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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

December 5, 1997

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank of Sachse  
Charter Number 18125**

**6600 Murphy Road  
Sachse, Texas 75048**

**Office of the Comptroller of the Currency  
Southwestern District  
500 N. Akard, 1600 Lincoln Plaza  
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 **First National Bank of Sachse** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **September 30, 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 First National Bank of Sachse (FNB) is responsive to the credit needs of the community, including low- and moderate-income individuals and areas. The bank's loan-to-deposit ratio is reasonable and comparable to that of peer institutions. A majority of loans are in the bank's assessment area. The loans reasonably penetrate various geographies and borrower income levels.

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

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b><u>FIRST NATIONAL BANK OF SACHSE</u> PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Geographic Distribution of Loans		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Response to Complaints	No complaints received since the August 25, 1995 examination.		

## DESCRIPTION OF INSTITUTION

FNB is located in Sachse, Texas. Sachse is a bedroom community with a population of 6,000 in the northeast portion of the Dallas metropolitan area. It is primarily a residential community with few developed business districts. As of September 30, 1997, the bank had total assets of \$35 million with \$20 million in total loans. The loan mix consists of commercial real estate (29%), commercial and industrial (27%), consumer (23%), and mortgages secured by one-to-four residential properties (21%). FNB has only one banking facility. An automated teller machine is located at the facility.

FNB is independently owned with no holding company structure. FNB's primary business focus, as stated in its 1997 strategic plan, is "to serve the banking needs of Sachse, as well as Northeastern Dallas and Southern Collin Counties." The legal, regulatory, and economic environment do not significantly affect the institution's ability to make loans.

## DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area is defined as all census tracts which are within or border a 10-mile radius surrounding the bank's location. This area contains a part of the Dallas Metropolitan Statistical Area (MSA). The assessment area incorporates sections of Dallas, Collin, and Rockwall Counties. Communities within the assessment area are Sachse, Wylie, Rockwall, and Rowlett. Cities with portions included in the assessment area are Dallas, Garland, Richardson, and Plano.

The assessment area contains 122 census tracts with a population of 658,978 based on 1990 census data. The income characteristics of the assessment area geographies detailed in the following table are based on the 1990 Census Bureau median family income data for the Dallas MSA.

Census Tract Characteristics	# of Tracts	%	Households	%
Low	2	2%	1,400	1%
Moderate	12	10%	24,401	9%
Middle	47	38%	102,180	41%
Upper	61	49%	121,609	49%
<b>Total</b>	<b>122</b>	<b>100%</b>	<b>249,590</b>	<b>100%</b>

As indicated by the preceding data, the assessment area is comprised mostly of middle-to-upper

income census tracts. The assessment area’s median family income is \$50,609 according to 1990 census data.

The economy is diverse with various industries. Industrial operations include electronics-related manufacturing, telecommunications, metal fabrication, and food processing. Unemployment at 3% is generally lower than the state and national averages. Primary credit needs include housing, small business, and consumer loans. Community contacts made in the past twelve months indicated loans for rehabilitating low-income neighborhoods in Rockwall and for industrial development in Sachse and Wylie were needed. The community contact interviewed for this assessment stated FNB is a willing and important participant in seeking economic development for Sachse.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Loan-to-Deposit Ratio**

FNB’s loan-to-deposit ratio is reasonable and comparable to its peer group average. The peer group consists of 377 banks in the United States with similar asset size, operations, and location. FNB’s ratio averaged 60% for the past nine quarters while the peer average was 65%.

**Lending in the Assessment Area**

A majority of the bank’s lending is within the assessment area. We reviewed a bank report showing the dollar volume of loans inside the assessment area. As of December 1, 1997, 74% of outstanding loans are in the assessment area.

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Based on loan balances as of December 1, 1997, the distribution within the assessment area is as follows.

<b>CENSUS TRACT</b>	<b># OF LOANS</b>	<b>%</b>	<b>\$ OF LOANS (thousands)</b>
Low Income	1	0%	5
Moderate Income	25	3%	354
Middle Income	168	18%	2,772
Upper Income	747	79%	12,665
<b>TOTAL</b>	<b>941</b>	<b>100%</b>	<b>15,796</b>

We found that most census tracts surrounding the bank are in the upper income category, which results in a higher distribution of loans in upper-income tracts.

**Borrower Income Level**

Dispersion of loans by income level is reasonable, given the demographics of the assessment area. The following table summarizes the results of our sample of 50 residential mortgage and consumer loans funded in 1997. The statistical data indicates a reasonable distribution of loans to individuals of different income levels, given the demographics of the assessment area.

<b>APPLICANT INCOME</b>	<b># OF LOANS</b>	<b>%</b>	<b>\$ OF LOANS (thousands)</b>
Low	7	14%	82
Moderate	10	20%	175
Middle	11	22%	238
Upper	22	44%	822
<b>TOTAL</b>	<b>50</b>	<b>100%</b>	<b>1,317</b>

A sample of 15 business loans, originated in 1997 and totaling \$464,416, indicated a reasonable penetration among businesses of different sizes. Gross annual revenues of those businesses ranged from \$13 thousand to \$1.8 million.

**Fair Lending**

Our fair lending examination revealed no violations of anti discrimination laws or regulations.