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Comptroller of the Currency  
Administrator of National Banks

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**LARGE BANK**

**PUBLIC DISCLOSURE**

**September 21, 1998**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Bremer Bank, National Association  
Charter Number 23288  
115 East Holmes Street  
Detroit Lakes, Minnesota 56501**

**Supervisory Agency: Office of the Comptroller of the Currency  
Minneapolis North Field Office  
920 Second Avenue South, Suite 800  
Minneapolis, Minnesota 55402**

<p><b>Note:</b> 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.</p>
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## Table of Contents

<b>Glossary of Terms and Common Abbreviations</b>	<b>3</b>
<b>General Information</b>	<b>4</b>
<b>Description of the Institution</b>	<b>5</b>
<b>Description of the Assessment Area</b>	<b>5-7</b>
<b>Examination Scope</b>	<b>8</b>
<b>Conclusions with Respect to Performance Tests</b>	
<i>Lending Test</i>	<b>9-14</b>
<i>Investment Test</i>	<b>14</b>
<i>Service Test</i>	<b>15</b>
<b>Fair Lending Review</b>	<b>16</b>

## GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

**Assessment Area** - The geographic area in which an institution's CRA performance is assessed. Generally, an urban assessment area will not extend beyond the boundaries of a metropolitan statistical area (MSA). A rural assessment area may contain one or more neighboring counties.

**Block Numbering Area (BNA)** - A small, statistical area within a nonmetropolitan county (also known as a "geography").

**Community Development Loan** - A loan with a primary purpose of community development. With one exception community development loans specifically exclude loans reported in Home Mortgage Disclosure Act (HMDA) or CRA Disclosure Statements (small loans to businesses and farms). Multi-family rental housing loans can be reported under HMDA and count as a community development loan.

**Community Development Purpose** - Affordable housing (including multifamily rental housing) for low and moderate income (LMI) individuals; community services targeted for LMI individuals; activities that promote economic development by financing businesses or farms that meet certain size and revenue standards prescribed by regulation; and, activities that vitalize or stabilize LMI geographies.

**Community Development Service** - A service, related to the provision of financial services, with a primary purpose of community development.

**Income Levels** - The regulation prescribes various income levels, relating to individuals, families and geographies: poverty level = less than 30% of the median; low income = less than 50% of the median; moderate income = at least 50%, but less than 80% of the median; middle income = at least 80%, but less than 120% of the median; and, upper income = 120% or more of the median.

**Large Bank** - A financial institution with total assets of \$250 million or more, or an institution of any size that is an affiliate of a bank holding company with banking and thrift assets of \$1 billion or more.

**Median Family Income** - The median family income is determined by the United States Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimated inflation factor.

**Qualified Investment** - A lawful investment with a primary purpose of community development.

**Small Business** - A business with gross annual revenues of \$1 million or less.

**Small Farm** - A farm with gross annual revenues of \$1 million or less.

**Small Loan to a Business or Farm** - A loan of \$1 million or less to any business and a loan of \$500,000 or less to any farm.

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low and moderate income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Bremer Bank, National Association, Detroit Lakes, Minnesota (BBNA)** prepared by the **Office of the Comptroller of the Currency (OCC)** as of **September 21, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

**Institution's CRA Rating:** This institution is rated "**Satisfactory.**" Major factors contributing to the "Satisfactory" rating include:

- o a good responsiveness to the area's credit needs, particularly small business and small farm needs;
- o a good level of qualifying investments; and,
- o retail delivery systems that are reasonably accessible to all portions of the assessment area.

The following table indicates bank performance with respect to the lending, investment and service tests:

<b>Bremer Bank, National Association CRA Performance Tests*</b>			
<b>Performance Levels</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding			
High Satisfactory	<b>X</b>	<b>X</b>	
Low Satisfactory			<b>X</b>
Needs To Improve			
Substantial Noncompliance			

\*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

### DESCRIPTION OF THE INSTITUTION

BBNA is a \$140 million intrastate institution located in northwest Minnesota. It has a main office in Detroit Lakes and a branch in Perham. The bank operates automated teller machines (ATMs) at the main office and four other locations in Detroit Lakes. Two ATMs are also located in Perham.

BBNA offers a full-range of credit products and financial services. The bank has three primary credit products - commercial, agriculture and residential loans. As of August 31, 1998, BBNA's loan portfolio totaled \$95 million. For outstanding dollars, the loan portfolio consists of commercial (30%), residential (31%), agricultural (24%), consumer (9%) and other loans (6%). BBNA's loan to deposit ratio as of June 30, 1998, was 92%.

There are no financial, legal or other factors which impede the bank's ability to meet its CRA obligations. As of June 30, 1998, BBNA reported net income of \$948,000 and \$10.3 million in Tier 1 capital. For calendar year 1997, the bank generated \$1.7 million in net income.

BBNA is owned by the Bremer Financial Corporation (BFC), a \$3 billion holding company headquartered in St. Paul, Minnesota. BFC has 14 national bank subsidiaries (with more than 85 banking locations) throughout Minnesota, North Dakota and Wisconsin. Non-bank affiliates include trust, insurance, management and operations service companies. BFC is owned by the Otto Bremer Foundation, a charitable trust. As a charitable trust, the Foundation must disperse at least 5% of its assets for charitable causes annually.

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## **DESCRIPTION OF THE ASSESSMENT AREA (AA)**

The AA consists of Becker County and the northern half of Otter Tail County. It has a population of 47,874. Larger cities in the AA include Audubon, Detroit Lakes, Frazee, Lake Park, New York Mills, Otter Tail and Perham. The area has 18 BNAs - four are moderate-income tracts, and 14 are middle-income. The AA complies with regulatory requirements. It includes all BBNA offices and deposit-taking ATMs, as well as a substantial majority of its loans. The area does not arbitrarily exclude any low or moderate income areas.

The distribution of families by income is quite even, with just a slightly higher percentage of families in the upper income category. Most families live in the middle-income BNAs. The Department of Housing and Urban Development's 1998 statewide median family income is \$40,500.

Most businesses and farms in the assessment are small. Eighty percent of the businesses have gross annual revenues \$1 million or less. Ninety percent of farms report gross annual revenues of \$500,000 or less.

The following table summarizes various demographic data for BBNA's assessment area, including BNAs and families by income level. It also shows the distribution of businesses and farms by BNA income level.

<b>Assessment Area Profile</b>					
DEMOGRAPHIC CHARACTERISTICS	#	Income Level			
		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Block Numbering Areas (BNAs)	18	n/a	22%	78%	n/a
Population by BNA Level	47,874	n/a	24%	76%	n/a
Family By Income Level (13% below poverty)	13,330	23%	22%	24%	31%
Families By BNA Income Level	13,330	n/a	24%	76%	n/a
Households By Income Level (17% below poverty)	18,076	31%	26%	24%	19%
Households By BNA Income Level	18,076	n/a	24%	76%	n/a
Owner Occupied Housing By BNA Income Level	14,348	n/a	22%	78%	n/a
Vacant Housing By BNA Income Level	11,282	n/a	16%	84%	n/a
<b>Businesses By BNA Income</b>					
Revenues <= \$1 million: (80%)	1,335	n/a	28%	72%	n/a
Revenues > \$1 million: (6%)	110		24%	76%	
Unreported Revenues: (14%)	237		30%	70%	
<b>Farms By BNA Income</b>					
Revenues <= \$1 million: (90%)	90	n/a	20%	80%	n/a
Revenues > \$1 million: (5%)	5		20%	80%	
Unreported Revenues: (5%)	5		0%	100%	
Median Housing Value = \$50,621					
1990 Median Family Income = \$28,933					
HUD Adjusted Median Family Income for 1998 = \$40,500					

Data Source: U. S. Bureau of the Census (1990); Dun & Bradstreet (1996)

While the AA is primarily rural, the economy is diversified and not heavily dependent on agriculture. Primary agricultural production includes beans, corn and dairy cattle. Community contacts said that farm households are increasingly reliant on off-farm income. A concentration of lakes creates economic diversification through tourism and retail businesses. Food processing companies also dominate the industrial base providing more than 1,000 jobs. Community contacts characterized the local economy as stable with some upward trends. Unemployment is low at three percent.

There is considerable competition in the AA, including two large regional banking companies headquartered in Minneapolis, MN and a large community bank based in Fargo, ND. According to June 30, 1998 data obtained from the Federal Deposit Insurance Corporation (FDIC), BBNA has the largest deposit market share (36%) of the nine financial institutions located in Becker County. In Otter Tail County, there are 19 financial institutions operating 24 office locations. The BBNA branch has a 2% deposit market share in this county. An affiliate bank, whose main office is in Breckenridge, Minnesota, also has a branch in Otter Tail County.

We reviewed five community contacts made by the OCC and other regulatory agencies over the last two years. These contacts included city officials, an agency which provides agricultural credit, real estate agents and economic development organizations. Contacts indicated there is a shortage of homes in all price ranges in Detroit Lakes and Perham, as well as other parts of the AA. The housing shortage hinders new and expanding businesses. One contact commented that some employment growth has been geared toward lower wage jobs which, after paying for rent and other living expenses, makes it difficult to buy a home. The contact stated more down payment assistance and flexible financing is needed for first time home buyers. One contact indicated the community needs more opportunities for business creation and increased employment. Another contact expressed a need for more start-up business financing.

## **EXAMINATION SCOPE**

We examined BBNA using the Lending, Investment and Service Tests for large banks pursuant to the revised CRA regulations. These tests were used to assess the bank's record of helping to meet community credit needs. We analyzed BBNA's residential mortgage, small business, small farm and community development lending; the number and types of qualified investments; branch distribution and accessibility; and retail and community development services to arrive at our rating.

The current evaluation covers lending, investment and service activities since the previous CRA evaluation (August 1996) with the following exceptions/notations:

- o Our analysis of farm and business lending included all 1996 and 1997 reported originations. Data is reported and aggregated in whole years. At the time of the examination, 1998 information was not yet available for the bank or the market in aggregate.
- o We reviewed all 1996 loan originations because the data was not considered in the previous CRA evaluation.
- o BBNA's 1996 business loan origination numbers were adjusted to omit tax warrant loans that were incorrectly reported.
- o Our analysis of residential loans included 1996 and 1997 originations. Since 1997, the bank has maintained a HMDA Loan Application Register even though it is not required to do so. After validating the accuracy of the register, we used this information in our evaluation.
- o Our analysis of residential loans did not include home improvement loans. Bank systems do not separately code this product.
- o In the lending test, we gave the most weight to business and farm loans. While residential loans comprise a large portion of the loan portfolio, farm and business loan originations each outnumber residential originations more than three to one. We weighted business and farm loans equally. The number and volume of reported loan originations were almost identical between the two products.
- o At the bank's request, we considered qualified investments made by the affiliated Otto Bremer Foundation in addition to the bank's own qualified investments.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

BBNA demonstrated good responsiveness to agricultural and business credit. The bank's residential real estate lending efforts are adequate.

#### *Small Business Lending*

BBNA's business lending efforts demonstrate good responsiveness to small business credit needs. The bank makes substantial majority of its business loans in the AA; the geographic distribution of these loans is excellent; and the distribution of loans to small businesses is good.

During the two years under review, BBNA originated 511 small loans to businesses totaling \$31 million. A substantial majority of these were in the AA - 474 loans totaling \$28 million. The percentage of loans inside the AA was 93% by number and 90% by dollar volume. Additional detail is provided in the following table.

<i>Percentage of Business Loans Made Inside the Assessment Area</i>								
Location	1996				1997			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Loans Inside AA	235	94%	14,150	91%	239	92%	13,590	87%
Loans Outside AA	15	6%	1,340	9%	22	8%	1,987	13%
<b>Total</b>	<b>250</b>	<b>100%</b>	<b>15,490</b>	<b>100%</b>	<b>261</b>	<b>100%</b>	<b>15,577</b>	<b>100%</b>

Data Source: Bank CRA Disclosure Statement

The geographic distribution of the bank's business loans reflects excellent penetration to moderate-income BNAs. The bank's percentage of loans made in moderate-income BNAs significantly exceeds the percentage of businesses located in those BNAs. This is illustrated in the following table.

<i>Geographic Distribution of Business Loans in the Assessment Area</i>									
BNA Income Designation	% of Businesses	1996				1997			
		#	%	\$(000s)	%	#	%	\$(000s)	%
Moderate-Income	28%	155	66%	8,797	62%	97	41%	5,721	42%
Middle-Income	72%	80	34%	5,353	38%	142	59%	7,869	58%
<b>Total</b>	<b>100%</b>	<b>235</b>	<b>100%</b>	<b>14,150</b>	<b>100%</b>	<b>239</b>	<b>100%</b>	<b>13,590</b>	<b>100%</b>

Data Source: Bank CRA Disclosure Statement, US Bureau of the Census (1990)

BBNA's distribution of business loans by revenue size is good. Bank performance is fairly consistent with the percentage of businesses in the assessment area that are small. This is evidenced in the following table.

<b>Revenue Size Distribution of Business Loans Inside the Assessment Area</b>									
Business Revenue Size	% of Businesses	1996				1997			
		#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	80%	170	72%	4,989	35%	195	82%	6,870	51%
Large Business	6%	65	28%	9,161	65%	43	18%	6,715	49%
Unknown Revenues	14%	0	0%	0	0%	1	<1%	5	<1%
<b>Total</b>	<b>100%</b>	<b>235</b>	<b>100%</b>	<b>14,150</b>	<b>100%</b>	<b>239</b>	<b>100%</b>	<b>13,590</b>	<b>100%</b>

Data Source: Bank CRA Disclosure Statement, US Bureau of the Census (1990)

Of all banks subject to CRA data reporting, BBNA originated the eighth and the ninth largest share of small business loans in the AA in 1996 and 1997, respectively. BBNA originated 4% of all reported small business loans in 1996 a 3% in 1997. The market leader (with 19% of small business originations) is a much larger institution that serves a greater geographic area.

BBNA's willingness to make small business loans is further evidenced by an excellent loan size distribution. Of the bank's small business loans in 1996 and 1997, 94% had origination amounts of \$100,000 or less and 39% had origination amounts of \$10,000 or less. The following table further details the bank's small business loan size distribution.

<b>Loan Size Distribution of Small Business Loans Inside the Assessment Area</b>								
Loan Amount	1996				1997			
	#	%	\$(000s)	%	#	%	\$(000s)	%
\$0 to \$10,000	74	44%	437	9%	67	34%	473	7%
\$10,001 to \$25,000	44	26%	745	15%	68	35%	1,244	18%
\$25,001 to \$50,000	23	13%	781	15%	26	13%	970	14%
\$50,001 to \$100,000	21	12%	1,493	30%	20	10%	1,549	23%
\$100,001 to \$250,000	7	4%	1,233	25%	11	6%	1,734	25%
\$250,001 to \$500,000	1	1%	300	6%	3	2%	900	13%
\$500,000 to \$1,000,000	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>170</b>	<b>100%</b>	<b>4,989</b>	<b>100%</b>	<b>195</b>	<b>100%</b>	<b>6,870</b>	<b>100%</b>

Data Source: Bank Records

**Small Farm Lending**

BBNA's agricultural lending efforts demonstrate good responsiveness to small farm credit needs. The bank makes a high percentage of its reported farm loans in the AA, the geographic distribution of these loans is excellent; and the distribution of loans to small farms is good.

BBNA originated 505 small loans to farms totaling \$31 million during the evaluation period. A high percentage of loans were made within the AA - 449 loans totaling \$27 million. The percentage of loans inside the AA was 89% by number and 87% by dollar volume. Additional detail is provided in the following table.

<b>Percentage of Farm Loans Made Inside the Assessment Area</b>								
Location	1996				1997			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Loans Inside AA	220	90%	13,907	92%	229	88%	13,422	83%
Loans Outside AA	25	10%	1,269	8%	31	12%	2,654	17%
<b>Total</b>	<b>245</b>	<b>100%</b>	<b>15,176</b>	<b>100%</b>	<b>260</b>	<b>100%</b>	<b>16,076</b>	<b>100%</b>

Data Source: Bank CRA Disclosure Statement

The geographic distribution of the bank's farm loans reflects excellent penetration in the moderate-income BNAs. BBNA originated 181 of its 449 farm loans (or 40%) in moderate-income BNAs. Within the AA, only 19% of all farms are located in these areas. The table below further details bank performance.

<b>Geographic Distribution of Farm Loans Inside the Assessment Area</b>									
BNA Income Designation	% of Farms	1996				1997			
		#	%	\$(000s)	%	#	%	\$(000s)	%
Moderate-Income	19%	88	40%	4,476	32%	93	41%	4,387	33%
Middle-Income	81%	132	60%	9,431	68%	136	59%	9,035	67%
<b>Total</b>	<b>100%</b>	<b>220</b>	<b>100%</b>	<b>13,907</b>	<b>100%</b>	<b>229</b>	<b>100%</b>	<b>13,422</b>	<b>100%</b>

Data Source: Bank CRA Disclosure Statement, Bureau of the Census (1990)

BBNA's distribution of farm loans by revenue size is good. A majority (381 or 85%) of BBNA's reported farm loans in the AA were to small farms. This is slightly lower than market demographics which indicate 90% of the area's farms are small. The table on the next page further details the revenue size distribution of the bank's small farm loans in the AA.

<i>Revenue Size Distribution of Farm Loans Inside the Assessment Area</i>									
Farm Revenue Size	% of Farms	1996				1997			
		#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	90%	180	82%	8,348	60%	201	88%	9,852	73%
Large Business	5%	40	18%	5,559	40%	28	12%	3,570	27%
Unknown Revenues	5%	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>100%</b>	<b>220</b>	<b>100%</b>	<b>13,907</b>	<b>100%</b>	<b>229</b>	<b>100%</b>	<b>13,422</b>	<b>100%</b>

Data Source: Bank CRA Disclosure Statement, US Bureau of the Census (1990)

Of all banks subject to CRA data reporting, BBNA originated the eleventh largest share of small farm loans in its A in 1996, and the ninth largest share in 1997. BBNA originated 3% of all reported small farm loans in both 1996 and 1997.

BBNA's willingness to make small farm loans is further evidenced by an excellent loan size distribution. More than 86% of the bank's small farm loans were in amounts of \$100,000 or less and 39% had origination amounts of \$10,000 or less. The following table further details small farm loan size distribution.

<i>Loan Size Distribution of Small Farm Loans Inside the Assessment Area</i>									
Loan Amount	1996				1997				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
\$0 - 10,000	76	42%	343	4%	72	36%	345	4%	
\$10,001 - 25,000	37	21%	621	8%	43	21%	841	9%	
\$25,001 - 50,000	19	10%	749	9%	28	14%	1,118	11%	
\$50,001 - 100,000	21	12%	1,597	19%	32	16%	2,445	25%	
\$100,001 - 250,000	24	13%	3,943	47%	22	11%	3,883	39%	
\$250,001 - 500,000	3	2%	1,095	13%	4	2%	1,220	12%	
<b>Total</b>	<b>180</b>	<b>100%</b>	<b>8,348</b>	<b>100%</b>	<b>201</b>	<b>100%</b>	<b>9,852</b>	<b>100%</b>	

Data Source: Bank Records

### ***Real Estate Lending***

BBNA's real estate lending efforts demonstrate adequate responsiveness to residential credit needs. The bank makes a high percentage of its residential loans in the AA; the geographic distribution of these loans is excellent; and the distribution by borrower income level is adequate.

During the evaluation period, BBNA originated 165 residential loans totaling \$12 million. BBNA originated 128 loans totaling \$9.8 million in 1997. A high percentage (88% by number and 92% by dollar volume) were originated inside the assessment area. The bank's 1996 residential loan information is limited, therefore we could not precisely calculate the percentage of loans inside the AA. We do know that 52 of the 53 residential loan originations in 1996 were in Becker or Otter Tail Counties. Therefore it is very probable the percentage of 1996 loans in the assessment area was high as well.

BBNA demonstrated excellent penetration into moderate-income BNAs. During 1997, BBNA originated 31 loans (27% of the 113 originated) within moderate-income BNAs. This compares favorably to assessment area demographics which show 22% of owner-occupied housing units are located in moderate-income tracts. We were unable to analyze the geographic distribution of 1996 loans due to the limited information available.

BBNA's borrower income distribution of residential loans is adequate. Performance in the moderate-income sector for home purchase loans was particularly good. The bank originated 22% of its home purchase loans to moderate-income borrowers, the same percentage of families in the AA who are moderate-income. Performance is not as strong in the refinance product but this is not unusual. Many settlement costs associated with a loan refinancing do not vary based on loan amount. Therefore, it generally takes longer to recoup these costs (through interest savings) on smaller dollar loans. And it is likely the low income sector has a higher proportion of small dollar loans given the direct correlation between income and debt service ability.

The percentage of residential loans to low income borrowers is less than market demographics but still deemed adequate given the number of families living below poverty in the AA. Thirteen percent of families have income below the poverty level (annual incomes less than \$12,060 per year based on updated 1998 HUD information). At this income level, it can be difficult to afford a home at the AA's median value of \$50,621. The borrower income distribution for residential loans is detailed in the table on the next page.

<b>BORROWER INCOME DISTRIBUTION OF RESIDENTIAL LOANS IN THE ASSESSMENT AREA</b>									
<b>Borrower Income Level</b>	<b>Residential Originations January 1996 through December 1997</b>								<b>Percent of Families in Income Category (13% Below the Poverty Level)</b>
	<b>Home Purchase Loans</b>				<b>Refinance Loans</b>				
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	
<b>Low-Income</b>	10	12%	353	7%	4	5%	155	2%	<b>23%</b>
<b>Moderate-Income</b>	17	22%	858	16%	11	13%	657	9%	<b>22%</b>
<b>Middle-Income</b>	24	30%	1,792	33%	28	33%	1,874	27%	<b>24%</b>
<b>Upper-Income</b>	29	36%	2,384	44%	42	49%	4,327	62%	<b>31%</b>
<b>Total</b>	80	100%	5,387	100%	85	100%	7,013	100%	<b>100%</b>

Source: Bank Records

### **Community Development Lending**

BBNA originated one community development loan during the evaluation period, a \$1.5 million line of credit to the Tribal Council of a local Native American reservation. The line of credit is used as gap financing between receiving federal government payments and paying for tribal social services. Some programs offered by the Council, and fund by the line of credit, include health care, preschool, Head-Start and jobs training. The reservation includes moderate income geographies and a majority of its residents are low- and moderate-income individuals.

### **INVESTMENT TEST**

BBNA and its affiliate, the Otto Bremer Foundation (OBF), have made a significant level of qualified investments during the evaluation period. Opportunities for traditional investments that support community development are limited given the rural nature of the bank's assessment area. Most bank investments were in the form of traditional grants and donations made by the Foundation. The OBF made 33 qualifying grants and donations totaling \$392,263. BBNA directly made four qualifying investments totaling \$20,100. The majority of these monies went to organizations that provide social services to low- and moderate-income individuals and organizations that facilitate small business development. Total qualified investments of \$412,363 represent 4% of the bank's Tier 1 capital as of June 30, 1998.

## **SERVICE TEST**

### ***Retail Banking Services***

BBNA's banking facilities are accessible to geographies and individuals of different income levels in its assessment. The bank has a main office, one branch and seven ATMs. The main office and branch are full service facilities. Both offices include drive-up facilities. Five ATMs are located in the city of Detroit Lakes and two are in Perham. The other ATMs are accessibly located in grocery stores, gasoline stations, and convenience stores.

The distribution of branches is reasonable considering the relatively small size of the institution and the more rural nature of the AA. The main office is located in a moderate-income BNA while the Perham branch is located in a middle-income BNA. BBNA opened the Perham branch in January 1997, via an acquisition of an independent financial institution. BBNA has not closed any offices.

Banking hours are reasonable and offer convenience. Both offices provide lobby hours from 9:00 am until 5:00 pm Monday through Friday. Both offices have extended drive-up hours to provide early morning and after work banking opportunities. The main office offers Saturday lobby hours. Both offices have Saturday morning drive-up hours. Loan officers are also willing to make after-hour appointments with customers.

There are no differences in the wide range of products and services between BBNA offices. Both locations offer the same deposit and credit products with no differences in fees. Although a commercial lender is not located at the Perham office, a commercial lender from Detroit Lakes has regular hours at least two days a week in Perham.

### ***Community Development Services***

BBNA provides an adequate level of community development services. Over the evaluation period, the bank provided qualifying services to 13 organizations. The majority of the community development services related to small business development and economic growth in the area. For some organizations, bank employees provide funds management expertise. Bank employees provide financial counseling and application assistance to LMI individuals, small businesses and farms. Bank employees have provided banking service seminars to LMI members of the White Earth Reservation. Bank officers serve on the Boards of Directors for some community development organizations, sometimes in a leadership capacity.

## **Fair Lending Review**

Examiners did not identify any instances of illegal discrimination or discouragement during the concurrent fair lending review. The review compared loan terms and conditions, using gender as the prohibited basis, on conventional home purchase loans between January 1, 1997 and August 31, 1998.