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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

October 30, 1997

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Longmont  
Charter Number 11253**

**401 Main Street  
Longmont, Colorado 80502-1159**

**Comptroller of the Currency  
50 Fremont Street, Suite 3900  
San Francisco, California 94105**

**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 Longmont** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 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 “**Outstanding.**”

First National Bank of Longmont does an outstanding job of meeting the credit needs of its community. The bank lends to borrowers of all income levels with an emphasis on low-income individuals. The geographic distribution of loans is good. The percentage of the bank's loans made in moderate-income level census tracts exceeds the percentage of that segment of the population located in these areas. The bank has taken extra efforts to invest in and provide services to its community with an emphasis toward low- and moderate-income members of the community.

**DESCRIPTION OF INSTITUTION:**

The First National Bank of Longmont is a \$218 million community bank. The main office is located in downtown Longmont, Colorado. The bank operates one branch, located on the western edge of Longmont at the Twin Peaks Mall, and a stand alone drive-through facility. The bank also operates three full-service ATMs and three cash dispensing machines. Longmont is located approximately 35 miles northwest of Denver, Colorado and 15 miles northeast of Boulder, Colorado. The bank is owned by First National Bank Holding Company, a one bank holding company. Five competing banks have main offices located in the assessment area. In addition, there are ten financial institutions with branches in the assessment area.

The bank offers a full range of credit products to consumer, commercial, and agricultural customers. As shown by the table below, the bank’s primary focus is on commercial and residential real estate and construction lending. There are no financial or legal impediments to the bank’s ability to meet the credit needs of its assessment area.

<b>LOAN PORTFOLIO COMPOSITION</b>	
<b>Loan Type</b>	<b>Percentage of Portfolio</b>
Commercial	40%
Residential Real Estate/Construction	34%
Consumer	18%
Agricultural	8%
<b>Total</b>	<b>100%</b>

**DESCRIPTION OF ASSESSMENT AREA:**

The Board of Directors of The First National Bank of Longmont designated an assessment area which includes portions of three Metropolitan Statistical Areas (MSA). This area includes fifteen census tracts from the Boulder County MSA. In addition, the assessment area includes one census tract from the Larimer County MSA and two census tracts from the Weld County MSA. All 18 census tracts are contiguous. The composition of the Larimer County and Weld County census tracts is similar to that of the Boulder County tracts included in the Longmont area.

The following table shows the median income levels for each MSA. The assessment area includes five moderate-income census tracts, all located in the Boulder County MSA. The area also includes nine middle-income tracts and four upper-income tracts. There are no low-income tracts located in the assessment area.

<b>MSA MEDIAN INCOME LEVELS</b>	
<b>MSA</b>	<b>Median Income Level</b>
Boulder County	\$61,200
Larimer County	\$50,600
Weld County	\$41,300

The city of Longmont is the primary population center in the assessment area. In addition to Longmont, the assessment area includes the towns of Berthoud, Johnstown, Milliken, Erie, Fredrick, Firestone, and Dacono. The population of the area is 80,744. Most of the population is centered in and around Longmont.

The local economy is diverse with emphasis on high technology, government, service, and agricultural industry bases. The largest employers in the area are the local school district, Longmont Foods, Neodata, and Longmont United Hospital.

Based on interviews with three quasi-governmental organizations, the primary credit needs in the area are for small business loans and affordable housing. No negative comments were made toward The First National Bank of Longmont during any of the interviews.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

**Geographic Distribution of Loans Within the Assessment Area**

The geographic distribution of loans throughout the assessment area exceeds the standards for this criteria. The bank actively lends in all census tracts in the assessment area, including the moderate-income tracts. The percentage of loans in the moderate-income designated census tracts exceeds the percentage of the assessment area population in the moderate-income tracts. The following table is based on all loans originated in 1996. A sampling of 1997 loan production shows no changes to the bank’s lending practices. The income designations for census tracts are based on the median income for the MSAs containing the individual census tract.

<b>VOLUME OF LOANS IN CENSUS TRACTS OF DIFFERENT INCOME LEVELS</b>			
<b>Census Tract Income Designation</b>	<b>% of Assessment Area Population in Designated Census Tracts</b>	<b># of Loans Originated in Designated Census Tracts</b>	<b>% of 1996 Loan Originations by Census Tract Designation</b>
Low	NA	NA	NA
Moderate	25%	327	31%
Middle	59%	606	57%
Upper	16%	125	12%
Total	100%	1,058	100%

### **Lending to Borrowers of Different Income Levels and Businesses of Different Sizes**

The First National Bank of Longmont’s lending practices exceed the standards for this criteria. The bank lends to individuals of all income levels, with an emphasis on lending to low- and moderate-income individuals. The bank also lends to businesses of different sizes. The majority of the bank’s commercial loans are made to small businesses.

The bank takes extra steps to make sure it meets the needs of the low- and moderate-income individuals. The bank worked with the Longmont Community Housing Committee to develop the “Rich Uncle” program that allows low- and moderate-income individuals to obtain financing for housing. The bank also provides Small Business Administration (SBA) and Farm Service Agency (FSA) loans to small businesses and farms.

#### ***Loans to borrowers of different income levels:***

The table below shows a good distribution of loans to borrowers of all income levels. The percentage of both consumer and real estate loans made to low- and moderate-income borrowers significantly exceeds the percentage of the population with low- and moderate-incomes. The following information is based on loans originated in the month of June 1997. This sample included 38 consumer loans and 19 real estate loans.

<b>LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS</b>			
<b>Income Level of Borrower</b>	<b>% of Population Within Each Income Level</b>	<b>% of Consumer Loans Made in June</b>	<b>% of Real Estate Loans Made in June</b>
Low	18%	40%	32%
Moderate	21%	18%	15%
Middle	27%	18%	21%
Upper	34%	24%	32%
Total	100%	100%	100%

***Loans to commercial and agricultural borrowers:***

The bank lends to commercial and agricultural borrowers of all sizes, with an emphasis on small business and farm operations. The following table is based on all commercial and agricultural loan customers that received at least one extension of credit during June 1997. All businesses or farms generating under \$1 million in gross revenues are considered small businesses and small farms. Thirty-six percent of the sample were farm operators. All were considered small farm operators based on annual revenues.

<b>LOANS TO BUSINESSES AND FARMS OF DIFFERENT SIZES</b>		
<b>Size by Revenue \$(000's)</b>	<b># of Business/Farm Loans</b>	<b>% of Sample</b>
Revenues < \$100	9	41%
Revenues ≥ \$100 < \$500	8	36%
Revenues ≥ \$500 < \$1,000	1	5%
Revenues > \$1,000	4	18%
Total	22	100%

## **Loan-to-Deposit Ratio**

The bank meets the standards for this criteria. The First National Bank of Longmont's loan-to-deposit (L/D) ratio is reasonable and has significantly improved. As of September 30, 1995, the bank's L/D ratio was 48%, but increased to 66% by June 30, 1997. The June 30, 1997, ratio exceeds the average L/D ratio for all Colorado banks for the same time period. However, due to the low ratio in 1995, the bank's eight-quarter average L/D ratio as of June 30, 1997, is only 56.22%. This is below the eight-quarter average for all Colorado banks of 64.39% and below the average of the five local competing banks of 66.44%.

## **Lending in the Assessment Area**

The First National Bank of Longmont meets the standard for lending in the assessment area. The bank originates the majority of its loans within its assessment area. Of the 1,364 loans originated in 1996, approximately 78% were made to borrowers within the bank's assessment area.

## **Response to Complaints**

No complaints have been received regarding the bank's CRA performance.

## **Record of Compliance with Antidiscrimination Laws**

A concurrent fair lending examination did not find evidence of discrimination or practices intended to discourage applicants from applying for any types of credit.

## **INVESTMENTS AND SERVICES**

The bank has taken extra efforts to invest in and provide services to its community with an emphasis toward low- and moderate-income members of the community.

### **Investments**

#### ***Rich Uncle Program***

In 1996, the bank developed its "Rich Uncle" program. This product allows borrowers of low- and moderate-incomes to obtain financing for the purchase of homes. The product is available to borrowers with incomes below 60% the median-family income and loans cannot exceed \$125,000. The terms call for 3% down, a reduced closing fee of ½ of 1%, and borrowers can request funds for rehabilitation of up to \$7,500. The bank accepts alternative credit references and uses increased

front- and back-end ratios when evaluating applications. Applicants must complete housing counseling provided by the Boulder County Housing Authority.

The Board of Directors made \$450,000 available for this program in 1996 and an additional \$500,000 in 1997. As of October 30, 1997, 10 program loans have been made and all funds distributed.

### ***Parkside Village***

The bank purchased a portion of the Parkside Village, Ltd, revenue bond for \$335,000. This bond generated funds for the construction of a 34 unit affordable housing project. Low-income families must qualify to live in the project and rents are maintained below market rates with subsidies provided by Boulder County. This project is one of the few low-income housing projects in the Boulder County MSA.

### ***Direct Donations***

In 1996 and 1997, The First National Bank of Longmont donated \$40,000 to four groups in the Longmont area for the specific purpose of assisting low-income individuals and promoting community development. Family Extension, Inc. runs the Inn Between, which provides living space to homeless and low-income families and individuals on a long term basis. The Outreach United Resource Center, Inc. provides food and clothing to low-income families and individuals. The Longmont Community Foundation provides grants to help support community development projects in the area. And, donations to the YMCA are used specifically to assist with day care needs for low-income families.

In addition to the donations mentioned above, the bank also donates to the Boulder Technology Incubator program. This program provides space and assistance to new businesses in the Boulder and Longmont areas. The bank donated \$1,667 to the program in 1995 and \$5,000 year-to-date in 1997. Since 1995, this program has assisted in the start-up of 87 new businesses and the creation of 663 new jobs in the Boulder and Longmont areas.

## **Services**

### ***Banking Facilities***

The Board of Directors helped to meet the banking needs of the low- and moderate-income population by locating the detached drive-through facility and a full-service ATM in a moderate-income census tract. This tract encompasses the neighborhoods to the west of downtown.

### ***Leadership***

The bank provides leadership to the community through involvement in groups and organizations chartered to promote community development and assist the low- and moderate-income population. President Salberg is president of the Economic Development Association of Longmont (EDAL). This organization promotes new business and job growth in the area. As president of EDAL,

President Salberg also sits on the governing board for the Boulder Technology Incubator discussed above. The bank is also involved in organizations such as the Longmont Area Chamber of Commerce's Council for Business Development and the Hover Foundation, which assists elderly individuals in obtaining affordable housing.

### ***Banking Products***

The First National Bank of Longmont has developed several services beneficial to its customers. These include free checking with no minimum balance requirements; free ATM services not only for their own customers, but for all ATM users; and telephone banking where customers can inquire about account or loan information and make transfers by phone. In 1997, the bank developed its "Loan By Phone" program where customers can apply for loans directly over the telephone and receive notice on the credit decision the next business day.