

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Secor Bank, Federal Savings Bank ("Secor" or "Institution"), prepared by the Office of Thrift Supervision ("OTS").

The evaluation represents the OTS's current assessment and rating of Secor's CRA performance based on an examination conducted as of August 8, 1994. 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 CRA 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 CRA 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 federal financial supervisory agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of Secor 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.

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:

Based upon the findings presented below, Secor is rated "Satisfactory record of meeting community credit needs."

CRA PERFORMANCE CATEGORIES

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

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

Based upon its capabilities and operating environment, Secor's activities to ascertain community credit needs were considered reasonable during the review period. According to the 1992 and 1993 CRA Statements, the Institution was involved with various community groups and other government agencies in its attempts to ascertain community credit needs. These groups included the Birmingham Neighborhood Housing Service, the Northport Housing Authority Advisory Board (Tuscaloosa, Alabama), the Tuscaloosa Housing Authority Board, the Minority Business Assistance Task Force (Mobile), and the Jefferson Housing Foundation (Southern Louisiana). The examiner was unable to determine the extent or the results of these contacts since, as a result of the Institution's recent reorganization, those employees involved are no longer employed. Further, there was no evidence of any type of meaningful community outreach efforts within the Ft. Lauderdale and West Palm Beach, Florida, areas. Management indicated the the lack of community outreach within these communities was the result of the Institution's decision to restrict the Florida branch offices to deposit-taking facilities since the Institution had plans to sell these offices. In addition, prior to 1994, community outreach efforts in the New Orleans and Northern Louisiana areas were limited.

Louisiana staff members indicated that Management actively participates in the Greater New Orleans Association. This organization is comprised of CRA officers of the local financial institutions, meets monthly, and invites local businesses and minorities to discuss community lending concerns and fair lending activity. According to Management, this group, in association with ACORN, has sponsored community bank fairs in areas considered to be low- to moderate-income ("LMI").

During 1994, branch managers and loan officers called on members of the various communities in Louisiana, including civic and community groups. Management indicated that it has contacted representatives of the New Orleans Housing Authority and Local Initiatives Support Group to discuss opportunities in which the Institution could participate. Further, Management stated that it has met with representatives of the Neighborhood Housing Services of New Orleans ("NHS") to discuss opportunities to assist in an effort to help meet the housing and credit needs of LMI individuals in New Orleans. NHS is an independent, nonprofit organization made up of local residents, and business and government leaders involved in revitalization efforts in local neighborhoods.

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.

Secor adopted a written CRA program in August 1992. This program provided for the appointment of a CRA Officer and the establishment of a CRA Committee. Until early 1994, this CRA Committee consisted of members of Management and one member of the Board. On a quarterly basis, the CRA Officer presented reports to the Board regarding an assessment of Secor's CRA performance. During this period, the CRA Officer also presented an analysis of the 1992 HMDA report, which focused on the activity within the Institution's delineated communities.

Prior to 1994, Management made efforts to provide CRA training for employees. This training was video based, and the former CRA Officer tested the employees' knowledge of the requirements of the CRA. In August 1994, the Board adopted a CRA Statement and a CRA Policy. Although not yet implemented, it appears to be comprehensive, and outlines the responsibilities of the Board and the CRA Officer. The CRA Policy indicates that the CRA Officer will be responsible for implementation of the Policy. In addition, the CRA Officer will periodically report to the Regional CRA Committee and conduct an annual CRA assessment of the Institution's CRA performance. This Committee includes Board members of the Institution's holding company, Regions Financial Corporation. However, there is currently no provision for the CRA Officer to report to the Board regarding the Institution's CRA performance.

The CRA Policy also sets forth the Institution's efforts to ascertain community credit needs and marketing activities. These efforts include contacts with representatives of community groups, elected officials, and other individuals. The program also states that the Institution will conduct an annual community credit calling campaign. The Policy also provides for an analysis of the geographic distribution of the Institution's loan originations and denials. Although not specifically stated in the CRA Policy, the CRA Officer is responsible for providing CRA training to all employees.

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 its communities aware of the credit services offered.

Secor's efforts to make its communities aware of its products and services was limited during the review period. Through June 1993, Secor's marketing efforts primarily consisted of advertisements of biweekly mortgage loans and construction-permanent loans. These products were publicized in trade magazines and were targeted toward home buyers and realtors in Alabama and New Orleans. In addition, during the fall of 1992 and the winter of 1993, Secor utilized a billboard advertisement in Montgomery, Alabama, and radio advertisements in Mobile, Alabama, which promoted general mortgage loans. Further, home equity loans were promoted in local newspapers in the Louisiana market (March 1993). Other consumer loans and deposit products were advertised in newspapers through all the delineated communities.

After June 1993, when the proposed acquisition by First Alabama was announced, the marketing of Secor's products and services were significantly curtailed. Advertisements only consisted of construction- permanent loans in Huntsville, Alabama, automobile loans in Birmingham, and home equity loans in Louisiana.

During 1993, the Institution did not have a formal realtor call program, and loan originators limited their activity to providing interest rate sheets to local realtors. However, during 1994, Management indicated that it has established working relationships with two minority realty companies in New Orleans.

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 communities, or the purchase of such loans originated in its communities.

Based upon the Uniform Thrift Performance Report, Secor's volume of mortgage and consumer loans originated during 1993 was consistent with savings associations of similar asset size ("peers"). However, for the first quarter of 1994, the volume of mortgage loan originations was less than one half of the volume of its peers. Management explained that the Institution's transition during the acquisition period significantly contributed to the decrease in mortgage loans during the first quarter of 1994. In this regard, the decrease in lending volume occurred due to the loss of the loan production in Alabama as well as the departure of other mortgage lending personnel in many offices both before and after the acquisition. Management also indicated that its operational transition from a centralized to a decentralized process has had an adverse affect on loan production.

Except in Florida, the Institution offers a wide range of credit products, including fixed- and adjustable-rate mortgage loans for purchase, refinance, and construction of single-family homes. In addition, a large selection of consumer loans are available.

Prior to the acquisition by First Alabama, Secor ceased making commercial loans due to asset quality problems. However, with the completion of the acquisition, Management stated that Secor is in the process of increasing its loan volume which will enable it to administer a larger number of commercial loans. In particular, since the acquisition, the Institution has expanded its commercial credit product lines to include investment real estate, land warehouse and development, commercial construction, equipment, inventory, and working capital.

Based upon the Institution's records, the following volume of mortgage loans were originated from January 1, 1993 to August 8, 1994:

<u>1994</u>	<u>1993</u>				
	<u>No.</u>	<u>Amount (000)</u>	<u>Type</u>	<u>No.</u>	<u>Amount</u>
<u>(000)</u>	<u>No.</u>	<u>Amount (000)</u>		<u>No.</u>	<u>Amount</u>
Purchase	1,024	\$123,851		282	\$36,699
Refinance	1,936	192,908		147	14,279
Home Improvement	157	3,508		58	2,067
Consumer Loans	N/A*	61,000		3,083	43,784
Total	3,117	\$381,267		3,570	\$96,829
	=====	=====		=====	=====

It should be noted that these totals include 566 construction permanent loans totaling almost \$87.5 million.

(* The total number and amount of consumer loans originated during 1993 was not readily available due to the 1994 conversion of Secor's old computer system into First Alabama's computer system. Consequently, Management was unable to compile this information. The 1993 consumer loan totals were obtained from the Institution's most recent Thrift Financial Report.)

The Institution offers privately-insured mortgage loans with loan to values ("LTVs") exceeding 80 percent. During 1993 and year to date ("YTD") 1994, the Institution originated 1,012 and 167 loans, respectively, with LTV ratios greater than 80 percent; this represents 69.8 and 65.7 percent of the respective period's total mortgage loan originations.

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

Secor actively participates in government sponsored loan programs through the Federal Housing Administration ("FHA") and the Veterans Administration. Based upon its records, Secor originated the following volume of such loans during 1993 and YTD 1994:

	<u>Number</u>	<u>Amount (000)</u>
1993	221	\$16,390
1994 (YTD)	42	\$3,242

During 1994, Secor submitted applications to become an FHA Title 1 lender. This loan program is designed to assist qualified LMI individuals in obtaining home improvement loans. The Institution also filed an application to become a certified Small Business Administration ("SBA") lender. Both applications are still pending with the respective government agencies.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Communities

Since the preceding examination, the Institution's delineated communities changed as a result of branch sales and its acquisition by First Alabama. During 1992 and 1993, many of Secor's delineated communities were considered too large as they consisted of numerous Metropolitan Statistical Areas ("MSAs") and Counties/Parishes in Alabama, Florida, and Louisiana. Based upon 1990 Census information, the total population for the 1993 delineated communities was approximately 5.0 million. Minorities made up approximately 1.4 million, or 28 percent of the total population.

As of August 1992, the delineated communities included the following MSAs, counties, and/or parishes:

<u>MSA - State</u>	<u>Counties/Parishes</u>
Birmingham, AL	Blount, Jefferson, St. Clear, Shelby
Decatur, AL	Lawrence, Morgan
Florence, AL	Colbert, Lauderdale
Gadsden, AL	Etowah, Marshall
Huntsville, AL	Madison
Montgomery, AL	Autauga, Elmore, Montgomery
Mobile, AL	Baldwin, Mobile
Tuscaloosa, AL	Tuscaloosa
Other AL Counties	Choctaw, Cherokee, Fayette, Dallas, Sumter
Houma-Thibodaux, LA	Lefourche, Terrebonna
Monroe, LA	Quachita
New Orleans, LA	Jefferson, Orleans, St. Bernard, St. Charles,
St. John the Baptist	St. Tammy
Other LA Counties	Clairborne, Webster
Ft. Lauderdale, FL	Broward
West Palm Beach, FL	Palm Beach

In August 1993, the Institution's delineated communities were changed due to the sale of eight Alabama branches to other financial institutions (see Assessment Factor G). As a result, the following areas were deleted from the delineated communities: the Decatur, Florence, and Gadsden MSAs, and Choctaw, Fayette, and Sumter Counties.

Finally, upon completion of the acquisition by First Alabama in 1994 and the sale of the remaining Alabama and Florida branches, the delineated communities were further changed to reflect Secor's reduced market area. The CRA Statement adopted by the Board in August 1994 reflects the delineated communities as: the portions of Jefferson and Orleans parishes north of I-10 and 6-10 highways, the central business district of New Orleans, and the towns of Chalmette, Harvey, Slidell, Mandeville, Thibodaux, West Monroe, Monroe, Homer, and Springhill, Louisiana. The areas located in Jefferson and Orleans Parishes and the towns (city limits) of Chalmette, Harvey, and Slidell are included in the New Orleans MSA.

Based upon the 1990 Census information, the total population within the 1994 delineated communities is approximately 1,340,000 with an estimated minority population of 524,800, or 39 percent of the population.

Management indicated that it chose to delineate the area north of the I-10 and 6-10 highways, as this is the area in which the majority of its contiguous branches are located. Further, Management stated that the highways represent a "significant natural barrier" within this community. Also, the central business district area surrounding the Institution's main office in downtown New Orleans was selected because Management believes it represents the area which this branch can reasonably serve. Management stated that it chose not to include the surrounding areas of the central business district because Secor did not have any branches located in these areas. In addition, Management stated that the main office serves customers who work in the central business district, yet live in other areas of the city.

With regard to other outlying areas, the Institution chose to include the city limits of the towns in which its branch offices were located as the delineated communities. Management stated that these areas were those in which the Institution could best serve a community with one branch.

In reviewing the Institution's delineated community within the New Orleans central business district, several concerns were noted. Foremost, this area includes portions of four census tracts, two of which are designated LMI. However, this area is sparsely populated and has few housing units. Additionally, the surrounding census tracts are predominately LMI and substantially minority. Based upon the 1990 Census information, the total population within these surrounding areas is approximately 23,155. However, there is a very small percentage (14.0) of owner-occupied housing units in these census tracts.

A zip code analysis compiled by the Institution revealed that approximately \$28 million in deposits are concentrated within zip codes surrounding the central business district. However, Management explained that this deposit analysis is somewhat misleading. In this regard, there are a substantial number of older individuals who have larger deposits and who do not borrow money. In addition, Management indicated that many deposits in these areas are from commercial accounts.

Secor currently serves its communities with 15 branch offices located in the New Orleans and northern Louisiana areas. The delineated communities are all considered reasonable, based upon the location of Secor's branch offices. However, the maps in the current CRA Statement depicting these communities do not clearly reflect the respective delineations of each community, and replacement maps should be inserted.

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

The geographic distribution of Secor's credit extensions, applications, and denials appeared reasonable. As of the examination date, the CRA Officer was analyzing the Institution's mortgage loans and deposits by zip codes; therefore, Management had not yet completed its review of the geographic distribution of the mortgage loans. In addition, since the acquisition by First Alabama, Management stated that Secor will have the ability to perform reviews of the geographic distribution of the Institution's loans and deposits according to census tracts.

The examiner performed an analysis of the Institution's lending patterns using the 1993 Home Mortgage Disclosure Act report and YTD 1994 Loan/Application Register ("L/AR"). Based upon the Institution's records, during 1993 and 1994, approximately 84 percent and 78 percent, respectively, of the total mortgage loans were granted within its delineated communities. However, the examiner's review revealed limited concentrations of loans within LMI census tracts. During 1993, an estimated six percent of the total mortgage loans granted were secured by properties located in LMI census tracts. These percentages are small given that approximately 34 percent of the population within the 1993 delineated communities lived in LMI census tracts, based upon 1990 Census information. However, it should be noted that these low percentages within LMI census tracts is very likely attributable to the small volume of owner-occupied housing units within the delineated communities. Within Secor's 1993 delineated communities, approximately 10 percent of the total housing units were owner-occupied. Consequently, it appears that the Institution's 1993 lending activity in LMI areas, while still somewhat low, can be considered generally reasonable.

For YTD 1994, approximately 10 percent of the Institution's mortgage loans were granted in LMI census tracts. This percentage of loans appears generally reasonable based upon 1990 Census information which indicates that approximately 19 percent of the population in the 1994 delineated communities lives within designated LMI census tracts. In addition, the concentration of owner-occupied housing units remained small within the delineated communities. According to the 1990 Census information, approximately 11 percent of the housing units within LMI census tracts were owner-occupied.

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

After the acquisition by First Alabama, the decision was made to concentrate operations in Louisiana and sell the remaining branch offices located in Alabama and Florida. During 1994, 32 branches in Alabama were sold to various financial institutions, including 23 to First Alabama, five to AmSouth Bank, three to West Alabama Bank and Trust, and one to First Federal, Gadsden.

In addition, the Institution's branch office in Covington, Louisiana, was closed in March 1993. In July 1994, Secor sold its four Florida branch offices to Chase Federal Savings Bank, Miami, Florida. The Institution did open a branch office in Mandeville, Louisiana, in March 1993.

Throughout the review period, the Institution has operated under a branch closing policy. This policy provides guidance in assessing the impact a branch closing would have on the affected community(ies). Overall, the branch closings during the review period had no apparent adverse affect on the respective local communities.

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.

A review of the Institution's loan underwriting guidelines and loan policies and procedures disclosed no evidence of practices intended to discourage individuals from applying for credit products offered by Secor.

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

The examination revealed no evidence of discriminatory practices.

V. COMMUNITY DEVELOPMENT

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

Secor's participation in community development programs and projects has been minimal throughout the review period. During 1993, the Institution participated with a local redevelopment group in New Orleans, known as Operation Comeback. The organization provided assistance to individuals to purchase and renovate housing in downtown New Orleans. According to Management, Operation Comeback provided the interim financing, and private lenders would provide permanent financing to qualified individuals. Management stated that Secor originated many loans through this program; however, no records were maintained of the actual volume or aggregate amount of loans granted.

The Institution also invested in the Regional Loan Corporation ("RLC") which is based in New Orleans. This organization works to provide assistance to small businesses which could not qualify for credit from traditional sources. The RLC guarantees a portion of the loan and places the compensating balances at the institution making the loan. This guarantee serves to reduce an institution's risk, and the deposit allows the bank to offer loans at a reduced rate. During 1993, Secor made a \$40,000 contribution to the RLC.

In November 1993, Secor donated a foreclosed property in Birmingham to the Habitat for Humanity Chapter. Due to the dilapidated state of the property, the building was subsequently demolished and the property given to Habitat for the construction of a new house.

Since the last examination, there was evidence of the Institution's efforts to explore opportunities to participate in various community development programs in Birmingham. However, upon the announcement of the acquisition by First Alabama and the pending sale of the Birmingham branches to First Alabama Bank, Secor decided not to pursue participation.

In 1994, Management made credible efforts to explore opportunities to participate in community development efforts in its primary market, Louisiana. In this regard, Management indicated that it has contacted officials of the New Orleans Housing Authority to formulate construction financing packages to minority builders within New Orleans.

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

Secor has undergone a significant amount of transition since the previous examination. During this period, Secor was operating under regulatory restrictions. As a result of these restrictions, the Institution ceased granting commercial loans.

Further, with the announcement of the acquisition by First Alabama in June 1993, many of the Institution's plans for addressing community credit needs were curtailed. Management stated that the Institution was not in a financial position to introduce new, special credit products, or participate in large-scale community development programs. These considerations adversely impacted the Institution's ability to help meet community credit needs.

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 the entirety of each of its communities.

Currently, there are significant housing and community development needs within New Orleans. According to estimates by city officials, there are 37,000 vacant single family housing units in New Orleans. Further discussions with a community contact in New Orleans during the examination revealed that local financial institutions have not actively invested in neighborhood revitalization efforts. In particular, this contact indicated that the efforts by local financial institutions have been largely superficial as they have only expressed an interest in participating, yet have not provided funding or support for local revitalization efforts.