



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 29, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Shady Oaks National Bank
Charter Number 18168**

**6111 Lake Worth Blvd.
Fort Worth, Texas 76135**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza, 500 N. Akard
Dallas, Texas 75201-3394**

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 Community Reinvestment Act (CRA) performance of the **Shady Oaks National Bank, Fort Worth, Texas**, prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, **as of April 29, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The lending performance of Shady Oaks National Bank reflects satisfactory responsiveness to its community's credit needs. The loan-to-deposit ratio is 61% and reasonable in comparison to other institutions in the surrounding area. A majority of the loans extended are within the bank's assessment area and reasonably penetrate the different income areas and individuals of different income levels.

The following table indicates the performance level of **Shady Oaks National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>(NAME OF FINANCIAL INSTITUTION)</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

Shady Oaks National Bank has one main banking office located in Lake Worth, Texas. This is the only bank location offering services. The bank has no automatic teller machines (ATM) or other service delivery locations. As of December 31, 1996, the bank has total assets of \$39 million with \$22 million in total loans. The bank's primary market consists of small businesses, real estate, and consumer concerns.

The bank is 100% owned by First Delaware Bancorp, Inc., a multi-bank holding headquartered in Denton, Texas. The holding company is three tiered and owns several banks in Texas. The bank is primarily managed by local individuals and, with few exceptions, functions independently from the parent corporation.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of 23 census tracts in northwest Tarrant county. This partial Metropolitan Statistical Area, including the City of Lake Worth and a portion of the City of Fort Worth, has a population of approximately nine thousand according to 1990 census data. The median family income is \$29 thousand per year. Employment is primarily tied to defense industry, military, and small companies. The primary credit needs are small business, housing, and general consumer loans. The majority of the bank's assessment area consists of low-to-moderate income areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Shady Oaks National Bank has a satisfactory lending performance. The bank's loan-to-deposit ratio as of March 31, 1997, is 61%. It has averaged 61% during the four quarters of 1996. It is reasonable when compared to other peer institutions and to those comparable banks in the surrounding area which have loan-to-deposit ratios ranging from 23% to 56%. The number and volume of loans extended to small business, general consumers and, low-to-moderate income persons indicates the bank is responsive to the credit needs of the community.

The bank makes consumer, real estate, and small business loans throughout the assessment area. Much of the bank's assessment area consists of low-to-moderate income areas. The bank maintains data on borrower income levels and geographic location by census tract on all new and renewed loans made each year. We tested this data and found it to be accurate.

Approximately \$14 million in new or renewed loans were made during 1996 and 61% of those were made within the bank's assessment area. The data indicated a reasonable amount of loans extended into the various census tracts in the area. Approximately 70% of the business loans made in 1996 were made within the bank's assessment area. Loans are distributed throughout the geographies emphasizing those that are more heavily populated. No area was arbitrarily excluded.

The bank performed a borrower income analysis for consumer loans generated during 1996. Approximately \$1.8 million or 20% of \$9 million in consumer and mortgage loans were made to persons with low-to-moderate income levels. Approximately 19% or \$4 million of the loan portfolio has been extended in owner occupied mortgage loans. These were all extended under a special lending program for affordable housing. The bank's 1995 data (not yet prepared for 1996), shows that \$1.8 million of \$2.3 million in mortgage loans made were to low-to-moderate income borrowers. The bank made \$4.6 million in business loans during 1996 and \$2.4 million were extended to small businesses.

No income level in the bank's area has been excluded. The bank extends small unsecured loans with balances less than \$1 thousand and the majority of these loans are extended to low and moderate income persons. Additionally, securities investment purchases of \$260 thousand were made in economic development bonds of the nearby city of White Settlement.

During this review period Shady Oaks National Bank has not received any consumer complaints regarding its Community Reinvestment Act performance. Based upon our fair lending analysis during this examination, no violations of the substantive provisions of discrimination laws and regulations were identified.

