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Comptroller of the Currency  
Administrator of National Banks

Multinational Banking Department  
250 E Street, S. W.  
Washington, D.C. 20219

## **PUBLIC DISCLOSURE**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

August 26, 1996

**Bank One, Dover, N.A.**  
301 West 3rd Street  
Dover, Ohio 44622

**Charter Number 4293**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

### **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Bank One, Dover, N.A.** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **August 26, 1996**. 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.

## 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 on the findings presented below, this institution is rated:

**“Outstanding record of meeting community credit needs.”**

**Evaluation Period:** The bank’s previous Public Disclosure was dated January 31, 1992. The current disclosure evaluates the bank’s performance from February 1, 1992 through June 30, 1996.

### **BANK PROFILE**

Bank One, Dover, N.A. (BOD) is a wholly-owned subsidiary of Banc One Ohio Corporation (BOOC), which owns 17 commercial banks in Ohio and had assets of \$23 billion at year-end 1995. BOOC is wholly owned by Banc One Corporation (BOC) of Columbus, Ohio. As of December 31, 1995, BOC had total assets of \$91 billion and operated 59 banks in Arizona, Colorado, Illinois, Indiana, Kentucky, Louisiana, Ohio, Oklahoma, Texas, Utah, West Virginia, and Wisconsin. During the examination period, Banc One Mortgage Corporation (BOMC) conducted lending activities within BOD’s delineated community. These activities are considered in BOD’s CRA examination, and are not a part of any other institution’s CRA evaluation.

The following table contains BOD’s financial year-end results and shows that the bank’s net income declined during 1994, but since that time has improved significantly. The increase has positively impacted the bank’s ability to meet its responsibilities under the CRA.

#### **Financial Summary** \$ (millions)

	1992	1993	1994	1995
Total Assets	\$288	\$277	\$273	\$314
Net Income	\$5.9	\$6.6	\$3.7	\$5.2
Return on Assets	2.0%	2.4%	1.4%	1.7%

**Source:** Consolidated Reports of Income and Condition

As of year-end 1995, the bank had seven full service branches. Six of these offices have automated teller machines (ATMs).

The following table shows the bank's strong loan-to-deposit ratios during the examination period. These ratios reflect the bank's aggressive lending throughout its delineated community. The bank has nearly an equal percentage of consumer and commercial loans. These tables do not reflect loans which were made by BOD within its delineated community and subsequently sold in the secondary market.

**Year-End Loans and Deposits  
\$ (Millions)**

	1992	%	1993	%	1994	%	1995	%
Retail Loans	116	53%	117	53%	110	49%	116	50%
Commercial Loans	104	47%	105	47%	113	51%	115	50%
Total Loans	220		222		223		231	
Total Deposits	244		230		233		242	
Total Loans/Total Deposits	90%		97%		96%		95%	

Source: Reports of Condition

**COMMUNITY PROFILE**

The bank delineates its local community based on geographical boundaries. As of December 31, 1995, BOD's community delineation included all of Tuscarawas County. Tuscarawas County is not located in a Metropolitan Statistical Area (MSA). This delineation has remained unchanged since the last examination.

**Tuscarawas County** - The 6.4% unemployment rate for the county remains above the State of Ohio rate of 5.4%. Dominant industries are diversified and include health care, precision production and craft, manufacturing, and service. Some of the largest employers in the area are: Union Hospital, Joy Manufacturing, Zimmer Patient Care, and Gradall, Inc.

The following table shows demographic information for the bank's delineated community. For purposes of this evaluation, low- and moderate-income (LMI) census tracts are defined as those tracts with less than 80% of the county's median household income.

The table shows that the bank's delineated community includes a very small minority population (1%), no low-income census tracts, and a substantial level of owner-occupied housing (94%).

**Demographic Information for BOD's Delineated Community**

	<b>Totals</b>
<b>Population</b>	84,090
<b>Minority Population</b>	1,176
<b>Median County Household Income 1994</b>	\$27,916
<b>Median County Household Income 1995</b>	\$28,019
<b># census tracts</b>	20
<b># Low-income census tracts</b>	0
<b># Moderate-income census tracts</b>	1
<b># housing units</b>	33,982
<b># owner-occupied housing units</b>	31,971

Source: 1990 U.S. Census, County demographics

**Community Credit Needs** - Our evaluation included contacts with representatives from the local community, including religious leaders, small business owners, and social services agencies. These contacts were used to identify community credit needs and their opinion of the manner in which the financial institutions are helping to meet these needs

Community credit needs identified by these groups include:

**Loans for affordable single family housing and home improvement**

Loans with flexible lending criteria are needed throughout the delineated community. Non-traditional housing stock, such as mobile homes are also needed. Barriers to customers obtaining these types of loans include: poor credit history, high debt-to-income ratios, and insufficient funds for downpayment and closing.

**Small business loans with flexible underwriting criteria**

Funds are needed for expansion of existing businesses as well as new business start-ups. Barriers to customers obtaining these types of loans include: lack of knowledge of the loan process, lack of collateral, and lack of business expertise.

These needs have also been identified by BOD. See Assessment Factor A for the bank's responses to these credit needs.

## **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.**

**Conclusion** - Management has developed a formal, comprehensive ascertainment program that is effective in identifying credit needs throughout the bank's delineated community, including the moderate-income census tract. The bank has developed loan products that adequately address the identified credit needs.

**Rationale** - BOD has effectively identified credit needs throughout its delineated community. Senior management has developed an array of credit products designed to help meet these needs. In addition, the bank has modified existing credit products to better serve customers.

**Supporting Detail** - Management develops and implements an annual CRA Business Implementation Plan. It includes specific, measurable goals; demographic reports; loan and deposit analyses; and ascertainment strategies. It requires management to implement product development/modification as needed.

The two primary ascertainment activities conducted by BOD are on-going contact with a variety of community groups and input from the Community Advisory Council (CAC). On-going contacts with community groups are the core of BOD's ascertainment efforts. Senior management is responsible for making ascertainment calls with emphasis placed on realtors, clergy, small business owners, civic leaders, and existing customers. Some of the contacts include: City of Dover; Sugarcreek Village Council; City of Bolivar; Community Professional Services; Claymont Community Center; the Minority Employment Readiness Committee; First United Methodist Church; First Christian Church; Dover Public Library; Kent State University; Small Business Development Center; Tuscarawas County Title Company; YMCA; and Daytime Adult Health Care, Inc.

The bank's CAC is comprised of seven community leaders. These individuals represent the religious, social services, civic, small business, and realty sectors. The CAC meets quarterly and is responsible for identifying credit needs via community contacts and assisting in the development of credit products.

As a result of the ascertainment efforts described above, the bank identified two major credit needs. These needs and the bank's response to them are detailed below.

### **o Affordable housing loans with flexible underwriting criteria**

BOD offers an affordable residential purchase loan product with flexible underwriting criteria -- Bank One Affordable Dream Mortgage.

### **o Small Business loans with flexible underwriting criteria**

BOD offers a full range of commercial loan products including lines of credit and installment loans. In addition, the bank participates in government guaranteed commercial loan programs.

**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.**

**Conclusions** - The Board of Directors takes an active role in the formulation of CRA policies and practices. The Board has made compliance with CRA a central part of the bank's planning process.

**Rationale** - The Board has adopted a formal CRA plan, which sets specific goals and objectives, and is modified on an annual basis. The Board reviews the results of CRA related activities at each of its regular meetings. An internal CRA committee meets quarterly to monitor the on-going CRA activities of the bank.

**Supporting Detail** - As described in Assessment Factor A, the Board has established a Community Advisory Council (CAC) to help the bank identify and address credit needs within the community. In addition, the internal CRA committee meets quarterly to act on the recommendations of the CAC and to review the results of CRA activities conducted during the quarter.

Members of the Board are actively involved in various community groups, through which they maintain contact with other community leaders. These contacts help the Directors learn of the needs within the community.

BOOC provides BOD with a CRA Officer who is responsible for administering daily CRA activities, ensuring compliance with corporate policy, and analyzing the bank's lending performance.

BOD is in substantial compliance with the technical requirements of CRA.

## **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.**

**Conclusion and Rationale** - BOD has designed and implemented an effective marketing program. It is designed to inform all members of the delineated community of the bank's credit and financial services.

**Supporting Detail** - The bank's advertisements stimulate awareness of its credit and financial products throughout the delineated community. BOD uses both corporate and local advertising. BOOC is responsible for the creation and distribution of all television advertising. Major network affiliate stations are used to promote credit and depository products. These stations reach a large diverse audience, including LMI persons.

BOD uses a range of local media sources to advertise its products, including The Times Reporter, Dover's general circulation newspaper, and three local radio stations. The bank also advertises on a local cable channel. During the review period, the following credit products were advertised: affordable mortgages, home equity lines of credit, and consumer loans. In addition, the bank used direct marketing to target identified, under-served areas of the community.

Non-traditional means of marketing used by BOD include various educational seminars and realtor luncheons. Of particular note are the small business seminars that the bank has offered during the evaluation period. These seminars discuss most facets of operating a business, including understanding the financial performance of a business, how to manage the income statement, and understanding budgets and cashflows. These seminars have been well attended by accountants, attorneys, business owners, and employees of local businesses.

During 1994, the bank conducted a 12 week seminar for the community through a local church. This program, entitled "How to Manage Your Money," provided information about personal budgeting, consumer finance, credit cards, and home mortgage financing.

At various times, BOD has hosted luncheons for the Tuscarawas Board of Realtors to discuss such topics as the affordable housing products, rehab mortgage financing, and FHA/VA programs.

**Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business loans.**

**Conclusions** - BOD's level of origination of mortgage, home improvement, and small business loans within its community reflects a strong response to identified credit needs.

**Rationale** - The bank has addressed identified credit needs, including affordable mortgage financing and small business loans.

**Supporting Detail** - BOD offers a variety of consumer and commercial loan products. The current CRA Statement correctly lists the credit products offered by the bank. These products are available throughout the entire delineated community.

- o **Residential:** Purchase money mortgage loans, through BOMC; home improvement loans, home equity loans, equity reserve lines of credit.

- o **Consumer:** Installment loans, lines of credit, credit cards, and education loans.
- o **Commercial:** Term loans and lines of credit.

During the review period, the bank developed an affordable home loan with liberal underwriting standards that was specifically designed by the bank to help meet its customers' needs. In 1996, at the direction of BOC, the bank discontinued that program and implemented the "Bank One Affordable Dream Mortgage" which was developed by BOMC. This product is available to any qualified applicant.

The product's underwriting criteria, which are somewhat more conservative than the original program, are as follows:

Purpose:	Purchase or refinance of owner-occupied property
Loan to Value:	Maximum of 97%
Term:	15, 25, or 30 years
Debt Ratios:	33-38% Housing; 36-40.5% Total
Credit History:	Non-traditional credit acceptable
Reserves:	Up to two months required
PMI:	Required when LTV exceeds 80%.

The table below shows affordable loan production during the review period. All of these loans are within the bank's delineated community.

#### **Affordable Housing Originations**

	<b># of applications</b>	<b># of loans</b>	<b>\$(000)</b>
<b>1992</b>	40	25	\$1,054
<b>1993</b>	44	28	998
<b>1994</b>	205	91	3,924
<b>1995</b>	214	116	5,288
<b>TOTAL</b>	503	260	\$11,264

**Source:** Internally generated bank reports.

Conventional housing-related loan products are originated by BOD and BOMC. The table below shows the mortgage loan activity generated within BOD's delineated community. This table does not include the "Bank One Affordable Dream Mortgage." Note that the home improvement numbers shown in the table are also included in the Consumer Loan Origination table. They are shown here to illustrate BOD's efforts to help meet the need for housing-related loan products within the community. This information was not monitored prior to 1994.

**Number of Housing-Related Loan Originations**  
(represents number of loans)

	<b>1994</b>	<b>1995</b>	<b>TOTAL</b>
<b>Conventional</b>	147	142	289
<b>Home Improvement</b>	128	61	189
<b>TOTAL</b>	275	203	478

**Source:** Internally generated bank reports.

Small business lending was another credit need identified by the bank. For purposes of this evaluation, small businesses are those with sales of less than \$1 million.

The bank offers the Bank One Business Line of Credit (BOBLOC) which is designed to bridge the gap between personal loans for businesses and standard term loans. BOBLOC's are made in amounts as low as \$5,000 and are targeted to businesses with annual revenues of less than \$5 million. Examples of very small commercial loans made during the review period are an \$8,000 loan to a small replacement parts distributor, and a \$10,000 loan to a start-up lawn care service, among others.

During 1995, the bank originated 204 small business loans to businesses located within the delineated community. These loans represent 74% of the total number of small business loans made during the year and totaled approximately \$16 million. This information was not available for periods prior to 1995.

While not specifically identified as a community credit need, the bank maintains a significant portfolio of consumer loans. This includes direct and indirect installment loans, personal lines of credit, and automobile leases. The table below shows the number and dollar amounts of consumer loans originated during the evaluation period. The table shows continued growth within the consumer loan portfolio.

**Consumer Loan Originations**

	# of loans	\$(000)	\$ % increase
1992	2,579	\$24,264	NA
1993	2,775	28,249	16%
1994	2,801	30,519	8%
1995	3,118	38,622	27%
6/30/96	1,627	23,272	21%(annualized)
<b>TOTAL</b>	12,900	\$144,926	

Source: Internally generated bank reports.

Small farm loans have significantly increased during the review period as a result of the bank appointing an agricultural lender. The following table summarizes the agricultural loans made from 1993 - 1995.

#### Agricultural Loan Originations

	# of loans	\$(000)
1993	3	\$155
1994	8	511
1995	18	877
<b>TOTAL</b>	29	\$1,543

Source: Internally generated bank reports.

#### **Assessment Factor J - The institution's participation in government insured, guaranteed, or subsidized loan programs.**

**Conclusions** - The bank's participation in government programs is strong, based on opportunities available within the community.

**Rationale** - BOD is involved in two programs sponsored by government agencies for the purpose of assisting in financing small businesses - SBA's "Low Doc" and the Ohio Link Deposit Program.

**Supporting Detail** - BOD is involved in the Small Business Administration's (SBA) "Low Doc" program. This program is designed for businesses with average annual sales of \$5

million or less. In 1994 and 1995, the bank was the leading SBA lender in Tuscarawas County, originating two of three such loans in 1994, and four of the 11 loans originated in 1995.

The Ohio Link Deposit Program allows lenders to discount or lower the interest rate on loans, thereby reducing the cost to the borrower.

The following table shows the number and original amount of loans made during the evaluation period under these programs.

**Participation in Government Programs**

	<b># of Loans</b>	<b>\$ of originations (000)</b>
<b>SBA</b>	6	\$551
<b>Ohio Link Deposit</b>	4	600
<b>TOTAL</b>	10	\$1,151

These numbers are in addition to the small business numbers shown elsewhere within this evaluation.

The bank offers FHA/VA loans through BOMC. These products have not been widely used in the Dover market, however, due to the strong acceptance of the bank's affordable mortgage products.

### **III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

#### **Reasonableness of Delineated Community**

The bank's delineated area is reasonable and does not arbitrarily exclude LMI areas (See Community Profile section of this Report).

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

**Conclusion** - The geographic distribution of the bank's credit extensions, credit applications, and denials is reasonable.

**Rationale** - BOD has extended credit throughout its delineated community. The bank receives applications from substantially all of Tuscarawas County. The level of lending within lower-income households compares favorably to the level within higher-income households.

**Supporting Detail** - Since 1994, the BOC CRA Department has performed three types of geographic distribution analyses for the bank. These analyses include consumer, small business, and HMDA reportable loans. Results of these analyses are used by BOD management to direct ascertainment, marketing, and community development efforts, and in banking center location decisions.

Management uses an internally generated report, the Credit Distribution Summary (CDS), to analyze the geographic distribution of consumer loans. The report tracks the bank's penetration of consumer households with bank deposits and loans. The CDS defines consumer loans as direct and indirect installment loans, credit cards, equity loans and lines of credit, mortgages originated at the bank or BOMC and still serviced by BOMC, student loans, and commercial loans for personal financing. Deposits include checking accounts, interest bearing checking accounts, money market savings, IRAs, certificates of deposit, and other savings accounts. As of year-end 1995, the bank had a consumer depository relationship with 31% of the households in the bank's community, and had extended loans to 32% of the households.

The CDS is also used to identify areas of low consumer loan penetration. Low credit penetration is defined by management as any census tract with a household penetration rate of less than one-half the average penetration rate for the bank's delineated community. According to this definition, three of the twenty census tracts in Tuscarawas County have low credit penetration. The county's one moderate-income tract does not have low credit penetration, and management has reasonable explanations for each of the three census tracts that do have low credit penetration.

Census Tract 203 - This tract is located in the extreme Northern part of BOD's delineated community. Many individuals that live in this tract work in Canton, Ohio, and consequently bank there.

Census Tract 205 - This tract is located in a rural area in the far Northwestern portion of the county. The tract is dominated by a large Amish community. The bank's marketing efforts have not been successful in attracting these individuals.

Census Tract 212 - The bank does not have a branch in this tract. It is served by a local bank, and BOD has been unable to adequately penetrate this area.

Management monitors its household penetration of consumer deposits and consumer loans based on income levels. The bank's penetration of middle- and high-income households with deposits is 29%, with a corresponding loan penetration rate of 29%. The penetration of low- and moderate- income households with deposits is 22%, with a corresponding loan penetration rate of 26%. The bank's consumer loan penetration of LMI households is reasonable. It is greater than the bank's deposit penetration of these households, and approximates the level of consumer loan penetration in middle- and high-income

During 1995, management analyzed the geographic distribution of small business loans (loans to companies with sales of \$1 million or less). The bank had 703 outstanding loans for \$48

million; 70 (10%) were extended to businesses located in the bank’s moderate income census tract.

The following charts show the distribution of various residential mortgage products based on household income. As a result of a lack of low- and moderate-income census tracts, the household income method yields more meaningful results. The totals listed below include loans originated by the bank and BOMC. Tracking information was not available for 1993.

For purposes of this evaluation, household income is segmented into two categories: household income below county median and household income above county median. Most household incomes in the “below county median” category are less than 80% of county median income. These households accounted for 44% of all households in 1994 and 1995.

**1994 Tuscarawas County Loan Distribution**

	<b>Household income below county median # and (%) of applications or loans</b>	<b>Household income above county median # and (%) of applications or loans</b>
<b>Home Improvement</b>	54 (44%)	70 (56%)
<b>Purchase Money</b>	88 (59%)	60 (41%)
<b>Total Loans</b>	142 (52%)	130 (48%)

**Source:** County demographic reports and internally generated bank data

The table shows that BOD’s overall loan distribution within lower income households was stronger than its distribution within higher income households. This was primarily the result of strong purchase money mortgage lending, which includes the bank’s affordable mortgage program.

**1995 Tuscarawas County Loan Distribution**

	<b>Household income below county median # and (%) of applications or loans</b>	<b>Household income above county median # and (%) of applications or loans</b>
<b>Home Improvement</b>	18 (31%)	41 (69%)
<b>Purchase Money</b>	83 (56%)	65 (44%)
<b>Total Loans</b>	101 (49%)	106 (51%)

**Source:** County demographic reports and internally generated bank data

The table shows that BOD's total loan distribution within lower income households was on a par with higher income household distribution. Purchase money lending remained substantially stronger among lower income households; however, home improvement lending declined sharply from 1994 to 1995. This was primarily the result of marketing efforts that targeted home equity loans and unsecured lines of credit, as opposed to home improvement loans.

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

**Conclusion** - BOD's branch offices are reasonably accessible and have a good record of providing services to all segments of the community. The bank complies with the comprehensive Banc One Corporation Branch Closing Policy.

**Rationale** - BOD has seven full service offices located throughout the delineated community. Six of these offices contain ATMs. No offices are located within LMI areas, but the entire community has reasonable access to banking services. A mortgage loan originator from BOMC is located at BOD's Main Office and is available to take mortgage loan applications at any branch by appointment. The bank's branch closing activity has not significantly impacted the provision of banking services to the delineated community.

**Supporting Detail** - The locations of BOD's branches provide reasonable service and access for customers located within the delineated community. Hours of operation are based on customer needs, with all offices open Monday through Saturday. In addition, the Parkside branch office, located in a grocery store, maintains Sunday hours.

During the review period, one office was closed due to a lack of profitability. The bank complied with the Banc One Corporation's branch closing policy, which requires detailed analysis of the effect of the closings on the customer base of the branch. The analysis included the effect on CRA activities within the area. The effect of this closing was mitigated by the fact that the bank operates four offices within a two mile radius of the closed facility.

In addition to the branch network available to provide banking services to its community, BOD offers a 24 hour customer service telephone line, and a 24 hour Loan-by-Phone program.

#### **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).**

**Conclusion** - The bank does not discourage credit applicants on a prohibited basis.

**Rationale** - The bank affirmatively solicits credit applications from all segments of its community. Policies and procedures promote fair lending.

**Supporting Detail** - The bank affirmatively solicits credit products from all segments of the community, including LMI areas. Loan policies and procedures provide a sound basis for avoiding illegal discrimination in lending. There are no policies or underwriting standards that act as barriers to credit access.

Training in fair lending laws and regulations is provided to all applicable employees. Fair Lending: Just Good Business and Valuing Diversity: The Best from Everyone are corporate training programs designed to promote fair lending and good business practices. Videos, handouts, and tests provide the basis for this training.

The bank uses a second review process on all home loan applications. The second review process helps to ensure that all applicants are treated fairly and consistently.

A corporate program to test for possible illegal discrimination in mortgage lending through a comparative file review has not been implemented.

The bank's compliance monitoring program adequately reviews for compliance with the technical requirements of various fair lending regulations.

During a portion of the evaluation period, BOMC was operating with an "overage" compensation program. This program allows lenders who originate a loan with a rate above the company's standard rate to retain a portion of the overage.

Although overage practices are not new to the lending industry, there is recognition that such programs have the potential for a disparate impact on applicants on a prohibited basis if not properly monitored. BOMC management recognized this potential problem and discontinued the program for all applications taken after March 15, 1994. However, management has not performed an analysis to determine if their program, while in effect, had a disparate impact on customers of the mortgage company.

In March of 1995, the mortgage company reintroduced an overage program. Now, however, overages are limited to 1%, which significantly limits the size of any overage. Additionally, affordable mortgage lenders are prohibited from assessing overages.

This practice is highlighted because the bank receives credit in this evaluation for loans made by BMOC in BOD's delineated community. The mortgage company is owned by BOOC, BOD's holding company and is not subject to regulation by the Office of the Comptroller of the Currency.

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

**Conclusion** - Our examination did not disclose any evidence of prohibited discriminatory or illegal credit practices.

**Rationale** - The examination reviewed the bank's compliance with fair lending laws and regulations. We found BOD to be in compliance.

**Supporting Detail** - Our examination included testing for compliance with the Equal Credit Opportunity Act. We performed a comprehensive review of indirect automobile loans originated by the bank's underwriting and credit servicing office located in Akron, Ohio. We tested for illegal discrimination based on gender. Our review did not include testing the lending practices of BOMC.

The bank uses an internal credit scoring system as a key component in deciding whether to approve or deny applications for retail loans. However, based upon policy guidelines and judgmental experience, designated bank personnel can approve or deny a loan request regardless of whether the credit score meets the bank's standard.

We reviewed a sample of female applicants denied credit between January 1, 1996 and March 31, 1996. Our sample focused on 100% of the marginally qualified applicants based upon credit scores. We compared these applicants to marginally qualified male applicants, who typically did not pass the bank's credit score during this time period but were nonetheless approved credit. The objective was to determine if denied applicants were treated similarly and given the same level of assistance when compared to approved applicants. We found that applicants were treated equally and were provided the same level of assistance during the application process.

## **V. COMMUNITY DEVELOPMENT**

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

**Conclusion** - BOD routinely participates in community development and redevelopment projects.

**Rationale** - BOD is involved in community development projects designed to meet affordable housing needs. The bank also supports local economic development initiatives by extending loans to small businesses throughout its delineated area (See Assessment Factors I and Factor G).

**Supporting Detail** - During the review period, BOD financed affordable housing projects totaling \$3.8 million. Some examples include:

- o \$838 thousand of financing to renovate a dilapidated downtown building. The building includes 22 apartment units for LMI tenants.
- o \$331 thousand of financing to purchase and renovate single family homes that are subsequently rented to LMI individuals. As of June 30, 1996, eight homes have been renovated and rented.
- o \$457 thousand of financing to acquire, construct and improve a local mobile home park. Most tenants are low-income and receive subsidies from the Tuscarawas County Metropolitan Housing Authority. As of June 30, 1996, 21 mobile homes had been purchased and renovated. Of these, 93% have been rented.
- o \$25 thousand of working capital financing for a non-profit organization that serves the needs of mentally retarded citizens of Tuscarawas county.

The bank also has access to the resources of the Banc One Community Development Corporation (CDC). CDC's are typically involved in tax credit projects for affordable housing and small business development, originated by developers of those types of projects. During the review period, there were no projects in Tuscarawas County which would have required the involvement of the CDC.

**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.**

**Conclusion** - There are no impediments which inhibit the bank's efforts to help meet the credit needs of its delineated community.

**Rationale and Supporting Detail** - The bank participates in CRA activities commensurate with its size and financial capacity. The Community and Bank profiles section of this evaluation provide further information on the financial trends of the institution and the local economy.

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

**Conclusion** - BOD has some participation in government sponsored student loan programs and routinely contributes to a variety of organizations that promote economic development within the local community.

**Rationale and Supporting Detail** - The bank offers student loans through its affiliate, Banc One Ohio Student Loan Services. The affiliate does not track these loans by geographic location. As a result, specific numbers for the bank's community are not available.

During the review period, BOD contributed approximately \$24,000 to a variety of organizations that promoted economic development within the local community. Examples of contributions include:

- o Grant to establish a local business incubator.
- o Grant to local social service agency that provides home renovations, job training, and educational services (paying bills, completing insurance papers, understanding library resources) to low-income persons.
- o Grant to renovate abandoned commercial building located within the most economically depressed portion of the bank's community. The renovation resulted in creation of the town's largest tourist attraction.