



Comptroller of the Currency
Administrator of National Banks

Midwestern District
2345 Grand Avenue, Suite 700
Kansas City, Missouri 64108

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

October 17, 1996

**Norwest Bank Minnesota, National Association
Charter Number 2006
Sixth and Marquette
Minneapolis, Minnesota 55479**

<p>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, conclusions, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Norwest Bank Minnesota, National Association, Minneapolis, Minnesota** 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 **October 17, 1996**. 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 Community Reinvestment 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 LMI 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, Norwest Bank Minnesota, National Association (Norwest) has an:

- **Outstanding Record of Meeting Community Credit Needs.**

The purpose of CRA is to ensure that financial institutions help meet the credit needs of their local community. We rated this institution's CRA record as Outstanding because:

- Norwest, in conjunction with its affiliate, Norwest Mortgage, Inc. (NMI), originates a significant volume of Home Mortgage Disclosure Act (HMDA) loans within its Minneapolis/St. Paul delineated community;
- Norwest and NMI combined (Norwest/NMI) are the market leaders in originating HMDA loans in low- and moderate-income (LMI) census tracts (CTs) and to LMI applicants;
- Norwest has been ranked as the top Small Business Administration lender in Minnesota for three consecutive years; and
- Norwest actively participates in community development activities, providing needed leadership, technical and financial support.

Bank Profile

Norwest is a wholly-owned subsidiary of Norwest Corporation, a multi-bank holding company headquartered in Minneapolis, Minnesota. Norwest is the largest bank held by Norwest Corporation which is the nation's thirteenth largest bank holding company with total assets of \$72 billion as of December 31, 1995.

Norwest operates 76 full-service banking offices in the Twin Cities Metropolitan area. Norwest is a business and consumer orientated bank with \$18.2 billion in assets, \$10.7 billion in loans, and \$8.5 billion in deposits as of December 31, 1995. As of the same date, the loan portfolio mix was 42% real estate, including 38% 1-4 family residential; 26% commercial; 9% consumer; 12% financial institutions and 11% other. In addition, 94% of Norwest's deposits consist of traditional core deposits.

Norwest affiliates provide lending services throughout the bank's delineated community. NMI originates most of the purchase money and refinance residential real estate loans for Norwest. Other affiliates provide student, credit card, and business financing as well as trust and investment services.

Community Profiles

Norwest has designated its community delineation as all of Anoka, Washington, Ramsey, and Dakota Counties, a majority of Scott, Hennepin, and Carver Counties, and a portion of Isanti County. All counties are located in the Minneapolis/St. Paul Metropolitan Statistical Area (MSA). Common credit needs throughout the delineated community consists of loans to small businesses and consumers for installment as well as residential purposes.

Based on 1990 Census data, the population of Norwest's delineated community was approximately 2,260,890. Minorities comprise 8% of the population, including approximately 4% African Americans, 3% Asian/Pacific Islanders, and 1% American Indian. The community contains 596 CTs, of which 145 or 24% are designated as LMI. The Department of Housing and Urban Development's (HUD) 1995 MSA Median Family Income for the MSA is \$54,600.

Reasonableness of Delineated Community

Norwest's delineated community is reasonable and does not arbitrarily exclude any LMI areas. The delineation includes areas surrounding branch locations and contains approximately 94% of the bank's 1995 HMDA loan originations and 90% of Norwest's total consumer portfolio of loans and lines of credit.

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.**

Norwest has developed a process that incorporates surveys, focus groups, and direct contact with individuals representing LMI neighborhoods, housing services, small businesses and community development and government agencies. Often, bank employees are members of or serve on governing boards and committees of these organizations. This allows the bank to receive ongoing

information on community credit needs. The bank's 1995 Community Reinvestment Act Statement lists the nature of these organizations and 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 purposes of the Community Reinvestment Act.

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

Norwest uses the Community Reinvestment Act Community Marketing Initiative (CMI) planning process. This process provides the framework for determining community credit needs and developing the bank's response to those needs. The plan is monitored quarterly and updated as well as approved by the Board of Directors annually. It incorporates information such as demographic data, ascertainment efforts, marketing strategies, and lending goals. A CMI plan is prepared for each branch in order to respond to any special local needs.

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 marketing program designed to reach all segments of Norwest's community.**

Management annually develops a marketing plan designed to promote various products and services throughout the bank's community. Advertising, directed by Norwest corporate marketing staff, focuses on broad based general media including television, radio, and major newspapers. Bank-wide direct mail, brochures and product point-of-sale information are also produced.

Managing officers initiate local marketing efforts. Working with the bank's marketing unit, they develop a customized marketing plan designed for their local market which includes newspapers, direct mail, and participation in community events. This allows each market to tailor its marketing efforts to its community. The bank has also established an effective referral network for marketing its Community Homeownership Program (CHOP) loan product through personal contact with realtors, Home Ownership Counseling, Consumer Credit Counseling Services, as well as other counseling and community organizations.

Norwest has sponsored radio advertisements adapted to reach the African American community and Spanish speaking audiences. It also participates in local non-profit radio and cable television talk shows for Hmong audiences. To help reach all members of Norwest's community delineation, print advertisements are placed in American Indian, Hmong, and Spanish language publications. Finally, CHOP brochures are printed in Hmong, Laotian, Spanish and Vietnamese.

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.

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

Norwest offers and originates a comprehensive array of loan products to meet community credit needs. Loan types include loans for housing, consumer, small business, and small farm needs.

Norwest offers flexible real estate credit terms and conditions to LMI individuals through its CHOP. During 1994 and 1995, Norwest extended 488 or \$27 million and 419 or \$24 million purchase money CHOP loans, respectively. In addition, it provided down payment assistance loans to 257 applicants during that same time frame. For additional historical CHOP lending information, please refer Norwest's 1994 and 1995 CRA Statement.

Norwest/NMI have taken a leadership role in lending conventional purchase money, refinance, and home improvement real estate related loans during both 1994 and 1995:

	1994 HMDA Lending				1995 HMDA Lending			
	# of applicants	% Market Share	Total \$ Amt (000s)	% Market Share	# of applicants	% Market Share	Total \$ Amt (000s)	% Market Share
Norwest/NMI	9,915	15%	\$666,595	11%	13,334	24%	\$1,071,513	23%
Closest Competitor	6,948	10%	\$532,538	9%	6,581	12%	\$608,506	13%

Average loan size for Norwest and NMI, for the time periods listed above, was \$28,000 and \$123,000, respectively. During 1995, 94% of all Norwest conventional real estate related loans were extended to applicants living within Norwest's community delineation.

Norwest also originates direct and indirect consumer installment loans and lines of credit. Per year-end 1995 bank prepared reports, Norwest has outstanding loan and line balances totaling \$1.0 billion to persons living within Norwest's delineated community. This total represents 90%

of all consumer loans and lines of credit. During fiscal year 1995, Norwest originated 52,768 new direct and indirect consumer installment loans and lines of credit totaling \$462 million.

Norwest also makes loans to small businesses and small farms. Norwest tracks small business and small farm originations by using the Consolidated Report of Condition definitions. As of June 30, 1995, Report of Condition information shows that Norwest had \$1.3 billion outstanding or 11,286 loans to small businesses and \$5 million or 316 loans to small farms. By number, 59% of the small business and small farm loans originated in amounts less than \$100,000.

Norwest Bank South Dakota, National Association extends conventional student loans on behalf of Norwest. No annual fee student credit cards are offered to Norwest applicants through Norwest Bank Iowa, National Association.

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

- **Norwest actively participates in government-related lending programs for small business and housing.**

NMI is a market leader in originating government related real estate loan programs. During 1995, NMI originated \$307 million or 3,570 loans to applicants living within Norwest's community delineation. This volume represents 22% of the total market share. The closest competitor held 12% of the market share. As a leader in 1994, NMI originated \$185 million or 2,318 loans to applicants living within Norwest's community delineation. Government loans include those sponsored by the Federal Housing Authority (FHA), the Department of Veteran's Affairs (VA), and the Farmers Home Administration (FMHA) for purchase money and refinance purposes.

Although Norwest does not actively participate in Federally sponsored home improvement programs, they do originate loans through the Minnesota Housing Finance Agency's energy and home improvement lending program. During 1995, Norwest originated 117 loans totaling \$592,650. This is an increase over 1994 lending of 49 loans or \$246,058.

In addition to traditional business banking, Norwest is an active Small Business Administration (SBA) lender. As a Preferred Lender, Norwest has been ranked as the top SBA lender in Minnesota for the third consecutive year. The table below details lending volume for 1994 & 1995:

1994 SBA Lending			1995 SBA Lending	
	Number	Dollars (000s)	Number	Dollars (000s)
504 Program	19	\$13,200	26	\$13,641
7(a) Program	58	9,679	34	5,977
LowDoc Program	21	941	48	2,741
Total	98	\$23,820	108	\$22,359

Norwest Bank South Dakota, National Association continues to originate student loans through the government guaranteed Stanford loan program on behalf of Norwest.

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.

- **Norwest/NMI shows a good distribution of loans within and throughout its delineated community, including low- and moderate-income areas.**

By number and dollar, Norwest/NMI is a market leader in originating HMDA loans to LMI CTs:

Lending to LMI CTs

1994 HMDA Lending					1995 HMDA Lending			
	# of Applicants	% Market Share	Total \$ Amt (000s)	% Market Share	# of Applicants	% Market Share	Total \$ Amt (000s)	% Market Share
Norwest/NMI	1,527	18%	\$67,734	13%	1,682	24%	\$82,271	23%
Closest Competitor	936	11%	\$39,819	8%	934	13%	\$47,247	13%

Norwest/NMI HMDA origination volume to LMI borrowers has improved. By number and dollar, in 1995 Norwest/NMI HMDA originations to LMI applicants far exceeds its closest competitor:

Lending to LMI Applicants

	1994 HMDA Lending				1995 HMDA Lending			
	# of applicants	% Market Share	Total \$ Amt (000s)	% Market Share	# of applicants	% Market Share	Total \$ Amt (000s)	% Market Share
Norwest/NMI	4,326	15%	\$213,494	13%	5,055	22%	\$287,276	22%
Closest Competitor	4,308	15%	\$245,521	15%	2,736	12%	\$162,332	12%

Norwest and NMI lending to LMI individuals is commensurate with other income groups:

HMDA Lending as % of Total Number of Loan Originations

	NMI Lending				Norwest Lending			
	1994 Lending Volume	1994 Lending Percent	1995 Lending Volume	1995 Lending Percent	1994 Lending Volume	1994 Lending Percent	1995 Lending Volume	1995 Lending Percent
LMI	2,391	38%	3,414	31%	1,935	33%	1,641	28%
Middle Income	1,698	27%	3,317	30%	1,675	28%	1,674	28%
Upper Income	1,960	31%	3,560	32%	2,060	35%	2,274	39%
Income Not Avail.	250	4%	709	7%	265	4%	315	5%

Middle Income represents applicants with income 80% - 120% of median income.

Upper Income represents applicants with income greater than 120% of median income.

In addition to HMDA data, bank generated reports of all other direct and indirect consumer loans and lines of credit originated in 1995 show the distribution of lending originations throughout Norwest's delineated community.

Norwest originates a significant portion of its loans within its community. Based on 1995 HMDA information, Norwest originated 94% of its HMDA reportable loans within the bank's delineated community. According to bank reports, 90% of all outstanding direct and indirect consumer loans and lines of credit were originated within Norwest's delineated community.

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

- **Norwest's offices are readily accessible to all segments of the community. Bank management regularly reviews business hours and services to ensure they meet the customers' needs.**

As of December 31, 1995, Norwest operates 76 full service banking offices throughout its delineated community. Thirteen or 17% of the branches are in LMI geographies. Certain locations offer trust, investment and insurance services through the bank or affiliated companies. Twenty-two ATMs include a Spanish language option. One ATM includes a Hmong language option. In addition, 21 branch locations have Spanish speaking staff, 12 have Asian speaking staff, 7 have African speaking staff, and 8 have employees who are fluent in sign language.

Market managers regularly review service delivery and branch hours to ensure hours meet local needs. The bank also offers 24-hour toll-free phone service for taking loan applications, conducting deposit transactions, and making limited credit transactions. Refer to the Norwest Location Guide for specific information on branch locations and hours.

Norwest closed only one office during 1994 and 1995 because of the close proximity of other banking locations. The branch was not located in a LMI geography.

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).

- **We found no practices intended to discourage applicants for any type of credit listed on the bank's CRA Statement.**

The bank solicits applications from all portions of its community, including LMI areas. Corporate policies set forth basic fair lending requirements. All loan-related employees receive regular, comprehensive training on fair lending regulations. The bank has an independent second review program for all potential HMDA reportable denials.

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

- **The bank meets the substantive provisions of antidiscrimination laws and regulations.**

We did not identify any instances in which Norwest denied credit to similarly situated applicants based on the applicant's gender. We performed a comparative analysis of direct and indirect auto as well as direct unsecured loan applications to determine whether applicants with comparable qualifications received similar treatment. The sample included 96 denied female applications and 349 approved male applications originated between May 1, 1995 and October 31, 1995.

V. COMMUNITY DEVELOPMENT

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

- **Norwest actively participates in community development and redevelopment programs, providing leadership, technical expertise and financial support throughout its community.**

Examples of community development and redevelopment involvement by Norwest, Norwest Corporation, and a Norwest affiliate include:

- During 1994 and 1995, Norwest committed a total of \$2.0 million to the National Equity Fund. The 1994 and 1995 Limited Partnerships are involved in three low-income housing projects within the Norwest delineated community. In addition, Norwest and Norwest Corporation committed \$6 million to the National Equity Fund 1990 through 1993 Limited Partnerships. These Partnerships are involved in 18 local low-income housing projects. Payments made to the National Equity Fund during 1994 and 1995 totaled \$1.3 million;
- In 1994, Norwest committed to invest \$2.1 million in the Glenwood Limited Partnership which manages an 80 room housing facility for late stage alcoholics. Payments of \$252,067 and \$281,213 were made in 1994 and 1995, respectively. Norwest is one of 9 funding sources that support the facility which houses persons with incomes at or less than 50% of the median family income;
- In 1994, Norwest invested a total of \$3.3 million in the Ramsey Hill and Marquette Historic Limited Partnerships. Both Partnerships own low-income housing projects;
- Norwest advanced \$1.2 million in 1995 for a senior citizen condominium project located in a LMI geography. Each of the 25 units range in sales price from \$60,000 to \$80,000;
- In 1995, Norwest committed to lend up to \$1 million to finance minority-owned businesses. Norwest is one of six local banks creating a consortium to provide \$3.3 million to qualified

applicants. It is estimated that lenders will make 50 loans, ranging from \$25,000 to \$150,000 over the next three years. Additional funds could be matched by the McKnight and Northwest Area Foundations as well as the State of Minnesota;

- During 1994 and 1995, Norwest obtained grants through the Federal Home Loan Bank to offer funding for 13 local community development projects totaling \$980,000;
- In 1995, Norwest originated 20 loans totaling \$449,935 in conjunction with government agencies and developers to stabilize or revitalize LMI geographies:
 - Minneapolis Community Development Agency - 16 loans totaling \$433,435;
 - Whittier Alliance - 2 loans totaling \$9,000; and
 - Minneapolis Consortium of Community Developers - 2 loans totaling \$7,500;
- In 1995, the Des Moines Federal Home Loan Bank provided a \$1.5 million grant to Norwest Bank Iowa, National Association. Grant funds are to be used to assist eligible low-to-moderate income borrowers in purchasing homes throughout the nation. The Norwest Homeownership Assistance Program, established to disperse the grant, will provide up to \$2,000 (or 5% of the total mortgage) for down payment or closing cost assistance to home buyers with income at or below 50% of the area median income. Beginning January, 1996, the program was expanded to home buyers with incomes between 50% and 80% of area median income. These applicants are eligible to apply for a matching grant of \$2.00 for every \$1.00 of their contribution towards eligible mortgage costs. Maximum matching grant is \$2,000. Of the total 764 originations made through August, 1996, 205 or \$397,910 were extended to borrowers living in the State of Minnesota; and
- Norwest continues to annually contribute \$100,000 to both the Metropolitan Low-Income Neighborhood Housing Limited Partnership I and II. Total Norwest Partnership commitments are \$2 million. The Partnerships are involved in 11 low income housing projects.

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.

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

Norwest has sufficient resources to meet the credit needs of its community. The bank also has access to additional resources through its Norwest affiliates, including NMI, Norwest Investment Services, Inc., Norwest Funding, Inc. and Norwest Business Credit, Inc. Norwest has demonstrated its willingness to support the development and implementation of programs and products to meet community growth and redevelopment needs. No other legal impediments or factors limit the bank's efforts.

Assessment Factor L - Any other factors that, in the regulatory authority's judgement, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

- **Norwest has engaged in other meaningful activities that contribute to its efforts to help meet the community's credit needs.**

Such activities have included sponsoring home ownership and credit education seminars as well as small business training sessions. The bank also provides financial assistance to organizations that support the needs of LMI people.

ADDITIONAL INFORMATION

Examination Profile

The scope of our examination included an analysis of the bank's 1994 and 1995 CRA performance. We reviewed information prepared by bank management and obtained through contacts with community groups and government offices.

Home Mortgage Disclosure Act

Federal law requires Norwest to gather home loan data for the Minneapolis/St. Paul MSA. Individuals may obtain this information from the following office:

Thomas Smisek
Tech/Sci/Docs
Minneapolis Public Library
300 Nicollet Mall
Minneapolis, MN 55401-1992
612/372-6643
612/372-6623 (Fax)

The Office of the Comptroller of the Currency (OCC) is the regulatory agency responsible for the supervision of this bank. If you should have comments regarding this bank's performance under the CRA or questions regarding the Act, contact the OCC Midwestern District Office, 2345 Grand Avenue, Suite 700, Kansas City, Missouri 64108.