



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 Denver, N.A.
Charter Number 18751

370 17th Street
Denver, Colorado 80202

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 Denver, 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 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.”

Community Profile

FirstBank of Denver N.A. (FBDV) has a delineated community that consists of 32 census tracts located in the Denver Metropolitan Statistical Area (MSA). All of the census tracts are located in Denver County. The delineated community encompasses the lower downtown business district and surrounding local neighborhoods. 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 | 12 | 38% |
| Moderate | 7 | 22% |
| Middle | 7 | 22% |
| Upper | 6 | 18% |
| Totals | 32 | 100% |

The population characteristics are as follows:

Population Characteristics

| Income Level | Number of Families | % of Total Families |
|---------------|--------------------|---------------------|
| Low | 6,773 | 36% |
| Moderate | 3,344 | 17% |
| Middle | 3,060 | 16% |
| Upper | 5,845 | 31% |
| Totals | 19,022 | 100% |

The 1990 U.S. Census MSA median family income is \$40,222. This data also indicates a median housing value of \$82,413. Of the 61,619 total housing units, 57% are rental properties, 27% are owner occupied, and 16% are vacant.

Denver is a regional center for business services. It is also the Rocky Mountain region's premier center for transportation, energy, and finance. Health services account for a portion of the total employment in the area. City and county government are also major employers. The Denver MSA has a diversified economic base and as the largest business district in the state, includes office headquarters for many large corporations. A diversified body of small businesses is also included in the delineated community.

The unemployment rate for the Denver MSA as of September 30, 1996, was 4% and is lower than the national unemployment rate.

Bank Profile

FBDV is located in downtown Denver, Colorado. FBDV has three branches. The main bank is located at 370 17th Street. Two of the branches are located in King Soopers stores, one at 1155 East 9th Avenue and the other at 1355 Krameria Street. The newest branch, located at 1200 17th Street at the Tabor Center, was opened on September 16, 1996. The bank also has six automated teller machines (ATMs) at various locations near the main bank and branches.

As of June 30, 1996, FBDV had total assets of \$81 million. The bank is owned by FirstBank Holding Company of Colorado. The holding company had total assets of \$2.7 billion as of June 30, 1996. FirstBank Holding Company of Colorado owns 21 other FirstBanks, most are located in the Denver metropolitan area and all but one are located in Colorado.

The bank's primary focus is residential and commercial real estate lending. FBDV is very active in financing large multi-family rehabilitation loans. The loan portfolio as of June 30, 1996, consisted of the following: 59% residential real estate loans, 20% commercial real estate loans, 12% construction loans, 5% other consumer loans, and 4% commercial loans.

Competition is stiff with many regional and community financial institutions in the bank's delineated community. Approximately 40 banks, mortgage companies, and savings banks compete for market share in FBDV's delineated community, some whose asset size is significantly larger than FBDV. This intense competition must be factored in when determining ability to address all the credit needs in the community. The bank has no other constraints on its ability to meet various credit needs within the delineated community.

Reasonableness of Delineated Community

The bank's delineated community is comprised of 32 census tracts bordered by Martin Luther King Boulevard on the north, the old Stapleton International Airport and the old Lowry Air Force Base on the east, Sixth Avenue on the south and Platte River to the west. The delineation is reasonable and does not arbitrarily exclude any low- or 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.**

FBDV has a formal written program to ensure management maintains contact with individuals and groups from the bank's delineated community. Methods include business and individual call programs and staff and customer surveys. Management has contacted individuals which represent small business, civic, senior citizens, and women's groups. Senior management has ongoing contact with government officials and groups that seek to provide more affordable housing. These include Denver Urban Renewal Authority, the Mayor's Office of Economic Development, Colorado Housing and Finance Authority, Northeast Denver Housing Center, and Housing for All. The bank president serves as chairman of the City Center Housing Council, whose task is to develop housing options for downtown Denver. The bank's 1996 CRA Statement lists these and other organizations.

The bank also periodically conducts surveys to identify unmet credit and banking needs. Bank staff personally contact all participants who list any unmet credit or banking needs in an effort to obtain their business.

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 Community Reinvestment Act.

- **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, the mortgage department of the lead bank developed a home purchase program for low- and moderate-income individuals which is available through FBDV. 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 FBDV'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 which targets special interest groups or low- and moderate-income individuals. The bank makes use of such special publications as *The Body of Christ* religious newspaper and minority targeted newspapers, such as *LA VOZ* and the *Urban Spectrum*. FBDV also advertises on KDKO radio station, which reaches a minority audience.

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.

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

- **The bank makes significant efforts to address identified credit needs through the origination of residential mortgages, home improvement, small business and other consumer loans.**

Loan volume is substantial in relation to the bank's size, resources, and other competitive factors. The loan-to-deposit ratio as of November 19, 1996, is 75%. The loan-to-deposit ratio includes only originated loans. The bank also has a large volume of loan participations. If loan participations were included, the ratio would be 136%.

A majority of the bank's loans are within the delineated community. For the first six months of 1996, the bank originated 616 loans totaling approximately \$53 million across all loan product lines. Of this dollar volume 51% were loans within the bank's delineated community. In 1995, 66% of dollar volume was originated in the bank's community. In contrast, 50% of the number of loans made as of June 30, 1996, were in the bank's delineated community, while in 1995, 55% of the number were within the delineated community. The following chart outlines the number and

percentage of major types of loans extended within the bank's delineated community in 1995 and the first six months of 1996.

**Number and Percentage of Loans Originated within the
Delineated Community as of June 30, 1996, and Year End 1995**

| TYPES OF LOAN ORIGINATION WITHIN DELINEATED COMMUNITY | JUNE 30, 1996 | | YEAR END 1995 | |
|---|---------------|------|------------------|------|
| | #S | % | #S | % |
| Residential Mortgages | 21 | 32% | 26 | 30% |
| Home Imp. Loans | 11 | 31% | 16 | 29% |
| Rehabilitation/ Community Development Loans | 3 | 100% | 5 | 100% |
| Small Business Loans | 13 | 57% | 23 | 56% |
| Other Consumer Purposes | 264 | 53% | 770 | 57% |
| Total of All Loans | 312 | 50% | 840 | 55% |

The bank offers a full range of conventional and first mortgage loans, as well as home equity and second mortgage loan products. The residential loan portfolio, including home improvement loans, totaled \$14.5 million in 1995. In addition, the bank offers special products specifically designed to meet the needs of low- and moderate-income individuals. Such programs are:

The Homeownership Program

FBDV participates in this program in conjunction with Northeast Denver Housing Center. The program targets low- and moderate-income individuals, and includes low closing costs and a fixed 30-year rate. Since inception in 1994, the bank has extended 19 loans for a total of \$1,108,160.

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. This program generated one loan in 1996 for \$119,000.

Good Neighbor Mortgage Program

This program offers a 95% loan-to-value residential mortgage loan with a 7% annual percentage rate for up to 30 years and low closing costs. In 1995, four loans were extended totaling \$313,935.

Another identified credit need that FBDV addresses is multi-family housing units. The bank is very active in financing multi-family housing, particularly in the lower downtown historic district. Some of these projects are mixed-income housing units and include housing for low- and moderate-income individuals. In 1995, loans for these projects totaled approximately \$9.8 million. As of June 30, 1996, financing for multi-family housing approximated \$26.7 million.

Bank officers affirmatively address the credit needs of small business borrowers, which they identify through ongoing contacts with small businesses in their community. In 1995 the bank originated \$7.8 million in loans to small businesses. For the first six months of 1996, small business loans totaled \$23.4 million. In addition, the bank is a charter member of the Denver Downtown Capital Corporation, a community development corporation that extends loans to small inner-city emerging businesses.

Inner-city revitalization and development also plays a major role in the bank's lending and is more fully discussed under Assessment Factor H.

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

- **The bank shows strong support for governmentally-insured, guaranteed or subsidized loans to meet identified community credit needs.**

The bank provides loans through the Small Business Administration (SBA). FBDV participates in the SBA's LowDoc and 504 programs. In addition, the bank works with the Denver Urban Renewal Authority, the Mayor's Office of Economic Development, and the Housing Denver ITC to extend loans to meet business and housing credit needs. In the first six months of 1996, FBDV originated six SBA loans totaling \$2.7 million. In 1995, the bank originated eight SBA loans totaling \$3.9 million.

FBDV also originates government-guaranteed student loans, including Stafford Student Loans, Parents' Loan for Undergraduate Students (PLUS), and SLS Supplemental Loans. Through June 1996, student loans totaled just over \$1 million.

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.

- **FBDV shows reasonable distribution of loans within its delineated community,**

including low- and moderate-income areas.

Of the bank's HMDA applications received in the delineated community in 1995, 78% were approved. Of these originated loans, 40% were in low- and moderate-income census tracts. HMDA data for January 1, 1996 through September 30, 1996, suggests that 60% of HMDA applications received from low- and moderate-income census tracts resulted in loans.

In addition to HMDA data, bank-generated reports for 1995 and 1996 show a good distribution of all originated and outstanding loans throughout almost every census tract in FBDV's delineated community. The 1995 loan data also indicates that 191 loans were extended to low- and moderate-income borrowers which was 38% of all closed loans. For the first six months of 1996, 322 loans were made to borrowers in low- and moderate-income neighborhoods, which was 48% of total loans closed for the period. All of the development and rehabilitation loans extended in 1995 are within the bank's delineated community.

Semi-annual analyses are performed on the distribution of both originated and denied HMDA, retail, and business loans for all census tracts in the delineated community. Management uses this information to determine if there any potential problems with lending distribution and to develop plans.

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

- **FBDV's offices are readily accessible to all segments of the community.**

FBDV has three branches and six ATM locations within the delineated community. The two established branches are located in middle-income areas that are bordered by low- and moderate-income neighborhoods. A new full-service branch was opened in the lower downtown area on September 16, 1996. This branch was opened to meet the needs identified by area businesses and customers.

The branches are open nightly until 6:00 p.m. and the downtown bank has Saturday hours tailored to meet the needs of area businesses. Bank management regularly reviews business hours and services to ensure customers' credit and banking needs are being met.

Banking services are also readily accessible throughout the Denver metropolitan area, as well as in other areas in Colorado. 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. In total, FirstBanks have a network of more than 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.

FBDV has not closed any offices. However, the bank does have a branch closing policy in the event one is proposed.

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).

- **FBDV 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 the 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.

- **FBDV actively participates in community development and revitalization programs, providing both technical expertise and financial support in the community.**

FBDV has a high level of participation in providing financing for large multi-family rehabilitation and development projects in the delineated community. The bank often takes a leadership role in projects which promote economic revitalization of the lower downtown area. In 1995 and 1996, these projects required funding that totaled approximately \$30 million. Some were completed in conjunction with tax increment financing and HUD financing.

- Denver Dry Retail Building - rehabilitation for businesses and mixed housing.
- Guaranty Bank Project - building converted to low income rental units.
- Larimer Square Parking Garage - construction of needed parking in lower downtown.
- Metropolitan Lofts - building rehabilitation into housing units.
- Oddfellows Hall - revitalization of a historic building.
- Stadium Lofts - building converted into 48 loft housing units.

FBDV is a charter member of the Denver Capital Corporation (DCC), the first multi-bank community development corporation in Denver. This organization provides business loans up to \$25,000 to emerging small businesses within the central Denver area . Since 1994, DCC has extended \$830,000 in loans. A bank officer serves on the Board of Directors. The bank has invested \$50,000 in DCC.

The bank invests in municipal bonds that directly benefit Colorado communities including Denver. In 1995, the bank purchased a mortgage-backed security on a low-and moderate-income housing development in Denver. This project provides housing for 94 low- and moderate-income families in the bank's delineated community. In addition, FBDV holds 17 Colorado municipal bonds totaling \$4.5 million.

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.

- **FBDV's efforts to meet community credit needs are consistent with its size and resources.**

The bank has demonstrated its ability to meet credit needs in the community, as evidenced by the various types of loans offered and originated in the community. The bank has also demonstrated its willingness to support the development of products to meet community growth and redevelopment needs. No legal impediments or factors limit the bank's efforts.

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.

- **The bank engages in other meaningful activities that contribute to its efforts to help meet the community's credit needs.**

Bank officers have provided financial expertise to several non-profit entities whose purpose is to

provide housing or facilitate credit needs in the community. Some senior officers serve on boards of non-profit organizations and are members of minority chambers.

During 1995, the bank gave \$12,000 in donations, with significant emphasis on organizations which provide access to credit and housing for 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 (HMDA). You may obtain a copy of the HMDA statement at the local library. You may also obtain a copy by contacting Ron Tilton, FirstBank of Denver, N.A., 370 17th Street, Denver, Colorado 80202.