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# **Public Disclosure**

December 19, 1996

## **Community Reinvestment Act Performance Evaluation**

**EFS National Bank  
Charter Number 22404  
2525 Horizon Lake Drive, Suite 120  
Memphis, Tennessee 38133**

**Office of the Comptroller of the Currency  
Southeastern District  
Marquis One Tower, Suite 600  
245 Peachtree Center Avenue, NE  
Atlanta, Georgia 30303**

**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

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 **EFS National Bank, Memphis, Tennessee** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of **December 19, 1996**. 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 the 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 CAR Part 25.

**Institution's CRA Rating:** This institution is rated **satisfactory**.

Given its limited purpose, EFS National Bank (EFS) has a satisfactory record of helping to meet the credit needs of its assessment area. EFS has made a reasonable level of community development loans and investments.

## Description of Institution

EFS received its National bank charter on December 1, 1992. The bank has one office located in east Shelby County, but their trade area consists of the entire United States. As of September 30, 1996, EFS had average assets of \$110 million. EFS has two primary types of business lines:

(1) merchant card processing (80%); and (2) cash transfer and bill payment services for trucking companies and truck stops.

During 1994, EFS also began opening consumer deposit accounts and in 1996 began handling direct deposit of payrolls into individual deposit accounts for trucking companies and their employees. EFS does not have any branches and transactions are conducted via electronic transfer for both deposits and withdrawals.

## ASSESSMENT AREA

EFS has designated Shelby County, Tennessee as its assessment area. Shelby County is one of five counties making up the multi-state Memphis, TN Metropolitan Statistical Area (MSA). Shelby County includes 185 census tracts. At the time of the 1990 Census, 42 tracts or 23% were low income (0 to 50% of MSA median family income), 41 or 22% were moderate income (50 to 80% of MSA median family income), 41 or 22% were middle income (80 to 120%), 54 or 29% were upper income (120% or more), and 7 or 4% did not have sufficient population to be classified. Based on the same census, 23% of the families were low income, 16% were moderate income, 19% were middle income, and 42% were upper income. Median housing value was \$53,500. As of 1995, the Shelby County Community Development Plan indicated that median housing value had increased to \$66,500. For 1996, the Department of Housing and Urban Development (HUD) estimates MSA median family income as \$39,500.

Credit needs for Shelby County include:

- Funding for renovation of multi-family, low income housing for low income residents of the inner city area.
- Funding for the renovation of existing single-family, moderate-income housing both in Memphis and in the suburban portions of Shelby County.
- Funding for the construction and purchase of low- and moderate-income single- and multi-family housing both in Memphis and in the suburban portions of Shelby County.
- Funding for startup, renovation and/or expansion of small businesses both in Memphis and in the suburban portions of Shelby County.
- Micro loans for small businesses in low income areas of Shelby County.
- Consumer loans of \$1,000 or less.
- Secured credit cards for low income residents of Shelby County.

## Conclusions with Respect to Performance

EFS has participated in community development loans and investments at a level consistent with its resources and expertise. The investments relate directly to the need for funding for construction and purchase of low and moderate income single-family housing both in Memphis and in the suburban portions of Shelby County.

EFS was evaluated on its record of performance relating to community development activities. These activities can include loans, investments, and services; however, their primary purpose must be community development. Community development means: affordable housing for low or moderate income individuals; community services targeted to low or moderate income individuals; activities that promote economic development through small business and small farm lending; and activities that revitalize or stabilize low or moderate income geographies.

Funding for construction and purchase of low and moderate income single-family housing:

- (1) In 1995 EFS funded a \$50,000 line of credit for Neighborhood Housing Opportunities, Inc. (NHO) and in 1996 increased it to \$100,000. Under the line of credit, EFS advanced five loans totaling \$232 thousand in 1995 and 1996. In July 1996, EFS made a \$5,000 donation to NHO. The loans and donations are used by NHO for home ownership counseling, construction, acquisition, and rehabilitation of housing for low and moderate income families.
- (2) As of November 30, 1996, EFS had approximately \$3 million outstanding in Tennessee Housing Development Agency (THDA) bonds. All of the current holdings were purchased since the last CRA evaluation. According to the prospectus, the proceeds are used to "finance mortgage loans for residential housing for low and moderate income persons and families." These bonds benefit the entire state, including the bank's assessment area. Information released by THDA on 12/10/96 indicates that under one program (the Special Targeted Affordable Rate for Tennesseans or "START") from 10/01/93 through 09/30/96, first time home buyers comprised 98.4% of the borrowers. Additionally, 56% of the mortgages were in the western part of the state, which includes the bank's assessment area.

The bank has also made cash donations for community services targeted to low- or moderate-income individuals totaling \$6,550.

We conducted this Community Reinvestment Act (CRA) examination in accordance with standard procedures for a limited purpose institution using the Community Development Test. The period covered by this evaluation is February, 1994 through December, 1996. At the bank's option, we also considered investments made by its holding company; however, none were targeted for the benefit of low- or moderate-income individuals or geographies.