



Comptroller of the Currency
Administrator of National Banks

Western District
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PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

January 6, 1997

FirstBank of Arvada, N.A.
Charter Number 16765

6355 Ward Road
Arvada, Colorado 80004

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **FirstBank of Arvada, N.A.** 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 **January 6, 1997**. 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 CRA 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 low- and moderate-income 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, this institution is rated: "Satisfactory Record of Meeting Community Credit Needs."

Community Profile

First Bank of Arvada, N.A.'s (FBAV) delineated community consists of 17 census tracts located in the northern portion of the Denver Metropolitan Statistical Area (MSA). All 17 census tracts are in Jefferson County. The delineated community encompasses the city of Arvada and spills over into portions of the cities of Golden and Wheat Ridge.

The community remains economically strong. Trends remain positive in retail sales, real estate construction, and overall employment. The unemployment rate for Jefferson County is 3.2%. The unemployment rate for the Denver MSA as of September 30, 1996, was 4% and is lower than the national unemployment rate.

The 1990 U.S. Census MSA median-family income is \$40,222. Current demographic data shows median family income has increased. The Department of Housing and Urban Development (HUD) estimates 1996 median family income is \$53,100. The 1990 Census data indicates a median housing value of \$93,500. Of total housing units, 70% are owner occupied, 24% are rental units, and 6% are vacant. Based on 1990 U.S. Census data, the tracts are broken down by income characteristics as follows:

Tract Characteristics

Income Level	Number	% of Total
Low	0	0%
Moderate	2	12%
Middle	8	47%
Upper	7	41%
Totals	17	100%

Population characteristics are as follows:

Population Characteristics		
Income Level	Number of Families	% of Total Families
Low	3,174	14%
Moderate	3,795	16%
Middle	6,181	27%
Upper	10,064	43%
Totals	23,214	100%

Major employers in the delineated community are Jefferson County R-1 School District, City of Arvada, and Cobe Laboratories. There are numerous small businesses located within the delineated community.

Bank Profile

FBAV is located in Arvada, Colorado. The bank has two offices in Arvada. The main office is located at 6355 Ward Road, and a supermarket branch is located at 58th Avenue and Independence Street. The supermarket branch was opened in September 1994.

As of June 30, 1996, FBAV had total assets of \$104.6 million. The bank is owned by FirstBank Holding Company of Colorado. The holding company is the largest, locally-owned banking organization in Colorado with total assets of \$2.7 billion as of June 30, 1996. FirstBank Holding Company of Colorado owns 21 other FirstBanks, most are located in the Denver metropolitan area. All but one is located in Colorado. Customers have access to over 140 Automated Teller Machines (ATMs) located in all of the FirstBanks' communities throughout the Denver metropolitan area.

The bank's primary focus is consumer lending. The loan portfolio as of the June 30, 1996, Call Report consisted of the following: real estate secured loans 90%, individual loans 7%, and commercial loans 3%.

Competition is high, with ten other financial institutions located within the delineated community.

Reasonableness of Delineated Community

FBAV's delineated community is reasonable and does not arbitrarily exclude any low- and moderate-income areas. The bank's delineated community is bordered by Coal Creek Canyon Avenue on the north, Wadsworth and Sheridan Boulevards on the east, Interstate 70 and Clear Creek

on the south, and Colorado State Highway 93 on the west. The bank justifies its community delineation using a geographic analysis of its loans and deposits. The bank's analysis shows a substantial portion of its deposits and loans, by number and volume, are from customers within the community.

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.**

FBAV has a formal written program to ensure management maintains contact with individuals and groups from the bank's delineated community. Management and bank officers have regular contact with a number of individuals, groups, and organizations representing small business, civic, government, and non-profit groups. At FBAV these include, but are not limited to, the City of Arvada, Jefferson County Manager, Jefferson County Commissioners, Jefferson County Economic Council, North Jefferson County Foundation, Northwest Metro Chamber of Commerce, and the Hispanic Chamber of Commerce.

Members of senior management also serve on the boards of local organizations. A senior officer is the chairman of the Jefferson County Economic Council. The council's purpose is to promote the Jefferson County area and attract new businesses to the area. This officer has been involved with the council for several years. Another senior officer is on the board of the North Jefferson County Foundation. This is a non-profit organization of the North Jefferson County Park and Recreation District. North Jefferson County Foundation raises funds for the local park and recreation district.

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 purpose of the Community Reinvestment Act.

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

The Board and management use information obtained from outreach activities to determine what products to offer. They have developed loan products which use prudent underwriting criteria to help address the community's credit needs. For example, based on feedback from the community, the mortgage department of the lead bank developed a home purchase program for low- and moderate-income individuals which is available through FBAV. The bank also offers government guaranteed or sponsored loan products for small businesses and students.

In order to monitor CRA efforts and progress, the Board and senior management have established

a CRA Steering Committee which meets semi-annually. Representatives from senior management and the board serve on the bank's CRA Steering Committee. This ensures the Board remains informed on the bank's efforts and allows them to identify any weaknesses in current efforts.

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 advertising and marketing program designed to reach all segments of FBAV's community.**

In order to reach all segments of its delineated community, FBAV uses various means and methods to market and advertise its products. Company-wide advertising, directed by FirstBank Holding Company of Colorado, makes use of broad base general media. This includes extensive use of television, radio, and major newspapers. Bank-wide brochures, direct mailings, and sponsorship of a variety of events are also used to advertise loan and deposit products. These efforts include use of media which targets special interest groups or low- and moderate-income individuals.

In addition, the bank tailors its marketing and advertising efforts to its individual community. FBAV uses local print media to further advertise its products to its customers. The bank advertises in local directories, area and apartment guides, high school programs, and journals. These include, but are not limited to *Northwest Metro Chamber of Commerce*, *Arvada Sentinel*, *Jefferson Sentinel*, and *Olde Towner Community Newspaper*. Currently, the bank is mailing 1500 flyers to realtors and owners of rental units describing the Arvada Rental Improvement Loan Program (ARILP). This program is unique to FBAV. It is a cooperative effort with the City of Arvada to assist rental property owners to improve their properties within the City of Arvada. In addition, the bank has an active officer call program that reaches business or government leaders.

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.

- **The bank's loan volume and types of credit offered reflect a responsiveness to community credit needs.**

To meet identified credit needs, the bank provides small business, residential mortgage, construction, and consumer loans. The bank's CRA statement accurately lists the types of credit products the bank makes available throughout the delineated community.

FBAV's loan-to-deposit ratio reflects the bank's willingness to meet the credit needs of its community. The bank's average loan-to-deposit ratio over the last eight quarters ending June 30, 1996, is 60%. This is slightly lower than the eight-quarter average for Colorado banks which is 63%.

As the following tables illustrate, the bank makes a majority of its loans within its delineated community. The bulk of these loans are consumer loans. Based on the total number of loans originated in 1995 and the first half of 1996, the bank has consistently made 73-78% of its loans within the community. Based on dollar volume, the percentage of loans within the community is 55-73% for the same time periods.

**Loans Originated by Product Type
1995**

Loan Originations and Purchases	Within the Delineated Community		Outside the Delineated Community	
	Count	Dollar Volume	Count	Dollar Volume
Residential	38	\$3,054,100	10	\$819,896
Home Improvement	116	\$1,492,000	26	\$315,000
Small Business	13	\$546,071	15	\$917,102
Consumer	716	\$3,943,067	216	\$1,244,176

**Loans Originated by Product Type
1st and 2nd Quarters 1996**

Loan Originations and Purchases	Within the Delineated Community		Outside the Delineated Community	
	Count	Dollar Volume	Count	Dollar Volume
Residential	94	\$3,174,342	30	\$1,538,116
Home Improvement	62	\$962,737	9	\$158,654
Small Business	12	\$1,177,377	16	\$2,951,794
Consumer	305	\$565,639	74	\$104,243

A bank-prepared analysis through June 30, 1996, shows the bank originated 28 small business loans totaling \$4 million to businesses with less than \$1 million in revenues. However, as shown above, small business loans by both number and dollar volume are greater outside the community. This inconsistency is the result of the bank using the mailing address of the borrower as a basis for location of the loan. As a result, some loans are classified as loans outside the community when, in fact, they are within the bank's community. Some of the bank's commercial loans are to builders who are building homes/projects within the community, but are headquartered outside the bank's delineated community. In addition, some loans are to borrowers residing or employed outside the delineated community, but the collateral and/or business is located within the delineated community.

The bank remains an active mortgage lender. Since 1994, the bank has originated 107 loans totaling \$10.9 million. Of these loans, 69% or \$6.9 million are located within the bank's delineated

community. In addition, management has demonstrated a willingness to explore and offer products with special features and more flexible terms to make home mortgage loans more available for low- and moderate-income individuals. These products are described as follows:

Arvada “Essential Home Repairs Program” - This program began in January 1992 and was extended in December 1994. FBAV has committed \$300,000, annually, in loans under this program. This program is a cooperative effort with the City of Arvada to assist low-income homeowners in making needed repairs and energy saving improvements to their homes. This program provides grants and low interest loans, as well as, technical assistance and contractor supervision to assure work is performed to specified standards. The City of Arvada targets areas having a need of essential home repairs to bring properties up to city codes. The City of Arvada subsidizes these loans through the use of HUD grants. Since its inception in 1992, the bank has originated 36 loans totaling \$333,476. In 1995, the bank originated seven loans totaling \$48,100. Through September 30, 1996, the bank originated six loans totaling \$60,300.

Arvada “Rental Improvement Loan Program” - This program began in April 1994. FBAV and two of its affiliates, FirstBank of Wheat Ridge, N.A. and FirstBank North, N.A., have committed \$1.5 million, over a three-year period, to this program. This program is a cooperative effort with the City of Arvada to provide financing for home improvements to single-family rental properties located specifically in low- and moderate-income areas. These loans help bring eligible properties up to minimum quality standards for housing and city codes. This program was selected as the second place winner in the Local Government Innovations Awards Program category of Public-Private Partnership. Since its inception in 1994, the bank has originated six loans totaling \$60,115.

Community Homebuyers Program (CHBP) - This is a Fannie Mae product which is approved and closed through FirstBank Mortgage. The program targets low- and moderate-income home buyers. The product provides flexible underwriting terms, lower down payments of 5% (3% can be borrowed and 2% can be gifted) and lower closing costs. Another feature of the product is the CHBP home education courses. The bank provides a video and workbook to the home buyer to educate and provide guidance in selecting a home, obtaining credit, and preparing a budget. Since 1994, the bank has originated one loan for \$61,275 under this program. However, the bank remains an active mortgage lender with other programs geared to low- and moderate-income individuals. See Assessment Factor I for details.

Affordable Housing Program - This is a new mortgage loan program which started in 1996 to supplement the Community Home Buyers Program described above. This program is for the purchase, refinance, as well as, cash-out refinance for single-family residences. Unlike the Community Home Buyers program, this program also includes financing for town homes and condominiums. The program is available to borrowers at or below median income. Maximum loan-to-value is 97% with a minimum 3% down payment and low closing costs. Due to the newness of the program, the bank has not originated any loans to date.

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

- **Participation in government-sponsored, guaranteed or subsidized loan programs is limited by the bank's community profile, but is reasonable.**

The bank's participation in government-sponsored, guaranteed or subsidized loan programs is limited to student loans. The bank makes a significant number of student loans. From January 1, 1994, to September 30, 1996, the bank made 160 student loans totaling \$593,231.

Although the bank has not made any Small Business Administration (SBA) loans to date, it is approved to make SBA government guaranteed loans. Requests for SBA loans have been limited. We noted during the examination that the bank had approved, but not closed one SBA 504 loan. This permanent loan is scheduled to close soon for approximately \$450,000. This loan is located within the bank's delineated community.

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.

- **The geographic distribution of credit extensions, applications, and denials demonstrates a reasonable distribution throughout the bank's delineated community, including in low-and moderate-income areas.**

Although the distribution reflects lesser housing activity within the two moderate-income tracts, the bank has reasonable distribution of loans throughout its delineated community. These moderate-income tracts have fewer owner-occupied residential units and consist primarily of rental properties. In addition, these tracts have significant areas which are predominately industrial and commercial oriented, especially along Interstate 70.

According to the bank's geographic distribution analysis loans in low- and moderate-income areas are limited. For the first half of 1996, FBAV originated 4% of its loans by number and 2% by dollar volume within its two moderate-income areas. However, further analysis of the bank's lending activities indicates the bank originated a total of 86 loans or 27% by number and 8% by dollar volume to low- and moderate-income individuals. These borrowers may or may not live in a low- and moderate-income area.

For the first half of 1996, FBAV reports denials are well dispersed throughout the bank's delineated community. We noted no concentrations of denials in the two moderate-income areas. There were only 11 denials totaling \$23,200 in moderate-income areas. There were more denials as a whole, in middle- and upper-income areas.

The bank's distribution of HMDA reportable loans for 1995 shows a good distribution throughout the delineated community. The following table support this conclusion:

Census Tract Characteristics Income Level

	Applications		Orig./Purchases		Denied Applications	
Low	0	\$0	0	\$0	0	\$0
Moderate	10	\$129	7	\$70	2	\$37
Middle	61	\$1,481	48	\$1,071	10	\$212
Upper	104	\$2,990	91	\$2,760	5	\$73

According to HMDA data, the bank is ranked fourth among forty lenders in origination of HMDA reportable loans. This includes home purchase, refinance, and home improvement loans. The bank’s market share is 4%; the one-ranked bank has a 7% market share.

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

- **The bank’s offices are readily available to all segments of its delineated community.**

The bank has two offices located within the community. The main office is located at 6355 Ward Road. The branch is located at 58th Avenue and Independence Street in a supermarket store.

Banking services are readily accessible throughout the delineated community. Customers can make deposits at any of the 65 FirstBank locations. This includes 22 banks and 43 branches. Nineteen (19) of the branches are conveniently located in King Soopers grocery stores. FirstBanks has a network of over 140 automated teller machines (ATMs). The bank offers 24-hour telephone banking which allows customers to apply for loans, open accounts, transfer funds, or obtain account information 24 hours a day, 365 days a year. The 24-hour telephone banking is also equipped with a telecommunication device (TDD) for the hearing impaired. The bank and ATMs are equipped to accommodate disabled customers.

The bank’s hours at the main office are 9 a.m. to 6 p.m., Monday through Friday, and the drive-up is open from 7:30 a.m. until 6 p.m. Saturday lobby hours are from 9 a.m. to 12 p.m., and the drive-up is open from 8 a.m. until 12 p.m.. The branch facility is open from 10 a.m. to 7 p.m., Monday through Friday, and Saturday from 9 a.m. until 2 p.m..

The bank has not closed any offices. However, it does have a branch closing policy which adequately assesses the potential impact to its delineated community prior to any closing.

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).

- **FBAV solicits credit applications from all segments of its delineated community.**

Broad base and special advertising and marketing efforts are designed to reach all types of individuals and groups. In order to reach its Hispanic market, the bank advertises in both English and Spanish. There is no evidence that the bank discourages or illegally prescreens applicants or potential applicants on a prohibited basis.

The Board and management have implemented adequate policies and procedures to ensure applicants are treated fairly during the credit application process. In addition, senior management provides annual fair lending training for all personnel who are in contact with potential applicants.

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

- **The bank's level of compliance with antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, and any agency regulations pertaining to nondiscriminatory treatment of credit applicants is very good.**

During a concurrent examination, we performed a comparative file analysis of 112 HMDA loans. We reviewed 100 approved loans to white applicants and 12 denied loans to minority applicants. We did not identify any instances in which a similarly situated applicant was denied credit based on race. We did not find any violations of fair lending laws or regulations.

The bank has a second review process whereby all denied low-income applicants receive a second review prior to a final decision. Annually, the audit department also performs a comparative file analysis to determine if there is any disparate or discriminatory treatment of credit applicants based on any of the prohibited bases.

V. COMMUNITY DEVELOPMENT

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

- **Investment in community development and redevelopment programs are limited.**

Participation in community development and redevelopment programs is minimal due to the limited opportunities within the community. The Arvada area has not required significant redevelopment efforts and development is occurring predominately in residential construction. The bank meets these needs primarily through direct lending to developers and builders. Through contacts with the county and local governments, management maintains a high level of awareness about any community development and redevelopment opportunities. Primary contacts include the Jefferson County Economic Council, the Director of Housing and Community Development for the City of Arvada, and the Essential Home Repairs Program for the City of Arvada.

Management has identified some opportunities to participate in development or redevelopment programs. Through senior management's efforts and direct involvement with the Jefferson County Economic Council, progress is being made to expand the Denver Capital Corporation into Jefferson County. Once finalized, this community development corporation will provide growth capital to small businesses in the area.

The bank has also invested in local and state municipal bonds. Currently, the bank holds \$11.7 million in local municipal bonds. However, the current portfolio does not include any investments directly benefiting the Arvada area. The bank has one bond from the Lakewood Housing Authority for \$150,000. Although this investment does not directly benefit the community, it does directly benefit low- and moderate-income families. The funds from this issuance were used to purchase and convert a 132-unit apartment complex into low-income housing.

The bank also uses the Arvada Rental Improvement Loan Program and the Arvada Essential Home Repairs Loan program as a community development conduit. See Assessment Factor I. These programs are in cooperation with the City of Arvada. Management maintains contact with the City of Arvada to assist in low- and moderate-income areas with reasonable financing for home improvement loans.

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.

- **The bank's lending activity within the community is consistent with its financial capacity and size.**

The bank has no financial, legal, economic, or other impediments that would limit its ability to serve its community. Economic conditions remain strong within the delineated community. Jefferson County's population has continued to grow and its population now exceeds Denver County. Housing activity is slowing somewhat, but still remains strong. The bank's delineated community

consists primarily of middle- and upper-income census tracts. Updated demographic data shows that the 1996 median-family income is increasing.

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

- **The bank also supports the local community through contributions to many charitable organizations and groups.**

Financial donations in 1995 totaled \$11,301; and year-to-date 1996, donations totaled \$10,625. Recipients include, but are not limited to: Habitat for Humanity, Jefferson County Enterprises, and North Jefferson County Foundation. Other than Habitat for Humanity, which provides housing for low- and moderate-income individuals, most recipients are local community groups which do not specifically target low- and moderate-income individuals.

ADDITIONAL INFORMATION

Whenever possible, our review focused on all loan types. However, in some areas we focused primarily on residential mortgage loans which are reportable under the Home Mortgage Disclosure Act (HMDA). You may obtain a copy of the HMDA statement at the local library. You may also obtain a copy by contacting Julee Stephens at FirstBank of Arvada, 6355 Ward Road, Arvada, Colorado 80004.