing***

The bank provided unsecured financing to several programs of a local tribal government while it waits for delayed funds from the federal government. These loans are priced at market rates. The funds are being used for administrative expenses for the tribe's college and the interim financing of toxic waste removal and water treatment for residents of the reservation.

Participation in the HUD 184 Program

The bank also made one home mortgage loan under the HUD 184 Indian Housing program. Under this program, HUD is authorized to provide loans to Native Americans to build or purchase properties on Native American lands held in trust with the federal government.

INVESTMENTS***Tax Credits***

The bank played a leading role in establishing credibility for a national fund created to support tax credits in Indian Country. Tax credits from this fund supported the development of 20 units of affordable housing for the Northern Cheyenne Tribe.

SERVICES**Various**

- **Tribal Code Development Task Force:** the bank participated on this multibank task force to develop a uniform commercial code for use on reservations in Montana, several of which are in the bank's assessment areas.
- **Wells Fargo Adult Education Program:** the bank uses this program to teach the basics of budgeting, banking and lending to its communities. In addition, the bank customized this training for use on reservations in Montana.
- **Native American Development Corporation:** an officer of the bank serves on the revolving loan fund committee of this corporation. The corporation provides gap financing to businesses located on or near Native American reservations in Montana.

NEBRASKA

Pinnacle Bank (Papillion) \$1.3 billion FRS 6/4/01

SERVICES**Board Participation**

A bank officer is a board member of Indian Center Housing Trust helping to develop low-income housing projects.

NEVADA

Nevada Bank and Trust Company (Caliente) \$69.2 million FDIC 7/9/01

SERVICES**Branch on the Reservation**

The bank opened a branch on the Duck Valley Indian Reservation to specifically serve the credit needs of highly economically disadvantaged Native Americans.

Nevada State Bank (Las Vegas) \$2.4 billion FDIC 5/21/01

INVESTMENTS**Infrastructure**

The bank invested in bonds totaling \$485,000 for water system improvements on a Native American reservation.

NEW MEXICO

Bank of Albuquerque, N.A. (Albuquerque) \$1 billion OCC 10/15/01

LENDING

Section 184 Indian Loan Guarantee Program

As of October 15, 2001, the bank has prequalified 22 loans totaling \$1.6 million to members of four different tribal entities (Isleta, Santo Domingo, Cochiti, Sandia). All loans are currently pending the passage of Office of Native American Programs-conforming mortgage and leasehold codes by the tribes. The bank is one of only a few banks in the U.S. lending on tribal lands through this program.

SERVICES

American Indian Chamber of Commerce

A bank representative serves on the board of this new organization. The bank representative provides assistance to members in formulating long-term business plans and providing credit and financial counseling.

Albuquerque Indian Center (AIC)

A bank representative is an advisor to the AIC. The representative is providing professional expertise in developing a strategic plan for the AIC. The AIC addresses major urban Native American issues such as affordable housing, financial education and health care.

Indian Housing Authorities

The bank has provided homeownership counseling on mortgage loans to tribal members living in Isleta and Santo Domingo Pueblos. Additionally, the bank sponsored an Affordable Housing Program grant request that awarded \$200,000 to Santa Domingo Pueblo Housing Authority in 2000. These funds will provide down-payment assistance for the pueblo's new 20-unit housing development.

First National Bank of Santa Fe (Santa Fe) \$284 million OCC 1/10/00

SERVICES

Train-the-Trainer

A bank officer is an active participant and played a leadership role in organizing a homeownership counseling "train-the-trainer" session for an organization that promotes homeownership opportunities on Native American reservations in New Mexico.

First State Bank of Taos (Taos)	\$570.6 million	FRS	6/20/00
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LENDING***Lending Agreement***

Bank management has created an informal agreement which allows for lending on tribal land.

The Citizen's Bank (Farmington)	\$293.4 million	FDIC	8/1/00
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SERVICES***Navajo Partnership for Housing (NPH)***

A senior bank officer sits on the board of NPH and serves on the finance committee that oversees preparation of the budget and helps in the preparation of grant requests. A residential real estate lender serves on the loan committee that approves loan applicants for housing and has provided training to NPH staff on loan application evaluation and processing. To obtain a mortgage on the reservation, the applicant must be able to provide a land lease that can be encumbered for the benefit of the lender. The goal of NPH is to streamline this process. Mortgage products by NPH include new construction, purchase of existing homes and rehabilitation of older homes located on the reservation.

One-Stop Mortgage Shop

The project, overseen by HUD, centers on land leases on Navajo Nation land. A senior loan officer sits on the Land Use Planning/Infrastructure Committee and another loan officer provides training on mortgage loan application evaluation and processing. Since the bank has started participating in this program, two loans were approved through the private banking sector.

Wells Fargo Bank New Mexico, N.A. (Albuquerque)	\$3.4 billion	OCC	3/13/00
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LENDING***HUD 184 Loans***

The bank originated two loans for \$175,000 during the evaluation period through this program.

NORTH DAKOTA

Community First National Bank—North Dakota (Fargo) \$593 million OCC 1/3/00

LENDING

Various

The bank originated community development loans totaling \$5 million to a Native American tribal government. These loans were highly responsive to various needs. Those needs include providing new housing units, home rehabilitation, health care services, child care services, as well as jobs and economic development for LMI persons living on the reservation. Examples include the following:

- \$3 million to fund various support programs for LMI residents, including income-subsidy payments, rent subsidies, home repair, free medical care and child care services.
- \$1.1 million to purchase land and expand farming operations. The expansion allowed the tribe to provide additional jobs to LMI residents.
- \$531,000 to purchase multifamily housing structures from a closed U.S. Air Force base. The structures were transported to the reservation and used to house LMI residents.

First Southwest Bank (Bismarck) \$290 million FDIC 4/30/01

INVESTMENTS

Community College

A donation of \$25,000 was made to Sitting Bull College, a community college located on the Standing Rock Indian Reservation. The donation was made in an attempt to help revitalize and stabilize the area by providing additional job development opportunities.

Wells Fargo Bank North Dakota, N.A. (Fargo) \$1.3 billion OCC 3/13/00

LENDING

Participation in the HUD 184 Program

The bank made two loans under the HUD 184 program in North Dakota in the evaluation period. This program provides lending opportunities to Native Americans and TDHEs that wish to build or purchase a home on land within the operating area of a TDHE.

OKLAHOMA

Local Oklahoma Bank, N.A. (Oklahoma City)	\$2.4 billion (Bank Holding Co.)	OCC	8/6/01
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LENDING

Affordable Housing

The bank originated one loan to provide affordable housing to LMI tribal members of the Seneca-Cayuga and Quawpaw tribes. The loan totaled \$250,000 and it finances short-term growth in housing inventory until funding can occur from governmental agencies such as HUD.

RCB Bank (Claremore)	\$459.3 million	FRS	1/24/00
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SERVICES

Indian Nations Council of Government

A bank officer provides financial expertise as a loan committee member for the Creek Housing Rehabilitation Program, which benefits Rogers, Osage, Tulsa, Wagoner and Creek counties. Grants and loans are available through this program for LMI borrowers.

SpiritBank (Tulsa)	\$423.2 million	FRS	11/26/01
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INVESTMENTS

Small Business Development Center for Native Americans

A \$125 donation benefited a small business development center for Native Americans, a project funded by the U.S. Department of Commerce Minority Business Development Agency. The purpose of the small business development center is to provide technical assistance to federally recognized Native American tribes and members of tribes to assist in the preparation of business plans, financing packages, grants and proposals, and to procure assistance from appropriate agencies for start-up businesses.

SERVICES

Training Session

In association with a Native American small business organization, a SpiritBank loan officer presented a training session in October 2000 on how to develop a small business, obtain financing and formulate a business plan.

OREGON

West Coast Bank (Lake Oswego)	\$1.3 million	FDIC	3/1/02
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SERVICES***Board Member Review***

The services of a Native American tribe's board member are used in the review process for applications submitted by LMI Native American tribal members for home-purchase and home-improvement loans.

Financial Literacy

The bank provides training on budgeting and financial planning for LMI Native American tribal members.

Klamath First Federal Savings and Loan Association (Klamath Falls)	\$985.1 million	OTS	4/30/01
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LENDING***Klamath Tribes Housing Authority Program***

The program is funded through a Mutual Help Homeownership Opportunity from HUD. There are several funding programs available to qualified borrowers including the following: "buy-down" for immediate homeownership, acquisition and development of housing for long-term lease/purchase and rental housing.

U.S. Bank N.A. (Portland)	\$72 billion	OCC	3/31/00
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INVESTMENTS***Bond Purchase***

The bank purchased a \$500,000 bond for tribal infrastructure improvements for the Umatilla Confederated Tribes. The specific improvements include construction of a new tribal administration building and various water and sewer facilities.

SOUTH DAKOTA

BANKFIRST (Sioux Falls)	\$765 million	FRS	12/27/00
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INVESTMENTS

Donation of Computers

In December 2000, bank management donated 100 used computers to a Sioux Falls Boy Scout troop. The troop members will then distribute the computers to low-income families who are unable to purchase computers. Half of the computers will be distributed to low-income Native American families living on reservations near Pierre, South Dakota.

Dacotah Bank (Aberdeen)	\$670 million	FRS	1/7/02
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INVESTMENTS

Tribal Credit Union Investment

The bank continues to maintain an investment (certificate of deposit) with the Sisseton-Wahpeton Federal Credit Union, Sisseton. The Sisseton-Wahpeton tribe owns the credit union.

F&M Bank (Watertown)	\$326 million	FDIC	2/7/00
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SERVICES

Various

- Bank officers managing branches located in the middle of the Standing Rock Indian Reservation have made a variety of presentations to farmers and businesses on financial services, including the preparation of applications, financial statements and farm cash flow analysis. During the evaluation period, these officers also made many presentations to tribal council members and have provided technical training to area schools and other community organizations. For example, during the evaluation, a bank officer made a presentation to a local high school accounting class addressing the usage of credit cards, Internet banking and checking accounts. Additionally, the branch offers free checking and a whole line of deposit products.
- The loan portfolio includes a unique product tailored to the credit needs of the Native American population.
- Small extensions of credit secured by land-lease assignments have been granted to approximately 35 Native Americans in order to provide access to cash prior to receipt of the annual lease payment.

First Dakota National Bank (Yankton)	\$334 million	OCC	7/24/00
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LENDING**Various**

- The bank originated one loan totaling \$385,000 to a Native American tribe.
- The bank extended a \$100,000 construction loan to the tribe for the replacement of the roof on the tribal headquarters located on the reservation.
- The bank extended a \$185,000 operating line of credit to finance the purchase needs of equipment for the tribe's Paper Box Company. The Paper Box Company is a small business that employs approximately 20 to 25 Native Americans, the majority of whom are considered LMI.

First PREMIER Bank (Sioux Falls)	\$859.9 million	FRS	8/6/01
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INVESTMENT**Tribal Credit Union Investment**

The bank holds an existing community development investment in the Sisseton-Wahpeton Federal Credit Union, which is owned by the Sisseton-Wahpeton Sioux tribe. For more information, visit www.sdcul.com/fcus/sissetonwahpetonfcu/sissetonwahpeton.htm.

Wells Fargo Bank South Dakota, N.A. (Sioux Falls)	\$5.5 billion	OCC	3/13/00
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LENDING**Participation in the HUD 184 Program**

The bank initiated 38 loans for \$2.1 million during the evaluation period under this program.

UTAH

U.S. Bank N.A. (Minneapolis, MN)	\$72 billion	OCC	3/31/00
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SERVICES**Sovereign Lending Task Force**

A U.S. Bank employee participated in this task force, designed to learn more about the credit needs of Native Americans, for two years.

Zions First National Bank (Salt Lake City) \$8 billion OCC 10/23/00

LENDING***Nonprofit Support on the Navajo Nation***

The bank funded construction loans totaling \$800,000 and a \$222,000 term loan. The financed project consists of 20 modular two-bedroom units situated on 2.3 acres located within the city of Blanding as well as the infrastructure development. All of the units serve low-income persons.

Tribal Homeownership Agreement

The bank has initiated an agreement with the Ute Native American tribe. Under the terms of the agreement, tribal members will soon be able to purchase a home on tribal lands. This was previously restricted by tribal laws. The agreement also provides for homebuyer counseling and underwriting terms.

SERVICES***Education and Training***

A partnership was created in Utah to provide education and training to assist LMI members of the Navajo Nation to obtain home mortgages. An employee serves on the board and provides assistance with the mortgage lending function.

Service on a Board of Directors

A bank employee assisted in the development of a loan fund and is a member of the revolving loan fund board for the Utah Division of Indian Affairs, Small Business Department.

WASHINGTON

Bank West, Inc. (Pierre, SD) \$332,163 FDIC 7/1/02

INVESTMENTS***Municipal Tax-Exempt Security***

The bank purchased a tax-exempt custodial receipt bond from a Native American tribe primarily located in a moderate-income geography within the bank's assessment area. The secretary of the Department of the Interior invested a sum of money in the tribe's Infrastructure and Development Trust Fund that was established under the tribal Infrastructure Development Trust Fund Act of 1996.

Although the tribe cannot access the principal amount under the trust, the tribe does receive interest income. The tribe subsequently issued bonds to support the tribe's Socioeconomic Recovery and Cultural Preservation Plan.

The ultimate purposes of the bond issues were to promote the health, welfare, safety and prosperity of the tribe. These goals are to be accomplished by financing or refinancing various economic development activities that include the following: acquisition or construction of water, sewer and solid-waste-disposal facilities; streets and roads; police protection facilities; public buildings for administrative and community functions; acquisition of land for economic development purposes and acquisition of equipment to automate tribal administrative functions.

First Federal Savings & Loan Association of Port Angeles (Port Angeles)	\$447.9 million	OTS	7/1/00
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LENDING

Tribal Lending Program

In February 1999, the thrift and the Lower Elwha Klallan Housing Authority began developing a tribal lending program to provide affordable housing for those tribal members who do not qualify for federal housing assistance. This program was approved by the Secretary of the Interior and the BIA on March 15, 2000. Although no loans had been made at the time of the performance evaluation, the lending program is in the product development stage and applicants are ready.

The program is unique because it provides financing for the construction of manufactured homes and on-site improvements, but without obtaining legal title to the land, which is the main barrier to tribal lending. The manufactured homes will be classified as personal property. To protect the thrift's position, the tribe has agreed to guarantee each loan funded under the program. Both parties agreed to a workout period of 120 days to cure any defaults by the borrowers. Should a default occur, the tribe will become responsible for the loan. The tribe agreed not to invoke a defense of sovereign immunity or any other jurisdiction to avoid this obligation. Both parties agreed to submit disputed matters to a binding arbitration panel and agreed to abide by its decision. The loan program is capped at \$750,000 and will benefit 11 families.

Tribal Mortgage Loans

Three single-family mortgage loans totaling \$224,000 were made to the Jamestown S'Klallam tribe. While traditional loan products were used, the tribe's housing authority used its credit to secure the loans because the residents had individual credit impairments. The loans were issued in the name of the housing authority and can be assumed by the tenants once they are deemed creditworthy. All three units are on fee-simple property.

SERVICES

Sovereign Lending Task Force Participation

The community development officer of the bank is very involved in tribal outreach efforts and is a member of the Federal Reserve's Sovereign Lending Task Force, which is examining barriers to lending in Indian Country and solutions to credit issues.

InterWest Bank (Oak Harbor)	\$2.3 billion	FDIC	5/1/00
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INVESTMENTS

Economic Development Corporation

The bank made a \$5,000 donation to a tribal economic development corporation.

Sterling Savings Bank (Spokane) \$2.7 billion OTS 3/26/01

LENDING***Various***

- Financing was provided to three Native American tribes to improve tribal services and promote economic development. The bank loaned \$2.4 million to the Nez Perce tribe in Grangeville, Idaho, to update its 911 emergency telephone system, build and furnish a tribal health clinic and to purchase additional land for tribal facilities.
- Financing in the amount of \$1.8 million was provided to the Kalispell tribe to build a casino and administrative building, which will be used to promote economic development in the Spokane assessment area.
- Additionally, \$414,950 in financing was provided to the Quileute Tribe in Forks, Washington, to build a natural resources building and lab office, and to purchase an office/warehouse building to promote economic development for tribal products.

Skagit State Bank (Burlington) \$397.6 million FDIC 2/4/02

LENDING***Native American Lending***

The bank lending personnel have developed business relationships with local Native American tribes and the bank has extended credit secured by assignments of trust and tribal senate income to serve this segment of the population.

WISCONSIN

F&M Bank (Kaukauna) \$2.2 billion FRS 2/26/01

LENDING***Tribal-Guaranteed Loan Program***

The bank has established a program with the Lac du Flambeau/Chippewa Indian tribe in the Vilas County area of the state whereby individuals who do not qualify for credit for various reasons can obtain loans from the bank. The tribe guarantees loans up to \$10,000 per individual under this program. The bank has generated one car loan for \$2,000 under this program. The limited loan volume is the result of competition from a bank located near the reservation.

First Northern Savings Bank (Green Bay) \$978 million OTS 4/15/02

LENDING

Tribal Loan Credit Program

The bank is involved in the Tribal Loan Credit Program that provides loans on homes within the Oneida Reservation boundaries. Members of the Oneida Tribe of Indians of Wisconsin are eligible for participation in this program. The program features a below-market interest rate, with preference given to first-time homebuyers and is beneficial to LMI Native American borrowers. During the review period, the institution originated three loans totaling \$252,000 under this program.

Down Payment Plus for Native Americans

The bank is involved in this program, which is sponsored by the FHLB of Chicago. The program offers a \$5,000 down-payment and closing-cost assistance grant and a first mortgage financed by the bank. During the review period, the institution originated four loans totaling \$202,000 under this program.

M&I Marshall and Ilsley Bank (Milwaukee)

\$24.6 billion

FRS

8/13/01

LENDING***Line of Credit***

The bank issued a \$5 million line of credit to assist with land acquisition for an intertribal elementary school in Milwaukee and a \$1 million loan.

Revitalization

The bank made a \$2 million construction loan to build a grocery store, bank/credit union and other retail stores on tribal property. The bank also provided a \$1.5 million operating line of credit.

M&I Bank of Shawano (Shawano)

\$25.2 billion

FRS

12/27/00

LENDING***Renewal of a Revolving Operating Line***

The bank renewed a \$1.5 million revolving operating line (matures annually) to Menominee Tribal Enterprises (MTE). MTE is an integrated logging, sawmill, manufacturing and forest management operation whose profits are distributed for tribal benefit.

Extension of a Loan

The bank extended a \$3.25 million loan to the Stockbridge-Munsee Band of the Mohican Indians to purchase new gaming equipment for its Mohican Northstar Casino. The casino is the main revenue for this tribe, whose members reside primarily in the western portion of the bank's assessment area in Shawano County.

SERVICES***Membership in a Development Organization***

A bank representative is also a member of the Stockbridge Development Organization, as the only nontribal member of a Native American development corporation that serves a primarily low-income area of Shawano County.

WYOMING

Wells Fargo Bank Wyoming, N.A. (Casper) \$1.7 billion OCC 3/13/00

SERVICES***Tribal Code Development Task Force***

The bank participated on a multibank task force to develop a uniform commercial code for use on reservations in Wyoming.

Native American Development Corporation

An officer of the bank serves on the revolving loan fund committee of this corporation. The corporation provides gap financing to businesses located on or near reservations.