



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 27, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Canyon Creek National Bank
Richardson, Texas
Charter Number 16555
333 West Campbell Road
Richardson, Texas 75080**

**Office of the Comptroller of the Currency
Southwestern District
500 North 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 CRA performance of **Canyon Creek National Bank, Richardson, Texas**, prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of February 27, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated "**Satisfactory**."

The loan-to-deposit ratio is reasonable when compared to other banks doing business in the assessment area. The majority of the bank's loans are within the assessment area and are geographically dispersed. The bank has maintained a reasonable penetration of loans to individuals of different income levels and businesses of different sizes. The bank has not received any CRA-related complaints since the February 23, 1995 public disclosure. Affiliations with mortgage loan brokerage and commercial loan brokerage companies further enhance the availability of credit in the assessment area.

The following table indicates the performance level of **Canyon Creek National Bank, Richardson, Texas**, with respect to each of the five performance criteria.

Small Institution Assessment Criteria	Canyon Creek National Bank Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
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 were received since the prior examination.		

Description of Institution

Canyon Creek National Bank (Canyon Creek) is a \$71 million full-service financial institution. Canyon Creek is wholly-owned by Chaparral Delaware Bancshares, Incorporated, a Delaware corporation, which is wholly owned by Chaparral Bancshares, Incorporated, a Texas corporation. Canyon Creek was rated “Satisfactory” in the previous CRA public disclosure dated February 23, 1995.

The main office is located on Campbell Road near State Highway 75 (Central Expressway) in Richardson, Texas. Campbell Road is one of Richardson’s main east/west traffic arteries. Canyon Creek is located in a very visible location along Campbell Road. Drive-up teller facilities provide extended weekday and Saturday hours. A 24-hour automatic teller machine is available for after-hour transactions. The bank has one branch, located in McKinney, Texas. The branch was opened in early January 1998.

Canyon Creek offers an array of loan products. However, the bank’s niche is small business lending. As of December 31, 1997, commercial and real estate loans (excluding one-to-four family loans) comprise 51% of gross loans. One-to-four family loans total 37% of gross loans. Canyon Creek also owns four subsidiary companies. The activities of the companies are summarized in the following paragraphs.

Richardson Development Corporation (RDC) was formed in 1994 with the mission of conducting activities to promote affordable housing. RDC has not been very active during this review period. Since RDC was not active there is no consideration of its activities included in this rating evaluation.

Canyon Creek Equipment Company (CCE) was formed in 1979. CCE originally purchased furniture, fixtures and equipment and leased it to Canyon Creek National Bank. CCE has been inactive for many years. Its activities were not factored into this rating evaluation.

Canyon Creek Mortgage Corporation (CCMC) was formed in 1997. CCMC funds loans secured by single family owner occupied dwellings. The loan applications are obtained through loan brokers not affiliated with CCMC or Canyon Creek National Bank. CCMC originates and sells the loans to other lenders, that sell them into the secondary market. The majority of the loans originated by CCMC are outside of the bank’s assessment area; therefore, the mortgage company’s activities did not factor into this rating evaluation.

Fairway Funding Corporation (FFC) was also formed in 1997. FFC operates a commercial loan brokerage service. FFC contracts for fees, with potential commercial borrowers, for assistance in obtaining funding sources at banks and other financial institutions. The services provided by FFC did not factor into this rating evaluation.

Description of Assessment Area

Canyon Creek's assessment area consists of census tracts located in the city limits of Richardson, Texas (Richardson) and all census tracts located in Collin, County, Texas (including those tracts that are in Richardson). The largest cities in Collin County are Plano, Allen, Frisco and McKinney, Texas. Plano is adjacent to, and north of Richardson. The other cities are north or northwest of Richardson. According to 1990 census data, there are approximately 328 thousand people residing in the assessment area.

The 1990 median family income for census tracts in the assessment area was \$54,870. This is significantly higher than the median family income for the Dallas metropolitan statistical area, which was \$38,754 as of 1990. The following table summarizes income characteristics of the assessment area geographies.

Tract Characteristics	# of Tracts	% of Total Tracts	# of Households	% of Total Households
Low	0	0%	0	0%
Moderate	5	8%	9,154	12%
Middle	17	28%	31,904	27%
Upper	37	61%	78,273	66%
Not Applicable	2	3%	0	0%
Totals	61	100%	119,331	100%

Source: 1990 Census Bureau Statistics

As illustrated by the preceding chart, a substantial majority of households in the assessment area are in middle and upper income census tracts.

There are several large national and international companies doing business, or headquartered in the assessment area. Richardson has been designated as a telecommunications corridor. The Richardson Chamber of Commerce estimates that there are 70,000 daytime jobs in the telecommunications industry. Projections indicate employment in this industry will increase by 40,000 by the year 2010.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable when compared to other state and national banks doing business in, or near the assessment area. Canyon Creek's loan-to-deposit ratio was 67% as of December 31, 1997. The average loan-to-deposit ratio for state and national banks located in Dallas and Collin Counties, with total assets between \$30 and \$100 million was 64% as of December 31, 1997. This custom peer group consists of 26 banks. Canyon Creek's loan-to-deposit ratio averaged 57% over the 12 calendar quarters since the February 23, 1995 CRA examination. Due to increasing loan volume, this ratio averaged 66% over the past four calendar quarters.

Lending in the Assessment Area

The majority of loans originated during 1996 and 1997 are in the assessment area. A review of all loans secured by one-to-four family homes originating between January 1, 1996 and December 31, 1997 confirmed that 66% of said loans are in the assessment area. A review of 50 commercial loans originating between January 1, 1996 and December 31, 1997 confirmed that 60% of these loans are to businesses located in the assessment area. The following table summarizes the results of our sample.

Assessment Area (AA) Lending, Jan. 1, 1996-Dec. 31, 1997
thousands (000's)

Loan Type	Total Sampled	Number in AA	% in AA	Dollars in AA
One-to-Four Family	93	61	66%	\$5,164
Commercial Loans	50	30	60%	\$3,822
Total	143	91	64%	\$8,184

Source: Home Mortgage Disclosure Act Loan Application Register and Examiner Loan Sample

Geographic Distribution

Canyon Creek has a reasonable distribution of loans in the assessment area. The mortgage and business loans in our sample are primarily located in census tracts near the main office in Richardson. This distribution is reasonable considering competitive factors, and the size and the number of offices available to serve the assessment area.

Borrower Income Levels

The distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable, given the income characteristics of the assessment area. During 1996 and 1997, the bank did not originate any one-to-four family mortgage loans to low income borrowers in the assessment area. During the same time period, 5% of the same type of loans were originated to moderate income borrowers. The preceding distribution of loans to low and/or moderate income borrowers is consistent with the income characteristics of geographies in the assessment area.

Fifty-seven percent of commercial loans reviewed were to business with gross revenues of \$1 million or less. The table on the following page summarizes the results of our commercial loan sample.

Distribution of Commercial Loans by Gross Revenues January 1, 1996- December 31, 1997; thousands				
	Number of Loans	Percentage of Total Number	Total Dollars (000's)	Percentage of Total Dollars
Gross revenues of \$500 thousand or less	6	20%	309	8%
Gross revenues between \$501 thousand and \$1million	11	37%	2,089	55%
Gross revenues greater than \$1 million	13	43%	1,424	37%
Totals	30	100%	3,822	100%

Source: Examiner Loan Sample

Fair Lending Analysis

A review of compliance with the Equal Credit Opportunity Act, Fair Housing Act, and Home Mortgage Disclosure Act was completed concurrently with this examination. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.