



Comptroller of the Currency  
Administrator of National Banks

# Community Developments

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## Nevada Bank and Trust Boosting Economic Development in Indian Country

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*The Nevada Bank & Trust Co. financed this 420 acre ranch, located 20 miles south of the Duck Valley Indian Reservation. Owned by the Duck Valley Tribe, the primary crop is alfalfa.*

Although the title may sound as if I'm about to embark on a tale from the old West, that's not the case. Our story begins in August 1999, when I met with the tribal council of the Shoshone-Paiute Tribes of the Duck Valley Indian Reservation. "It's our intent," I said, "to provide equitable, quality, and affordable financial services to Native American people, tribes, and reservations who have traditionally been overlooked and undervalued."

Nevada Bank and Trust is a full-service bank with offices in eight rural Nevada communities and \$67 million in assets. We made this commitment after much thought and with much sincerity. We didn't know how the endeavor would turn out. We knew only what needed to happen.

We knew that the tribes we were talking with hadn't been happy with the way they were treated by another bank. On the other hand we'd also heard it said that providing banking services to low-income, high-unemployment Native American communities could be risky and unrewarding. Our thought was not that we should "live on the edge" but that we should all be willing to peek over it now and then, lest we miss an outstretched arm.

### ***On the road to Owyhee***

Gold production, gaming, tourism, and agriculture are the major components of the economy in rural northeastern Nevada. In mid-1999, with gold prices stagnating far below the once steady mark of \$325 per ounce, I was worrying about what seemed likely to be a decline in the economy of our area and indeed much of the state. While thinking, quite frankly, about how to capture additional market share that was not tied to the mining industry, I received a request in the mail for terms, rates, and conditions on a possible loan for a ranch near the Duck Valley Indian Reservation. The request was from the Honorable Marvin Cota, tribal chairman of the Shoshone-Paiute Tribes. I telephoned for more information and before I knew it was on the mailing list for the next Sovereign Lending Task Force meeting which, coincidentally, was to be held in Duck Valley, 100 miles north of Elko, our

regional headquarters. I learned that these meetings had been ongoing for some time, led by Craig Nolte of the Federal Reserve with help from the FDIC, USDA and the OCC, among others.

I drove to Owyhee, town center of the reservation. As I listened to troubling accounts of problems in obtaining credit in Indian country, I thought about the many Native Americans whom I have known in my life. People I grew up with. People I am proud to count as friends. But my childhood friends had lived in colonies in town and their fathers had worked where my father worked. All at once, the reservation looked very different. I had never thought much about credit problems on the reservation nor about sovereign land issues. Now I was being forced to pay attention. At one point I remarked to Craig that it struck me that we could go on talking about these problems or we could roll up our sleeves and, as that famous advertising slogan goes, "Just do it." I'll never forget his smile.

So with the cooperation of our bank's CEO and board of directors, we booked the ranch loan for \$253,226. It was a good investment. The ranch is now an income-producing asset for the tribes, and it has also created new employment opportunities for tribal members. They raise cattle for sale in the marketplace as well as their own hay and alfalfa.

### ***Opening a branch***

We then began talks with the tribes about opening a limited-service branch on the reservation, which I thought would be feasible if we could acquire the tribe's accounts. Our board voted to open a branch and the tribal council resolved to change banks. FDIC approval was granted quickly and our Owyhee office opened in February 2000 with local tribal members, trained by the bank, as its employees.

We have since opened nearly 300 accounts and continue to maintain all tribal accounts. The branch services \$10 million to \$13 million in deposits, with average monthly balances of \$9 million. We currently operate the facility three days a week out of an office in the Natural Resources Building, a stone structure dating back to the 1800s, with a night drop, two teller windows and a new accounts/loan desk. I manage the operation from Elko, making the trip to Owyhee as often as possible. We've executed many consumer loans covering, among other items, cattle and cars, horse trailers and hay. Based on the success we've had with this limited-service facility, we intend to open a full-service branch with drive-up and ATM facilities. The new branch will be part of an aggressive economic development program that the tribes have spurred and approved, including a small commercial center.

Another benefit deriving from opening a limited-service facility on the reservation was our introduction to Charlie Wagner of Emergence, the American Indian Credit Association. The association makes loans to those who do not qualify under traditional bank underwriting criteria regarding credit or collateral. We extended a credit line to the association for re-lending, thus continuing to help with community development. Since the credit association does not compete with the bank over deposits, we can work together to meet some of the higher-risk loans to our shared customers. The credit association can make some of the tougher deals, thanks to its ability to write unsecured loans with higher debt-to-income and loan-to-value ratios and more flexible credit standards.

I should also note that on those occasions when loan disputes have arisen, we've been impressed by the fairness of the tribal court system in resolving them. We've learned, too, that proactive credit counseling is of paramount importance, and we have organized and participated in several presentations on two reservations to that end.

Prompted by our experience, we have entered into relationships with other tribes, booking a range

of consumer and commercial loans, including one in which we partnered with USDA.

### ***Earning trust***

In recognition of our efforts, Nevada Bank and Trust received one of four CRA 2000 awards, presented by the San Francisco Federal Reserve Bank and The Federal Home Loan Bank of San Francisco in April 2000. We were honored by the award, of course, but we have not lost sight of the fact that on this journey there are many miles left to travel.

It was imperative for us to build trust by understanding sovereignty issues while maintaining a partnership in economic and community development. We found that this approach brought not only good business and great partnerships but also has given us a tremendous opportunity to assist our customers in obtaining what everyone wants in these remote rural areas.

What is it that we all want in rural America, whether we live in Indian country or not? We want our children to be able to stay at home, or to return home after completing their education, and find good jobs that promote stability and self-respect. That way they can continue to contribute to the development of their community and to preserving a valued way of life for future generations. The steps we've taken toward that goal are modest, but definitely in the right direction.

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