

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Secor Bank, Federal Savings Bank, Birmingham, Alabama, prepared by the Office of Thrift Supervision, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of September 5, 1990. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

In addition, given the geographic diversity of this institution's offices and delineated communities, the assigned rating is a composite based on the institution's record of performance in all of its local communities.

ASSIGNMENT OF RATING

Identification of Ratings:

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

This institution is rated "Satisfactory Record of Meeting Community Credit Needs", based upon the findings presented below.

General Information:

The institution has delineated 18 local communities for CRA purposes and conducts business in three states--Alabama, Florida, and Louisiana. The rating and comments relate generally to the institution as a whole. However, specific comments concerning a particular community or operational division of the institution are provided herein where appropriate.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

The institution has established regular contacts with individuals representing civic, minority, small business, and residential real estate development organizations. It also has ongoing communication with governmental agencies such as the Decatur Community Development Department and the Birmingham Office of Economic Development. In addition, the institution regularly communicates with private, non-profit developers such as Central City Housing Development, Inc. and Desire Community Housing Corporation, both of New Orleans, and Neighborhood Services, Inc., of Birmingham. Also in Birmingham, the institution participated in the Minority Business and Consumer EXPO in 1989 and 1990.

The institution's ascertainment efforts in the Florida communities, however, have generally been inactive.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The board of directors does not actively participate in the planning and oversight of the institution's CRA efforts.

The board's involvement has been generally confined to the annual review and approval of the institution's CRA Statement. However, beyond a monthly review of lending activity, including bond program loans, further review of the institution's CRA activities and performance was not evident. Individual members of the board have documented involvement in local community activities, and provide the institution with information regarding the credit and deposit needs of its delineated communities.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

The institution has implemented marketing and advertising programs that are approved, reviewed, and monitored by management. The programs are designed to inform general segments of the local communities of the institution's financial services and products offered.

Advertising efforts involve primarily print advertisements in the major daily newspapers in the institution's local communities. The institution infrequently uses special media to reach particular segments of its communities and conducts limited promotional advertisement of special-credit products. No documentation of a review of advertising for compliance with applicable laws and regulations was evident.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The significant portion of the institution's efforts to address the credit needs of its various communities has involved the origination and purchase of residential mortgage loans, housing-rehabilitation loans, and home-improvement loans. A substantial majority of the loans originated and purchased are within the institution's delineated communities.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

When an identified community credit need exists, the institution generally takes steps to help meet that need and frequently participates in governmentally-insured, guaranteed, or subsidized loan programs for housing.

The institution is active as an originator of FHA-insured and VA-guaranteed loans, originating approximately \$25 million of these types of loans during 1989. In addition, in May 1990, it became the first institution in the New Orleans area to be a direct-endorsement lender in the FHA 203(k) program. Under this program, FHA insurance can be provided on loans for the estimated rehabilitation costs in addition to the purchase price of the home. The institution has originated FHA loans in its Florida communities, although to a lesser extent than in Alabama and Louisiana.

The institution is also involved as a lender in state and local bond programs in Alabama and Louisiana. From January 1, 1989, to August 31, 1990, the institution originated loans under these bond programs totaling approximately \$25.2 million and \$13.6 million in Louisiana and Alabama, respectively. Additionally, in Birmingham, the institution is participating with other local financial institutions in a residential mortgage program with reduced closing costs for low- and moderate-income borrowers.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

The institution's CRA Statements identify 18 local communities based upon branch office locations in Alabama, Florida, and Louisiana. Where appropriate, the community is defined by the geographic boundaries of a particular MSA. For example, the Birmingham community is comprised of the five counties in the Birmingham MSA.

The institution's method of delineation does not arbitrarily exclude low- and moderate-income neighborhoods. However, delineations failed to identify local communities served by the branch offices in Plantation, Florida, and Thibodaux, Louisiana. Aside from these oversights, the institution's community delineations meet the purposes of the CRA.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

As shown on its 1989 HMDA Statements, the geographic distribution of the institution's credit extensions, applications, and denials demonstrates a reasonable penetration of all segments of its local communities, including low- and moderate-income neighborhoods. However, some disparities were noted in the institution's lending patterns in certain areas compared to others. This may be partly attributable to there being no documentation of any analysis of the geographic distribution of the applications, loans, and denials by the institution, or any evidence that the board of directors and management were aware of, or had reviewed, such distribution.

The institution has current demographic information on all of its local communities, and uses this information as a resource in helping determine community credit needs. However, there are no formal policies or procedures in place to periodically review demographic information and information obtained from community contacts in order to determine if special credit products and services are needed in a particular community or area.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

Offices are reasonably accessible to all segments of the institution's local community, and the periodic review of services and business hours assures accommodation of all segments of the institution's local community.

The institution's record of opening and closing offices has not adversely affected the level of services available in low- and moderate-income neighborhoods within its local community. The institution opened two branch offices and closed two branch offices during the review period. The closed offices were merged into other nearby branch offices, with no apparent loss of services to the institution's customers, including those in low- and moderate-income neighborhoods.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

The institution generally solicits credit applications for the types of credit listed in its CRA Statements from all segments of its local communities, including low- and moderate-income neighborhoods.

Adequate nondiscriminatory loan underwriting guidelines, appraisal policies, and credit evaluation practices have been established. The institution has developed a training program to ensure that personnel are aware of the institution's lending policies and procedures.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

The institution appears to be in compliance with the substantive provisions of the nondiscrimination laws and regulations, including the Equal Credit Opportunity Act, the Fair Housing Act, and Home Mortgage Disclosure Act.

Several samples of credit approvals and denials for various types of credit offered by the institution were reviewed for compliance with these laws. Although statistical disparities in lending patterns were observed among certain areas, no substantive violations were noted in the files sampled.

V. **COMMUNITY DEVELOPMENT**

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

The institution is generally aware of the development and redevelopment programs within its community, and periodically participates in such programs.

In New Orleans, the institution has provided financing for "Operation Comeback", a program sponsored by the Preservation Resource Center to rehabilitate a deteriorating neighborhood in New Orleans known as the "Lower Garden District". The institution has also been actively involved in community development activities in the Decatur, Alabama, area, helping that City's Community Development Department develop a program--"Home Ownership Made Easier", or "HOME"--in which creditworthy, low-income applicants are able to purchase a city-owned lot and build a home with no down payment or with closing costs paid by the Department. Similar program involvement is not in evidence in the institution's Florida communities at this time.

Assessment Factor K - The institution's ability to meet various community credit needs based upon its financial condition and size, legal impediments, local economic conditions and other factors.

Based upon the information presented in Assessment Factors A, H, and J, the institution has generally supported the development or implementation of specific projects promoting economic revitalization and growth, consistent with its asset size, financial capacity, location, and current local conditions. However, as one of the largest thrift institutions in Alabama with branch operations in Louisiana and Florida, it has not assumed a leadership role in developing special credit programs to meet the credit needs in all of its communities. In particular, the institution's CRA activities in Florida communities have been minimal.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which the institution is helping to meet the credit needs of its entire community.

The institution has participated in activities, not covered under other performance categories, which contribute to the institution's efforts to help meet community credit needs.

For example, the institution has sponsored and participated in credit counseling programs in the Mobile and Huntsville, Alabama, communities.

ADDITIONAL INFORMATION

The institution's main office is located in Birmingham, Alabama. It has branch offices located in the following Metropolitan Statistical Areas (MSAs): Alabama - Birmingham, Decatur, Dothan, Florence, Gadsden, Huntsville, Mobile, Montgomery, Tuscaloosa; Florida - Fort Lauderdale, West Palm Beach; Louisiana - Monroe, New Orleans, Thibodaux. The institution's HMDA depositories for each MSA are located at:

Birmingham, Alabama - 201 Office Park Drive
Decatur, Alabama - 2218 Danville Road SW
Dothan, Alabama - 2980 Ross Clark Circle SW
Florence, Alabama - Corner of Pine and Alabama Streets
Gadsden, Alabama - 701 Forrest Avenue
Huntsville, Alabama - 300 Clinton Avenue West
Mobile, Alabama - 6320 Airport Boulevard
Montgomery, Alabama - 2773 Zelda Road
Tuscaloosa, Alabama - 550 Greensboro Avenue
Fort Lauderdale, Florida - One N. University Drive, Plantation
West Palm Beach, Florida - 6082-C W. Okeechobee Boulevard
Monroe, Louisiana - 2831 Louisville Avenue
New Orleans, Louisiana - 301 St. Charles Avenue
Thibodaux, Louisiana - 107 Canal Boulevard

The institution's 60 branch offices are organized into three divisions, as follows: the Northern division, which includes offices in Northern Louisiana, Northern Alabama, and Western Alabama; the Southern division, which includes offices in Central Alabama, Southern Alabama, and Florida; and the New Orleans division, which includes offices in the New Orleans area. The institution has 18 separate community delineations.