



---

Comptroller of the Currency  
Administrator of National Banks

---

## **Public Disclosure**

**December 18, 1997**

# **Community Reinvestment Act Performance Evaluation**

**FirstBank of Wheat Ridge, N.A.  
Charter Number: 15763**

**4350 Wadsworth Boulevard  
Wheat Ridge, Colorado 80033**

**Office of the Comptroller of the Currency  
Denver Field Office  
1099 18th Street, Suite 2650  
Denver, Colorado 80202-1926**

**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.**

## Table of Contents

<b>General Information</b> .....	2
<b>Definitions and Common Abbreviations</b> .....	3
<b>CRA Rating</b> .....	4
<b>Description of Institution</b> .....	4-5
<b>Description of Assessment Area</b> .....	5-7
<b>Conclusions with Respect to Performance Tests</b>	
Lending Test .....	8-15
Investment Test .....	16-17
Service Test .....	17-19
<b>Fair Lending Review</b> .....	20
<b>Appendix A: Scope of Examination</b> .....	21

## **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 CRA performance of **FirstBank of Wheat Ridge, N.A.**, prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **December 18, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Community Reinvestment Act (CRA)** - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Metropolitan Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Census Tract (CT)** - Small, locally defined statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

**Home Mortgage Disclosure Act (HMDA)** - A statute that requires certain mortgage lenders that do business or have banking offices in a MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and its disposition (e.g., approved, denied, withdrawn).

**Median Family Income (MFI)** - The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of census tracts. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Low Income** - Income levels that are less than 50% of the MFI.

**Moderate Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Middle Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Upper Income** - Income levels that are 120% or more of the MFI.

**Small Business Loans** - Loans with an original amount of \$1 million or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

**Small Farm Loans** - Loans with an original amount of \$500,000 or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

## CRA Rating

**Institution’s CRA Rating:** This institution is rated **“Outstanding.”**

The major factors which support this rating include:

- ▶ The bank’s lending activity reflects good responsiveness to credit needs with a high concentration of loans within the assessment area. The bank has a good distribution of loans in low- and moderate-income geographies and to low- and moderate-income borrowers and small businesses. The bank’s lending is flexible and innovative.
  
- ▶ The bank’s investment activity shows a high level of qualified community development investments and grants, very good responsiveness to community development needs, and innovative or leadership characteristics.
  
- ▶ The bank’s delivery systems are accessible and convenient. The bank demonstrates leadership in providing community development services.

The following table indicates the performance level of **FirstBank of Wheat Ridge, N.A.**, with respect to the lending, investment, and service tests:

Performance Levels	FirstBank of Wheat Ridge, N.A. Performance Tests		
	Lending Test *	Investment Test	Service Test
Outstanding		X	X
High satisfactory	X		
Low satisfactory			
Needs to improve			
Substantial noncompliance			

\* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

### Description of Institution

FirstBank of Wheat Ridge, N.A., (FBWR) was chartered in 1969 and is headquartered in Wheat Ridge, Colorado, a northwestern suburb of Denver. FBWR also operates one branch office at a King Soopers grocery store located in the community of Edgewater and one detached drive-up facility located a block away from the main bank building. Three full service Automated Teller Machines (ATMs) at these locations provide added customer access to services. In addition, the affiliated holding company system operates 26 other ATM locations in the bank’s assessment

area. FBWR's services include 24-hour telephone banking and bank-by-mail through systems provided by the affiliated holding company. FBWR reported total assets of \$174 million and net income of \$1.7 million as of June 30, 1997.

FBWR offers a wide range of loan products including real estate, consumer, credit card, and commercial loans. The bank's primary lending focus is residential real estate. The following table illustrates the composition of the loan portfolio by loan type.

<b>LOAN PORTFOLIO COMPOSITION</b>		
<b>June 30, 1997</b>		
<b>Loan Type</b>	<b>Amount \$(Million)</b>	<b>Percentage of Total Loans</b>
Residential Real Estate	\$51	73%
Commercial Real Estate	\$11	15%
Consumer	\$ 4	6%
Commercial	\$ 2	3%
Other	\$ 2	3%
<b>Total Loans</b>	<b>\$70</b>	<b>100%</b>

Source: June 30, 1997, Call Report.

FBWR is wholly owned by FirstBank Holding Company of Colorado (FHCC), a multibank holding company. FHCC is the largest, locally owned banking organization in Colorado. The company operates 23 banking offices and 52 branches throughout the Denver metropolitan area and other Front Range and mountain communities. FHCC also owns and operates FirstBank, N.A., in Palm Desert, California. FHCC reported total assets of \$2.9 billion and consolidated net income of \$25.1 million as of June 30, 1997.

FBWR's performance under the CRA was last evaluated as of January 12, 1995. The bank's overall level of performance was rated "Outstanding Record of Meeting Community Credit Needs."

### **Description of Assessment Area**

FBWR's assessment area contains 179 contiguous census tracts, all of which are within the Denver Metropolitan Statistical Area (MSA). The assessment area lies in the northwest section of the Denver MSA and represents approximately one-third of the MSA's 498 census tracts.

The assessment area encompasses the western part of Denver County and portions of suburban Adams and Jefferson Counties. The major municipalities within this area are Denver, Westminster, Wheat Ridge, Lakewood, Arvada, and Golden, Colorado. The area is within Colorado's Front Range corridor and is part of one of the nation's fastest growing metropolitan regions. However, a large part of the bank's assessment area is comprised of mature neighborhoods which have not been as heavily impacted by the growth, other than by escalating real estate prices and higher occupancy levels.

The following table provides demographic data, including a summary of census tracts classified by income category, and the classification of families in the assessment area by income levels.

<b>ASSESSMENT AREA PROFILE</b>							
<b>MSA # 2080 (Denver)</b>							
<b>Demographic Characteristics</b>	<b>#</b>	<b>\$</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>N/A % of #</b>
Population (#)	670,729		21%	21%	26%	32%	0%
Median Income(\$) - 1997 HUD est.		\$54,900					
Census Tracts	179		7%	30%	39%	11%	13% *
Unemployment Rate - Dec. 31, 1996	3%						
Owner Occupied Housing (#)	164,042		4%	28%	52%	16%	0%
Median Housing Value (\$)		\$82,423					
Small Businesses	18,127		9%	34%	45%	12%	0%

\* Twenty-four of the CTs were mostly unpopulated as of the 1990 U.S. Census, with no income data available. These CTs consist of Federal facilities, airports, parks, cemeteries, etc.

The 1990 U.S. Census median family income for the Denver MSA is \$40,222. However, the 1997 U.S. Department of Housing and Urban Development estimated median family income is \$54,900.

1990 U.S. Census data shows 278,707 housing units in the bank's assessment area. As of the 1990 U.S. Census, 59% of the housing units were owner occupied, 33% were rental occupied, 7% vacant, and 1% boarded up. Recent good economic conditions and population growth would indicate a substantially lower vacancy rate during the evaluation period. Thirty-two percent of the owner-occupied housing units are in low- and moderate-income census tracts. Twenty-nine percent of the housing units are multifamily, vacant, or boarded up, indicating some limitation on the bank's ability to market some mortgage loan products. The weighted average median year built for the housing stock is 1966, but this figure drops as low as 1944 for individual low- and moderate-income census tracts in the assessment area.

The 1990 U.S. Census data shows 10% of the population of the assessment area is over 65 years of age and 34% of the households receive social security or retirement income. To some extent, those demographic factors inhibit the bank's ability to market some kinds of loan products.

Economic conditions are good and the unemployment rate in Colorado stayed at 3.0% for most of 1997. In November 1997, the unemployment rate was 2.6% in the Denver area.<sup>1</sup> U.S. West, Inc., TeleCommunications, Inc., King Soopers, Inc., and Exempla Healthcare/Lutheran Medical Center are the largest private sector employers in the assessment area. The largest public sector employers are federal, county, and city governments. The Denver Federal Center is located in the bank's assessment area.

The competitive climate for financial services is aggressive. Mergers and acquisitions by large out-of-state banking organizations continue to change the banking environment. Several large interstate banking companies have a presence in the assessment area, including: Banc One Corporation, Commercial Federal Banks, KeyBanks, Norwest Banks, and U.S. Bank. Other financial institutions provide growing competition as a result of liberalized branch banking laws and new technologies for electronic banking. Also, five other affiliated FirstBanks have headquarters or branches located in FBWR's assessment area.

### **Community Credit Needs**

We identified community credit needs through a review of recent community contacts by the bank regulatory agencies. We analyzed this information in conjunction with demographic and economic data to identify affordable housing, both rental and owner-occupied, and economic development loans for small businesses as the primary needs of the bank's assessment area.

### **Conclusions with Respect to Performance Tests**

---

<sup>1</sup> January 8, 1998, *Rocky Mountain News*.



## LENDING TEST

*In assessing lending performance, we focused on FirstBank of Wheat Ridge, N.A.'s lending activity; assessment area concentration; geographic distribution of loans; borrower profile; responsiveness to credit needs of economically disadvantaged geographies, low-income persons or small businesses; community development lending; and product flexibility. (Unless otherwise indicated, YTD 1997 means as of June 30, 1997.)*

### Conclusions:

The bank's lending performance within its assessment area is rated as "High Satisfactory." This rating is based on the following:

- ▶ FBWR's lending level reflects good responsiveness to the credit needs of its assessment area.
- ▶ FBWR makes a high percentage (85% of the number) of its loans within its assessment area.
- ▶ FBWR's geographic distribution of residential, small business, and consumer loans reflects good penetration throughout the assessment area.
- ▶ FBWR demonstrates a good record of serving the credit needs of low- and moderate-income borrowers and small businesses, consistent with safe and sound banking practices.
- ▶ FBWR has made a good level of community development loans (two community development loans totaling \$584,000).
- ▶ The bank regularly engages in flexible or innovative lending practices.

In addition to HMDA, small business, and community development loan data which large banks are required to collect and report to the regulatory agencies, FBWR collected and provided data on consumer loans made in 1996 and YTD 1997. We verified the accuracy of the available data through a review of loan samples. We determined some of the consumer loan data is suitable for analyzing the bank's lending performance under the CRA. The bank does not collect income information for Cash Reserve loans which represent a majority of the number of consumer loans. As a result, we were unable to analyze distribution by borrower income for a significant portion of consumer loans, but we were able to analyze distribution by census tract income. Please refer to **Appendix A** for additional information on the scope of the evaluation.

## Lending Activity

Lending levels reflect good responsiveness to credit needs in the bank's assessment area. As noted in the table below, FBWR originated 1,420 loans totaling \$32.1 million within the assessment area during 1996 and YTD 1997. About 75% of the dollar volume of originations were either small business or home mortgage loans which are the kinds of loans most needed in the assessment area according to community contacts.

As of June 30, 1997, the bank's eight-quarter average loan-to-deposit (LTD) ratio, expressed as a percentage, was 44%. The LTD ratio is one measure of a bank's willingness to reinvest deposit funds into the community in the form of loans. FBWR's LTD is somewhat lower than four similarly situated banks in the assessment area, whose eight-quarter average LTD ratios ranged from 46% to 61%. However, FBWR's LTD ratio has remained fairly level for the past 18 months, despite strong growth in deposits (18%), indicating that lending volume has kept pace with the bank's growth.

FBWR originates a high percentage of its loans in the assessment area. As noted in the table, 85% of the total number and 81% of the total dollar volume of loans originated by FBWR in 1996 and YTD 1997 are within the assessment area.

<b>VOLUME OF FIRSTBANK OF WHEAT RIDGE, N.A.'S LOAN ORIGINATIONS IN 1996 and YTD 1997</b>						
<b>Product</b>	<b>Total Originations</b>		<b>Within Assessment Area</b>			
	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Motor Vehicle Loans	112	\$ 1,341	95	85%	\$ 1,135	85%
Home Equity Loans	237	\$ 4,941	211	89%	\$ 4,333	88%
Other Secured Loans	92	\$ 1,390	77	84%	\$ 1,114	80%
Other Unsecured Loans	692	\$ 1,096	588	85%	\$ 910	83%
<b>Total Consumer Loans</b>	<b>1,133</b>	<b>\$ 8,768</b>	<b>971</b>	<b>86%</b>	<b>\$ 7,492</b>	<b>85%</b>
<b>Total Small Business Loans</b>	<b>138</b>	<b>\$ 8,768</b>	<b>93</b>	<b>68%</b>	<b>\$ 6,182</b>	<b>71%</b>
Home Purchase/Refinance Loans	239	\$18,922	206	86%	\$15,515	82%
Home Improvement Loans	160	\$ 2,535	147	92%	\$ 2,309	91%
Multifamily Loans	1	\$ 51	1	100%	\$ 51	100%
<b>Total Home Mortgage Loans</b>	<b>400</b>	<b>\$21,508</b>	<b>354</b>	<b>89%</b>	<b>\$17,875</b>	<b>83%</b>
Total Community Development Loans	2	\$ 584	2	100%	\$ 584	100%
<b>Grand Total Loans</b>	<b>1,673</b>	<b>\$39,628</b>	<b>1,420</b>	<b>85%</b>	<b>\$32,133</b>	<b>81%</b>

Source: Bank-prepared Consumer and Small Business Loan Data Collection Registers and HMDA Loan Application Register.

Based on dollar volume, home mortgage loans account for the largest segment of lending at 54% of loans originated during 1996 and YTD 1997. Based on number, they account for 24% of the loan volume. Home purchase and refinance loans account for 88% of the dollar volume of home mortgage loans. This is consistent with the bank's lending focus, asset size, and demographics for housing and population.

FBWR originated 138 loans to small businesses totaling \$8.7 million during the time period noted above. This represents 22% of the total dollar volume of loans and 8% of the number. Aggregate small business loan data for 1996 reveals that FBWR had 0.9% market share for small business loans. The volume of small business lending is consistent with the bank's asset size and lending focus.

Consumer loans account for 68% of the number of loans originated but only 22% of dollar volume. A substantial number of the consumer loans (92%) are Cash Reserve (check credit) loans which have a low dollar limit. Banks are not required to collect and report data on consumer loan activity. Therefore, no market comparison is possible.

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

The overall geographic distribution of loans reflects good penetration throughout the assessment area. The following table provides a break down of loan penetration by loan category and census tract:

<b>GEOGRAPHIC DISTRIBUTION OF 1996 LOAN ORIGINATIONS BY CENSUS TRACT INCOME LEVEL*</b>						
<b>Census Tract Characteristics</b>			<b># Penetration % HMDA</b>	<b># Penetration % Small Businesses</b>	<b># Penetration % Consumer</b>	<b># Penetration % Total</b>
<b>Income Level of Tract</b>	<b>% Census Tracts by Income Level**</b>	<b>% Small Businesses within each Income Tract Level</b>				
Low Income	7%	9%	4%	5%	32%	23%
Moderate Income	30%	34%	28%	22%	25%	26%
Middle Income	39%	45%	52%	53%	18%	29%
Upper Income	11%	12%	16%	20%	18%	18%
Income not Available**	13%	0%	0%	0%	7%	4%

\* Only 1996 numbers were used in this table because HMDA market share data, which corresponds to and further supports mortgage loan data, is only available for 1996 and not YTD 1997.

\*\* Income data is not available for 24 (13%) of the census tracts which are mostly unpopulated.

HMDA loan data for 1996 indicates somewhat low penetration of loans in low-income census tracts compared to demographic percentages, but very good penetration when compared to lending opportunities. The bank originated 4% of its HMDA loans in low-income census tracts while 7% of the assessment area consists of low-income tracts. In comparison to lending opportunities, the bank compares very favorably. 1990 U.S. Census data indicates 4% of the owner-occupied housing units are located in low-income census tracts. Further, 1996 HMDA market share data indicates the bank ranks favorably in its market share of loans in low-income tracts compared to its overall lending. The bank ranks 44th with a market share of 0.63% for loans made in low-income tracts. In comparison, the bank ranks 35th with an overall market share of 0.70% for loans originated in all census tracts in the assessment area.

The data indicates the bank made strong efforts to penetrate moderate-income census tracts with HMDA loans in comparison to demographic percentages and lending opportunities. The bank originated 28% of its HMDA loans in moderate-income census tracts. In comparison, 30% of the bank's assessment area consists of moderate-income tracts and 28% of the owner-occupied housing units are located in these tracts. In addition, market share data indicates very strong efforts to originate HMDA loans in moderate-income census tracts compared to mortgage lending in all tracts. The bank ranks 31st with a market share of 0.80% in moderate-income tracts. In comparison, the bank ranks 35th with a market share of 0.70% in all tracts.

FBWR's penetration of small business loans in low-income census tracts is fair when compared to demographic percentages, but somewhat low when compared to lending opportunities. The bank made 5% of its small business loans in low-income census tracts. In comparison, 7% of its assessment area consists of low-income census tracts and 9% of the small businesses are located in these low-income tracts.

Penetration of small business loans in moderate-income census tracts is good in comparison to demographic percentages and lending opportunities. Data indicates the bank made 22% of its small business loans in moderate-income census tracts. In comparison, 30% of its assessment area consists of moderate-income census tracts and 34% of the small businesses in the assessment area are located in these tracts.

The preceding table indicates strong penetration of consumer loans in both low- and moderate-income census tracts. As the following table indicates, a majority of those are Cash Reserve (check credit) accounts which are small dollar amounts. Management identifies a concentration of this product to customers residing in a core area surrounding the Wheat Ridge office, much of which is low- and moderate-income. The product is easily obtained when a customer opens a deposit account. The credit extension is based on credit history as opposed to income. While this product facilitates the bank's ability to serve low- and moderate-income geographies in the assessment area, it is not the kind of credit product identified as a primary credit need.

Using 1996 and YTD 1997 HMDA data, we found no unexplained gaps in mortgage lending within the assessment area. Our review determined that reasonable explanations exist for the absence of lending activity in some low- and moderate-income census tracts.

**Distribution by Census Tract Income and Borrower Income within the Assessment Area**

The table below summarizes FBWR's lending activities within the assessment area by product type, income level of census tract, and income level of the borrower.

LENDING TEST								
1996 and YTD 1997			MSA# 2080 (Denver)					
Loan Type	#	\$ (000)	CT	Low % of #	Moderate % of #	Middle % of #	Upper % of #	Income NA % of #
			B					
Residential - Home Purchase	50	\$ 5,985	CT	0%	18%	44%	38%	0%
			B	12%	26%	30%	30%	2%
Residential - Refinance	156	\$ 9,530	CT	3%	32%	51%	14%	0%
			B	11%	25%	29%	35%	0%
Residential - Home Improvement	147	\$ 2,309	CT	5%	27%	54%	14%	0%
			B	14%	27%	35%	23%	1%
Residential - Multi Family	1	\$ 51	CT	0%	100%	0%	0%	0%
			B	0%	0%	0%	100%	0%
Consumer - Motor Vehicle	95	\$ 1,135	CT	2%	28%	49%	21%	0%
			B	21%	23%	21%	35%	0%
Consumer - Home Equity	211	\$ 4,333	CT	4%	32%	51%	13%	0%
			B	13%	28%	28%	31%	0%
Consumer - Other	665	\$ 2,024	CT	3%	37%	49%	11%	0%
			B	35%	22%	14%	10%	19%
Small Business	93	\$ 6,182	CT	4%	23%	52%	21%	0%
Community Development	2	\$ 584						
<b>Total Lending</b>	<b>1,420</b>	<b>\$32,133</b>						

CT = Census Tract.

B = Borrower.

A review of HMDA lending activities for 1996 and YTD 1997 indicates the bank is effectively serving the home mortgage needs of borrowers of different incomes, including those with low- and moderate-incomes.

Data indicates the bank's overall success at originating loans to low-income borrowers is commensurate with its market penetration of the assessment area. Compared to demographic

percentages, the bank's success in originating loans to low-income borrowers is lacking. But, market share data indicates lending to low-income borrowers surpasses that of overall lending. The percentages of loan originations for home purchase (12%), refinance (11%), and home improvement (14%) to low-income borrowers are well below the demographic percentage for low-income families (21%). But 1996 HMDA market share data indicates that in comparison to overall lending, the bank's efforts to originate loans to low-income borrowers is very good. The bank ranked 27th with a market share of 0.88% for all types of HMDA loans to low-income borrowers. In comparison, the bank ranked 35th with a market share of 0.70% for HMDA loans to borrowers of all income levels.

Data indicates very good efforts to serve the home mortgage lending needs of moderate-income borrowers. The percentages of loan originations for home purchase (26%), refinance (25%), and home improvement (27%) to moderate-income borrowers are well above the demographic percentage for moderate-income families (21%). And the 1996 market share data for all HMDA loan originations indicates the bank's market share for HMDA loans to moderate-income borrowers is nearly equal to its market share for all borrowers combined. The bank ranked 37th with a market share of 0.63% for loans made to moderate-income borrowers. As indicated previously, the bank ranked 35th with a market share of 0.70% for overall mortgage lending.

Consumer loan data indicates very good distribution of motor vehicle and other consumer loans and adequate distribution of home equity loans to low-income borrowers. The percentages of loan originations to low-income borrowers are 21% for motor vehicle loans, 13% for home equity loans, and 35% for other consumer loans. In comparison, 21% of the families are low-income.

Loan data indicates the bank made very good efforts to originate consumer loans of all types to moderate-income borrowers. The percentages of motor vehicle loans, home equity loans, and other consumer loans to moderate-income borrowers at 23%, 28%, and 22%, respectively, are all above the demographic percentage of 21%.

An analysis of small business loans by loan size indicates that FBWR makes a significant number of business loans in small dollar amounts. The table below shows that 77% of the small business loans originated in the assessment area in 1996 and YTD 1997 involved loan amounts of less than \$100,000. Further, the bank's data indicates that 82% of the number of small business loans the bank originated during the review period were to businesses with gross annual revenues less than \$1 million.

<b>DISTRIBUTION OF SMALL BUSINESS LOAN ORIGINATIONS IN 1996 and YTD 1997 BY LOAN SIZE</b>					
<b>Less than \$100,000</b>		<b>\$100,001-\$250,000</b>		<b>\$250,001-\$1,000,000</b>	
<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>
72	\$1,803	15	\$2,357	6	\$2,022

## **Community Development Lending**

Considering the bank's resources and opportunities available in the assessment area for community development lending, FBWR has made a very good level of community development loans. Community development loans are those which meet the definition of community development lending, as contained in the CRA regulation, and that have not been considered in the review of small business, small farm, home mortgage, or consumer loans.

FBWR originated two community development loans totaling \$584,000 in 1996 and YTD 1997. The loans are to borrowers located in the bank's assessment area. Both loans are targeted towards creating or improving affordable housing, which is a primary credit need. The number and dollar volume of loans demonstrates good responsiveness to needs in the community, as well as willingness to enter into complex credit transactions.

The largest community development loan was made to the Jefferson County Housing Authority to help fund the purchase of a 20-unit apartment complex to convert to affordable housing for low- and moderate-income families and senior citizens. The loan was part of a more complex financing package in which part of the purchase price was funded by a federal grant. Additionally, the bank granted loan policy exceptions by waiving the loan origination fee and by giving terms of 20 years with a fixed rate of 6.35%.

The other community development loan made by the bank funded the purchase of a seven-unit rental property located in a moderate-income census tract. The purpose was to renovate and convert the units to affordable housing.

## **Product Innovation and Flexibility**

FBWR offers some flexible, but not innovative, loan products to serve the home mortgage credit needs of its assessment area. The bank offers home purchase loans with flexible underwriting guidelines and low down payment, fee, and interest rate requirements. Four of these products help meet the home purchase needs of low- and moderate-income individuals. These products, named the "Affordable Housing Program," "Super Affordable Housing Program," "Fannie Mae 97 Program," and "Community Home Buyer Program," are underwritten to accommodate applicants with diverse qualifications. In 1996 and YTD 1997, the bank originated seven loans totaling \$591,000 through these affordable housing loan programs.

The bank also offers several home improvement loan products that are public-private innovations. These products target areas in need of financing for neighborhood rejuvenation. The loans were made under various city-sponsored subsidized interest rate or interest-free loan programs to help low- and moderate-income borrowers in targeted geographies make essential home repairs. FBWR waives customary loan fees for these loans. Some of these loan programs received federal government grant money to help with interest rate subsidies. In some of these programs, the bank took a leadership role in contacting municipalities to get the programs started, to duplicate the programs already established with other cities. Since the last CRA evaluation, the bank received the Crown Service Award from the Independent Bankers of Colorado for its strong record and

leadership role in supporting local economic redevelopment through loan programs such as these, and other community development work. The programs are: Arvada Essential Home Repairs Program, Arvada Rental Improvement Loan Program, Edgewater Redevelopment Loan Program, Town of Mountain View Essential Home and Rental Repairs Loan Program, and Wheat Ridge Rental Improvement Loan Program.

Under the first three loan programs, the bank made 10 loans totaling \$63,000 in the evaluation period. FBWR has committed to lend up to \$750,000 over a three-year period under the Wheat Ridge Program, but did not fund any loans in the evaluation period. In addition to the loans made during this evaluation period, the bank still carries on its books 14 similar loans made in the previous CRA evaluation period. The loans were made under the above mentioned city-sponsored loan programs for neighborhood rejuvenation, and have current balances totaling \$121,000.

FBWR participates in the Consumer Credit Counseling Services (CCCS) Credit Re-establishment Program. The bank will accept credit applications from CCCS graduates with the understanding that the applicants meet standard underwriting criteria with the exception of credit history requirements. Credit history is an important part of the parent holding company's loan underwriting standards, and waiving some derogatory credit report information under this program represents flexibility. The bank has made two loans totaling \$6,000 since January 1996.

FBWR also offers Small Business Administration (SBA) loan products to help meet the credit needs of businesses, including small businesses. Products offered are the 504, 7-A, and Low-Doc loans. The 504 product is considered complex because more than one creditor is involved in the loans. The bank originated three 504 loans totaling \$586,000 and two Low-Doc loans totaling \$75,000 during this review period.

The bank's "Investment Property Program," started in early 1997, was aimed toward landlords and property owners. The program liberalized the terms of an existing conventional loan product to fix up the community's aging apartment complexes. The bank implemented more flexibility by lengthening the repayment period from 15 to 20 years, increasing the fixed rate term from 3 to 5 years, and extending the balloon maturity from 7 to 10 years. The program also lowered the normal pricing structure. During the review period, the program has funded 12 loans totaling \$772,000.



## INVESTMENT TEST

*To assess FirstBank of Wheat Ridge, N.A.'s performance under the Investment Test, we reviewed the dollar amount of investment and grant activity; the responsiveness to credit and community development needs; and the innovativeness or complexity of community development initiatives.*

### Conclusions:

The bank's investment performance within its assessment area is rated as "Outstanding." This rating is based on the following:

- ▶ FBWR has one sizeable new investment (totaling \$345,000), and one long standing investment (totaling \$141,000) in municipal debt instruments which finance affordable housing. Affordable housing is a primary need in the assessment area and bank investments represent excellent responsiveness to this need.
- ▶ FBWR made a good level of grants (\$25,000) to a variety of organizations, which count as qualified investments. One of the grants illustrates leadership and innovation in getting a program started.

FBWR holds a total of \$486,000 in municipal debt instruments which finance affordable housing in its assessment area or an area larger than the assessment area which includes the assessment area. One investment originated in 1993 at \$190,000 and has a current balance of \$141,000. It financed the City of Lakewood's purchase and renovation of a 132-unit apartment complex from HUD to be used as low-income housing. The other investment originated in 1997 at \$345,000 to purchase Adams County Housing Revenue Bonds which fund affordable housing loans targeted primarily at low- and moderate-income persons/families. These investments are neither innovative nor complex for the assessment area, but they do represent excellent responsiveness to a widely recognized need in the community.

During the evaluation period, FBWR made a total of \$25,000 in grants to a variety of nonprofit corporations, foundations, and other organizations which provide community services and loans targeted to LMI persons. These organizations provide child care, job training, job search assistance, emergency relief for the destitute and homeless, neighborhood medical clinics for the needy, special school programs for LMI students, shelter and counseling for victims of abuse, programs for at risk youth from LMI neighborhoods, and scholarships for students from LMI families.

FirstBank officers took a leadership role in helping establish The Family Loan Program by participating in early discussions with the group, and being among the first to make financial commitments. This program originated about 14 years ago in another state, but is new to Colorado. The purpose of the program is to make small loans with low interest rates to LMI families, primarily for emergency assistance. The bank's donation of \$770 helped fund start-up costs and establish a revolving loan fund. This is considered an innovative investment because it is new and unique to the bank's assessment area. The bank's early involvement in the program indicates participation in a leadership role in getting it established in Colorado.

<b>INVESTMENT TEST: FBWR Assessment Area</b>					
<b>Investment Type</b>	<b>Equity</b>	<b>Deposit</b>	<b>Grant</b>	<b>Total</b>	<b># of Housing Units or Jobs</b>
Affordable Housing	\$486,000	0	0	\$486,000	132+ units
Economic Development	0	0	0	0	
Other	0	0	\$25,281	\$25,281	Not readily available
<b>Total</b>	<b>\$486,000</b>	<b>0</b>	<b>\$25,281</b>	<b>\$511,281</b>	

Source: Bank-prepared records for grants and investments.

## **SERVICE TEST**

*In evaluating FirstBank of Wheat Ridge, N.A.'s performance under the Service Test, we focused on the accessibility of its delivery systems; changes in branch locations; reasonableness of its business hours and services in meeting the needs of its assessment areas; and level of community development services.*

Conclusions:

The bank's performance under the Service Test is rated "Outstanding."

- ▶ Bank delivery systems are reasonably accessible to all portions of the assessment area.
- ▶ Bank products are the same at all branches and hours of service do not vary significantly at the branch locations.
- ▶ The bank provides a very good level and variety of community development services.

### **Retail Banking Services**

Delivery systems are reasonably accessible to the entire population within the assessment area. The main bank building, remote drive-up facility for the main bank, and one branch are centrally located in the assessment area, serving the 179 census tracts that comprise the assessment area. In addition, the offices are easily accessible as they are located along major boulevards. The main bank building is located in a moderate-income tract and the remote drive-up and branch are in middle-income tracts. The census tracts containing the three locations are adjacent to moderate-income census tracts, and the locations are about a mile from low-income census tracts, again along major thoroughfares.

The following table addresses the location of FBWR's branches, drive-up, and ATMs in the assessment area.

SERVICE TEST: Branch and ATM Distribution FBWR's Assessment Area						
Service Type	#	Deposits \$(000)	Low % / #	Moderate % / #	Middle % / #	Upper % / #
Branch Offices (#)	2	\$156	0%	50%	50%	0%
			0	1	1	0
Remote Drive-up	1		0%	0%	100%	0%
			0	0	1	0
ATMs - Attached - Full Service	3		0%	33%	67%	0%
			0	1	2	0
ATMs - Detached - Ltd Service	0		0%	0%	0%	0%
			0	0	0	0

Source: Bank-prepared record.

In an effort to reach more individuals within the assessment areas, the bank uses the following alternative delivery systems. However, bank management has not measured the effectiveness of the alternative delivery systems to low- and moderate-income individuals and in low- and moderate-income geographies.

- ▶ **Loan By Phone** - This is a 24-hour system which allows individuals to apply for most types of consumer and mortgage loans by phone. The applicant is informed of a loan decision within 24 hours. By calling the same telephone number, an individual can also apply for a new checking or savings account. Applicants that are approved for loans or new accounts are referred to the nearest branch for loan closing or account set-up.
- ▶ **Business PC Banking** - This system is designed to allow businesses access to electronic banking through a personal computer. Services include funds transfers, account reconciliation, and tax payment filing.
- ▶ **FirstBank Web Site** - The web site at [www.1stbank.com](http://www.1stbank.com) provides customers with product information, bank locations and hours, and telephone numbers. Customers can also apply for a consumer loan.

The bank also offers a service to small business owners called the "Simplified Employee Pension Account." This service provides a simplified way for employers to establish a retirement plan for their employees by using Individual Retirement Accounts.

FBWR did not open or close any branches during the evaluation period. Bank management has a policy in place to address the impact of closing a branch to ensure that individuals will not be negatively affected.

FBWR's business hours, products, and services are reasonable. The bank offers a wide array of products and services at its branches. There are no differences in the types of products and services offered at the branches. The main bank maintains the business hours of 9:00 a.m. to 6:00 p.m., Monday through Friday, and 9:00 a.m. to 12:00 noon on Saturday. The remote drive-up facility is open from 7:30 a.m. to 6:00 p.m., Monday through Friday, and 8:00 a.m. to 12:00 noon on Saturday. The King Soopers grocery store branch is open from 10:00 a.m. to 7:00 p.m., Monday through Friday, and 9:00 a.m. to 2:00 p.m. on Saturday.

### **Community Development Services**

FBWR provides a very good variety and level of community development services within the assessment area or an area larger than the assessment area which includes the assessment area. The bank provided a total of 429 hours to 11 organizations whose primary purpose is community development. The bank's community development services primarily consist of providing technical expertise to organizations which promote or facilitate affordable housing and small business lending. The bank also donated employee time and bank space to organizations which provide community services targeted to low- and moderate-income persons. As explained in the Lending Test, the bank received an award from the Independent Bankers of Colorado, in part for its aggressive approach in offering financial assistance and support within several Denver-area communities. Examples of the community development groups include: Colorado Lending Source, Jefferson County Housing Authority, Jefferson County Self-Sufficiency Council, Family Tree, Inc., and Habitat for Humanity.

The bank also provided a loan education service in the city of Arvada, which is considered innovative and also demonstrates leadership qualities. FBWR spent \$7,000 to finance the creation of a videotape about the subsidized-rate, public-private partnership home improvement loan programs available at the bank, more fully described previously under Product Innovation and Flexibility. The videotape was shown several times on the city's public education television channel.

Other ongoing community development services offered by the bank are:

- ▶ **Free Government Check Cashing** - The bank will cash all forms of federal, state, and local government checks free of charge for both customers and noncustomers alike.
- ▶ **Non-profit Accounts** - The bank provides service charge free checking accounts for Colorado non-profit organizations.

## **Fair Lending Review**

A fair lending examination was conducted in November 1996. The examination evaluated the uniform HMDA loan underwriting practices of the national bank subsidiaries of FirstBank Holding Company of Colorado. Lending policies and procedures were also reviewed. And a comparative file analysis was done on a sample of 100 home improvement loans to white applicants and 12 denied applications for home improvement loans from minority applicants to test for illegal discrimination on the basis of race. No violations of the substantive provisions of the anti-discriminatory laws and regulations were identified. The holding company has sound nondiscriminatory loan policies and procedures in place. The holding company's compliance program requires fair lending training for appropriate bank personnel and the company's audit department performs fair lending reviews of the subsidiary banks.

## Appendix A: Scope of Examination

Time Period Reviewed						
<b>Lending Date: January 1, 1996, through June 30, 1997</b> <b>Other Performance Criteria: January 1, 1996, through December 18, 1997</b>						
<b>Financial Institution</b>	<b>Products Reviewed</b>					
FirstBank of Wheat Ridge, N.A.	<b>Loans:</b> Consumer, Home Improvement, Residential Mortgage, Small Business, and Community Development  <b>Other:</b> Qualified Investments, Product Delivery Systems, and Community Development Services.					
<b>Affiliate</b>	<b>Products Reviewed</b>					
None.	None.					
List of Assessment Areas and Type of Examination						
Assessment Areas	Type of Exam	Deposits Attributed to Area Branches as of June 1997				
Denver MSA	On-site	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><b>Dollars (in millions)</b></td> <td style="text-align: center;"><b>Percent</b></td> </tr> <tr> <td style="text-align: center;">\$156</td> <td style="text-align: center;">100%</td> </tr> </table>	<b>Dollars (in millions)</b>	<b>Percent</b>	\$156	100%
<b>Dollars (in millions)</b>	<b>Percent</b>					
\$156	100%					