



Comptroller of the Currency
Administrator of National Banks

Western District
50 Fremont Street, Suite 3900
San Francisco, California 94105-2292

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

January 6, 1997

FirstBank of Colorado, N.A.
Charter Number 15063

10403 West Colfax Avenue
Lakewood, Colorado 80215

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 **FirstBank of Colorado, 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 **January 6, 1997**. 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 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: "Satisfactory record of meeting community credit needs."

Community Profile

FirstBank of Colorado, N.A.'s (FBCO) delineated community consists of 37 census tracts which are located in the Denver Metropolitan Statistical Area (MSA). Thirty census tracts are located in Jefferson County and seven are located in Denver County. The delineated community encompasses the cities of Edgewater, Lakewood, Wheat Ridge, and portions of Golden. Based on 1990 U.S. Census data, the tracts are broken down by income characteristics as follows:

Tract Characteristics

Income Level	Number	% of Total
Low	2	5%
Moderate	10	27%
Middle	17	46%
Upper	3	8%
*NA	5	14%
Totals	37	100%

*Non-populated census tracts.

The population characteristics are as follows:

Population Characteristics

Income Level	Number of Families	% of Total Families
Low	8,616	24%
Moderate	7,578	21%
Middle	8,387	23%
Upper	11,618	32%
Totals	36,199	100%

The 1990 U.S. Census MSA median-family income is \$40,222. This data also indicates a median housing value of \$83,700. Only 50% of the housing units are owner occupied; 41% are rentals; and 9% are vacant.

The major employers in the delineated community are Jefferson County R-1 School District, the U.S. Government (Federal Center), Cobe Laboratories, Lutheran Medical Center, National Renewable Energy Laboratory, City of Lakewood, and Boston Market. There are also numerous small businesses along Colfax Avenue, Federal Boulevard, Sheridan Boulevard, and Wadsworth Boulevard. The unemployment rate for the Denver MSA as of September 30, 1996, was 4% and is lower than the national unemployment rate.

Bank Profile

FirstBank of Colorado, N.A. (FBCO) is located in Lakewood, Colorado. The bank has two offices in Lakewood. The main bank office is located at 10403 West Colfax Avenue, and the Jefferson branch is located at 7590 West Colfax Avenue. The Jefferson branch was purchased in July 1993 as part of the acquisition of the failed Jefferson Bank and Trust.

As of June 30, 1996, FBCO had total assets of \$422 million. FBCO is the largest bank owned by FirstBank Holding Company of Colorado. The holding company had total assets of \$2.7 billion as of June 30, 1996. First Bank Holding Company of Colorado owns 21 other FirstBanks, most are located in the Denver metropolitan area and all but one are located in Colorado. FBCO's customers have access to over 140 ATMs located in all of the FirstBanks' communities.

The bank's primary focus is consumer lending. The loan portfolio as of June 30, 1996, consisted of the following: real estate loans 73%, individual loans 18%, and commercial loans 9%.

Competition is stiff, with 41 financial institutions in the delineated community.

Reasonableness of Delineated Community

The bank's delineated community is bordered on the north by 44th Avenue, on the east by Federal and Sheridan Boulevards, on the south by Mississippi Avenue, and on the west by Colorado State Highway C-470. The delineation is reasonable and does not arbitrarily exclude any low- and moderate-income areas.

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.

- **Management maintains ongoing, meaningful contact with a wide range of individuals and groups representing various community interests.**

FBCO has a formal written program to ensure management maintains contact with individuals and groups from the bank's delineated community. All levels of staff and various methods are used to ascertain the credit needs of the community. Methods include business and individual call programs, focus group meetings, and staff surveys. Management has contacted individuals representing low- and moderate-income neighborhoods, housing services, local, state, and federal government, and civic, religious, minority, and small business groups. Often bank employees are members of or serve on governing boards and committees of these organizations. This allows the bank to receive ongoing information regarding the community's credit needs. The bank's 1996 CRA Statement lists these organizations and the nature of the bank's involvement with them.

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 purpose of the CRA.

- **The Board of Directors (Board) and senior management have developed an effective program to determine and help meet the credit needs of the bank's community.**

The Board and management use information obtained from outreach activities to determine what products to offer. They have developed loan products which use prudent underwriting criteria to help address the community's credit needs. For example, based on feedback from the community, FBCO's mortgage department developed a home purchase program for low- and moderate-income individuals. The bank already offers a number of other mortgage loan products; some of those have been developed or are offered to help meet the specific credit needs of low- and moderate-income individuals. The bank also offers government guaranteed or sponsored loan products for small businesses and students.

In order to monitor CRA efforts and progress, the Board and senior management have established a CRA Steering Committee which meets semi-annually. Representatives from senior management and the Board serve on the bank's CRA Steering Committee. This ensures the Board remains informed on the bank's efforts and allows them to identify any weaknesses in current efforts.

II. **MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED**

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

- **The Board and senior management have implemented a sound advertising and marketing program designed to reach all segments of FBCO's community.**

In order to reach all segments of its delineated community, the bank uses various means and methods to market and advertise its products. Company-wide advertising, directed by FirstBank Holding Company of Colorado, makes use of broad base general media. This includes extensive use of television, radio, and major newspapers. Bank-wide brochures, direct mailings, and sponsorship of a variety of events are also used to advertise loan and deposit products. These efforts include use of media, such as the *Catholic Register*, *El Semanario*, *LA VOZ*, *Intermountain Jewish News*, *Urban Spectrum*, and *KBNO Radio*, which target special interest groups.

In addition, the bank tailors its marketing and advertising efforts to its individual community. This is accomplished through the sponsorship of local events and the use of local publications, including newspapers, newsletters, neighborhood directories, school publications, and church bulletins.

FBCO also uses special marketing efforts to reach targeted markets concerning credit products developed specifically to meet their needs. For example, one such marketing effort targeted the Molholm Neighborhood.

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

- **FBCO has made good efforts to address the housing, consumer, and small business credit needs of its community.**

A majority of the bank's deposits are invested in loans. As of June 30, 1996, the bank's eight-quarter average loan-to-deposit ratio was 59.6%. This is only slightly lower than the eight-quarter average for Colorado banks, which is 63%.

In 1995, the bank originated \$37.5 million in residential real estate, home improvement, small business and consumer loans. A majority, or 53% of the number of loans, was in the delineated community while 40% of the dollar volume was within the delineated community. As of June 30, 1996, the bank had originated \$27.4 million in loans. These included \$15.5 million or 57% in residential loans; \$1.5 million or 6% in home improvement loans; \$6.3 million or 23% in small business loans, and \$4.0 million or 14% in consumer loans. A majority of both the number and dollar volume of total loans is outside the delineated community. This is noted in the following chart which shows the percentage of loans by number and dollar volume within the community:

**Loan Originations within the Delineated Community
As of June 1996 and Year End 1995**

TYPES OF LOAN ORIGINATIONS WITHIN DELINEATED COMMUNITY	JUNE 1996		YEAR END 1995	
	Number	Percentage	Number	Percentage
Residential Mortgages	79	42%	68	42%
Home Improvement Loans	51	59%	103	52%
Small Business Loans	54	49%	79	50%
Other Consumer Purposes	327	49%	1,051	54%
Total of All Loans	511	48%	1,301	53%
	Volume Percentage (000)		Volume Percentage (000)	
Residential Mortgages	\$ 5,722	37%	\$ 5,069	34%
Home Improvement Loans	\$ 847	55%	\$ 1,628	51%
Small Business Loans	\$ 2,728	43%	\$ 3,231	38%
Other Consumer Purposes	\$ 1,677	42%	\$ 4,948	46%
Total of All Loans	\$10,974	40%	\$14,876	40%

A further review of the bank's Home Mortgage Disclosure Act (HMDA) data indicates the bank has 5.83% of the market share of HMDA loans within its community. It is second in a group of 40 financial institutions which originate mortgage loans in the bank's delineated community. This compares favorably to the financial institution ranked first, which has a market share of 6.11%.

The bank has developed and is involved in special programs targeted to meet the credit needs of low- and moderate-income individuals. However, despite significant marketing and advertising efforts, the bank has originated only a few of these loans. Some of the special programs are as follows:

Community HomeBuyers Program

This is a Fannie Mae 15-, 20-, and 30-year mortgage loan product which offers a lower down payment. Applicants can finance up to 95% of the home purchase value of the home or 90%, if refinancing. Private Mortgage Insurance (PMI) is required, but is lower than for standard conventional loans. The bank implemented this program in 1994. Since inception of the program, the bank has originated seven loans totaling \$562,000.

The Affordable Housing Program

This is a new mortgage loan program which started in mid-1996 to supplement the Community HomeBuyers Program described above. This program is for the purchase, refinance, as well as, cash-out refinance for single family residences. Unlike the Community HomeBuyers program, this program also includes financing for town homes and condominiums. The program is available to borrowers at or below median income. Maximum loan-to-value is 97%, with a minimum 3% down payment, and low closing costs. The bank has originated two loans under this program totaling \$107,000.

Good Neighbor Mortgage Loan Program

This is a 30-year mortgage loan program for home purchase or refinancing. The loan-to-value is 95% for home purchase or 90% for refinancing. No PMI is required. Applicants are preapproved and informed of the availability of this product by mail. Since implementation of the program in January 1994, the bank has originated one loan for \$23,000.

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

- **FBCO has made an effort to participate in some governmentally sponsored loan programs.**

The bank's participation in governmentally sponsored loan programs is limited to the student loan and the Small Business Administration (SBA) loan programs. The bank originates a significant number of student loans. In 1995, FBCO made 677 student loans for a total dollar volume of \$3.3 million. As of September 30, 1996, the bank had originated an additional 673 loans totaling \$3.3 million. The bank has very few requests for SBA loans. In 1995, FBCO made one SBA loan for \$18,000. Year-to-date 1996, the bank has not originated any SBA loans.

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

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

- **FBCO has made very good efforts to ensure its loans are evenly distributed throughout its delineated community.**

Through a review of demographic data and an analysis of the bank’s lending patterns, we noted the bank had made loans in all of its populated census tracts. Although the bank did not make loans in five census tracts, these were all non-populated tracts. Four census tracts were very small industrial areas, and one large census tract is entirely in the Federal Center.

The bank is primarily a residential mortgage lender. A review of the Home Mortgage Disclosure Act (HMDA) statement, indicates loans in tracts of various income levels are fairly evenly distributed.

**Distribution of Loans Originations
by Census Tract Income Category**

Tract Income Level	Number of Tracts	% of Total Tracts	Number of Loans Made	% of Total Loans
Low	2	5%	5	3%
Moderate	10	27%	39	24%
Middle	17	46%	94	59%
Upper	3	8%	22	14%
NA	5	14%	0	0%
Totals	37	100%	160	100%

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

- **FBCO has made an excellent effort to ensure its services are readily accessible to all members of its delineated community.**

Banking services are readily accessible throughout the delineated community. Customers can make deposits at any of the 65 FirstBank locations. This includes 22 banks and 43 branches. Nineteen of the branches are conveniently located in King Soopers grocery stores. FirstBanks has a network of over 140 automated teller machines (ATMs). The ATMs have braille instructions to assist the visually impaired. The bank offers 24 hour banking. Individuals can apply for loans, open new accounts, transfer funds, determine account balances, and obtain information about various products the bank offers through an automated system or a customer representative. This system offers these services in both English and Spanish. Also available through 24 hour banking is a telecommunication device for the hearing impaired. The bank offers extended and Saturday hours for lobby and drive-up services. In addition, FBCO has upgraded its building to conform with the requirements of the Americans with Disabilities Act of 1990.

The bank closed a detached facility in November 1994. The detached facility was underutilized and

was expensive to operate. The bank did not have to give notice of the closure, since the detached facility was not considered a branch. Nonetheless, the bank followed its branch closing policy and gave customers advance notice of the closure. There was no adverse affect from the closure as the facility was within 3,000 feet from the main bank and offered limited services.

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).

- **FBCO solicits credit applications from all segments of its delineated community.**

Broad base and special advertising and marketing efforts are designed to reach all types of individuals and groups. In order to reach its Hispanic market, the bank advertises in both English and Spanish. There is no evidence that the bank discourages or illegally prescreens applicants or potential applicants on a prohibited basis.

The Board and management have implemented adequate policies and procedures to ensure applicants are treated fairly during the credit application process. In addition, senior management provides annual fair lending training for all personnel who are in contact with potential applicants.

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

- **The bank's level of compliance with antidiscrimination laws and regulations, including Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, and any agency regulations pertaining to nondiscriminatory treatment of credit applicants is very good.**

During a concurrent examination, we performed a comparative file analysis of 112 HMDA loans. We reviewed 100 approved loans to white applicants and 12 denied loans to minority applicants. We did not identify any instances in which a similarly situated applicant was denied credit based on race. We did not find any violations of fair lending laws or regulations.

The bank has a second review process whereby all denied low-income applicants receive a second review prior to a final decision. Annually, the audit department also performs a comparative file analysis to determine if there is any disparate or discriminatory treatment of credit applicants based on any of the prohibited bases.

V. COMMUNITY DEVELOPMENT

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

- **Management has made significant efforts to become involved in any community development and redevelopment programs in its delineated community.**

Management is keenly aware of any opportunities for involvement in community development and redevelopment projects or programs. Senior management continuously meets with officials from the City of Lakewood. However, there have been very few opportunities within the bank's

delineated community. FBCO has become involved in those few that are available. The bank is involved in the following projects:

Colfax Economic Revitalization Effort

Senior management attends meetings which consist of interested business owners located along west Colfax Avenue. The group focuses on revitalizing Colfax Avenue. In 1995 and 1996, the bank contributed \$10,025 towards this effort.

Federal Home Loan Bank Affordable Housing Program

FBCO sponsors this program. The bank's role is to certify to the Federal Home Loan Bank that a specific Habitat for Humanity (Habitat) home was built for the cost indicated by Habitat and that some sweat equity did go into the property. The bank must also verify that the individual or family purchasing the home is a low-income individual/family. Once the necessary certifications are accomplished, funds pass through the bank to Habitat.

Jefferson Economic Council (JEC)

FBCO along with FirstBank of Arvada, N.A., FirstBank of Lakewood, N.A., FirstBank of South Jeffco, and FirstBank of Wheat Ridge, N.A. contributed \$25,000 to JEC's budget. The banks have pledged to contribute this amount annually for the next four years so that JEC can implement the economic portion of its strategic plan over the next three and one-half years. JEC's goal is to create 15,000 new primary jobs within five years. The plan calls for creating new jobs through the expansion of local companies, new business start ups, and the recruitment of businesses into Jefferson County.

The Molholm Neighborhood Project

FBCO is involved with the City of Lakewood to redevelop this neighborhood. The bank recently donated \$500 and several hours of personal employee time in a project to clean-up the area and remove any graffiti. The bank also sent special mailers to area residents informing them of a special home improvement loan program the bank developed specifically for residents of this neighborhood. The bank has aggressively marketed this product in the Molholm Neighborhood. To date, only one loan has been made. However, the program was just implemented in mid-1996.

The Lakewood GAP Loan Program

The bank participates in this program, along with other area banks, by funding loans. The participating bank provides 70% financing with the City of Lakewood participating 30% of the loan using Federal Community Development Block Grant funds. The City of Lakewood developed this program to provide access to capital for viable small businesses which do not qualify for traditional bank loans because of insufficient collateral, high debt ratios, insufficient cash flow, etc.

Despite significant advertising efforts, the program has not been successful. Only one GAP loan has been originated since inception of the program which began in early 1995. This loan was originated by FBCO. Since this program has not been successful, senior management has been working with the City of Lakewood in an effort to get the city to redirect the funds toward another program which would benefit low- and moderate-income individuals.

FBCO has investments in local, state, and regional municipal bonds which benefit communities

throughout Colorado. Currently, the bank holds about \$17 million in municipal bonds. Four of the bonds totaling \$420,386 support low- and moderate-income housing. Two of these benefit the bank's delineated community.

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.

- **Consistent with its size, the bank has sufficient resources to meet the credit needs of its delineated community.**

There are no legal impediments which would prevent the bank from meeting the credit needs of the community. Local economic conditions are good. The bank has demonstrated its willingness to help meet the credit needs of its community by developing credit products to meet those needs and by participating in redevelopment and revitalization efforts when the opportunity arises.

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.

- **FBCO helps meet the credit and other needs of its delineated community by participating in programs which benefit low- and moderate-income individuals and by providing donations to nonprofit organizations which benefit its community.**

FBCO participates in the Colorado Association of Realtors Housing Opportunity Foundation and the Colorado Lawyers Trust Account Foundation programs. Under these programs interest paid on participating realtors' and attorneys' checking accounts is used to provide mortgage down payment assistance and legal representation for low- and moderate-income individuals.

In 1995, the bank donated \$45,155 to local non-profit organizations. Year-to-date 1996, the bank has donated \$38,844. The organizations which received donations included some which benefit low- and moderate-income individuals.

ADDITIONAL INFORMATION

Whenever possible, our review focused on all loan types. However, in some areas we focused primarily on residential mortgage loans which are reportable under the Home Mortgage Disclosure Act. You may obtain a copy of the HMDA statement at the local library. You may also obtain a copy by contacting Dale Mingilton at FirstBank of Colorado, N.A., 10403 West Colfax Avenue, Lakewood, Colorado 80215.