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Comptroller of the Currency  
Administrator of National Banks

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Western District  
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PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

January 6, 1997

**FirstBank of Littleton, N.A.**  
Charter Number 18704

101 West County Line Road  
Littleton, Colorado 80126

**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 Littleton, 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 Community Reinvestment Act 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*

FirstBank of Littleton, N.A.'s (FBL) delineated community consists of 11 census tracts located in the southern portion of the Denver Metropolitan Statistical Area (MSA). There are no low- or moderate-income tracts in the bank's delineated community. Of the 11 census tracts in the delineated community, 10 are upper-income tracts. The population for the community is estimated at 66,000. The population is broken down as follows:

Low-income Families	5%
Moderate-income Families	10%
Middle-income Families	19%
Upper-income Families	66%

The 1990 median-family income for the Denver MSA is \$40,222 and the 1990 median housing value for the delineated community is \$107,000. The Department of Housing and Urban Development (HUD) estimates that the 1996 median family income for the Denver MSA is \$53,100. Major employers are Martin Marietta and Littleton Hospital. The community remains economically strong. Trends in retail sales, construction, and employment are all positive.

### *Bank Profile*

FBL is located at Broadway and County Line Road in Littleton. The bank currently has a branch located at Highlands Ranch and University Boulevard in Highlands Ranch. As of June 30, 1996, the bank's total assets were approximately \$79 million. The bank is owned by FirstBank Holding Company of Colorado, a multi-bank holding company with total assets as of June 30, 1996, of \$2.7 billion. The bank's primary business focus is residential mortgage lending. As of June 30, 1996, the breakdown of the loan portfolio was as follows: real estate loans 39%, consumer loans 34% and commercial loans 27%.

### *Reasonableness of Delineated Community*

The bank's delineated community is reasonable and does not arbitrarily exclude any low- or moderate-income areas. The bank uses a geographic analysis of loans and deposits to justify its community delineation. The bank's analyses show a substantial portion of deposits and the majority

of loans, by number and dollar volume, are from customers within the community. Our review verified the findings of the bank's analyses.

## **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.**

FBL has a formal written program to ensure management maintains contact with individuals and groups from the bank's delineated community. Methods include business and individual call programs and staff and customer surveys. Management has contacted individuals which represent small business, civic, senior citizens, and women's groups, and city and county government. The bank's 1996 CRA Statement lists these organizations.

The bank also periodically conducts surveys to identify unmet credit and banking needs. Bank staff personally contact all participants who list any unmet credit or banking needs in an effort to obtain their business.

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 FBL. 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 of 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 FBL's delineated community.**

In order to reach all segments of its delineated community, the bank 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. The bank uses the *Littleton Independent* and the *Highlands Ranch Herald* to advertise bank products to its customers. The bank also uses advertisements in local directories, area and apartment guides, and high school programs to promote bank products. FBL used a direct mail advertisement and survey to reach 280 families in a targeted neighborhood in the community.

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 consistently generates a reasonable volume of loans within its community.**

The bank has invested a majority of its deposits in loans. The bank's average loan-to-deposit ratio over the last eight quarters ending June 30, 1996, was 69%. This is higher than the eight-quarter average for Colorado banks which is 63%. The CRA Statement lists consumer, student, and real estate loans, as well as, commercial loans for various purposes and terms as the bank's main product lines. The bank makes all of the loans listed in its CRA Statement.

FBL makes a majority of its loans within its delineated community. In 1995, the bank originated 1,627 residential real estate, home improvement, small business, and consumer loans for a total dollar volume of \$22 million. Through June 30, 1996, the bank had originated 847 of these loans for a total dollar volume of \$14.4 million. A review of loans originated in 1995 and as of June 30, 1996, indicates the bank consistently originates between 70%-72% of the number of loans and 52%-53% of the dollar volume within its delineated community. The breakdowns by product type follow the overall trend with the exception of business loans. See the following table which highlights originations by product type for 1995 and for the first six months of 1996.

**Loan Originations within the Delineated Community  
As of June 1996 and Year End 1995**

TYPES OF LOAN ORIGINATIONS WITHIN DELINEATED COMMUNITY	JUNE 1996		YEAR END 1995	
	Number	Percentage	Number	Percentage
Residential Mortgages	41	62%	59	58%
Home Improvement Loans	69	77%	137	84%
Small Business Loans	6	24%	35	51%
Other Consumer Purposes	491	74%	906	70%
Total of All Loans	607	72%	1137	70%
	Volume Percentage (000)		Volume Percentage (000)	
Residential Mortgages	\$3,673	60%	\$ 4,006	53%
Home Improvement Loans	\$1,259	78%	\$ 2,390	81%
Small Business Loans	\$ 325	24%	\$ 680	15%
Other Consumer Purposes	\$2,193	58%	\$ 4,589	65%
Total of All Loans	\$7,450	52%	\$11,665	53%

As noted above, FBL is an active mortgage lender. A review of FBL's Home Mortgage Disclosure Act (HMDA) Statement, indicates the bank has a market share of 2.03% and is 15th in a group of 30 banks which originate mortgage loans in the bank's delineated community.

The bank has developed and is involved in special programs targeted to meet the credit needs of low- and moderate-income individuals. However, despite significant marketing and advertising efforts, the bank has originated only two of these loans. Some of the special programs are as follows:

*Community HomeBuyers Program*

This is a Fannie Mae 15-, 20-, and 30-year mortgage loan product which offers a lower down payment. Applicants can finance up to 95% of the home purchase value of the home or 90%, if refinancing. Private Mortgage Insurance (PMI) is required, but is lower than for standard conventional loans. The bank implemented this program in 1994. The bank has not originated any loans under this program.





### The Affordable Housing Program

This is a new mortgage loan program which started in mid-1996 to supplement the Community HomeBuyers Program described above. This program is for the purchase, refinance, as well as, cash-out refinance for single family residences. Unlike the Community HomeBuyers 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. The bank has not originated any loans under this program.

### Littleton Housing Authority Home Ownership Program

FBL has been a primary participant in the Littleton Housing Authority Home Ownership Program. The program places low- or moderate-income families in newly constructed homes and allows them to purchase the homes after a rental period. The bank has participated for several years and in July 1994 the board approved a three-year, \$500,000 commitment for loans under this program. Since approving the commitment, the bank closed one loan in 1995 for \$72,000 and one loan in 1996 for \$83,000.

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 programs is reasonable, but remains limited by the bank's community profile.**

The bank makes a significant number of government guaranteed student loans, which has been increasing for the last several years. In 1995, the bank made 70 student loans for \$329,000. Through September 30, 1996, the bank has closed 52 student loans totaling \$243,000.

The bank is also approved to make Small Business Administration (SBA) guaranteed loans. However, requests for SBA loans have been limited. In 1995, the bank closed two SBA loans for \$40,000 and has yet to originate any SBA loans in 1996.

### **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 demonstrates good penetration within the delineated community.**

FBL analyzes both deposits and loans, including declined loans, within each census tract. The analyses for 1995 and first six months of 1996 show the bank is serving all census tracts within its community. Loans are evenly distributed throughout the community and declined loans are not concentrated in any one tract or area. The distribution of loans, deposits, and declines made outside the community is also reviewed by management.

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

- **The bank does an excellent job of making its products and services available to the entire community.**

The bank has two banking offices located within the community. 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 of the branches are conveniently located in King Soopers grocery stores. FirstBanks has a network of over 140 automated teller machines (ATMs). Customers can also use the bank's 24-hour telephone banking department that allows them to apply for loans, open new accounts, transfer funds or get account information 24 hours a day, 365 days a year. The bank's hours are 9:00 a.m. to 6:00 p.m., Monday through Friday, with the drive-up facility open from 7:30 a.m. until 6 p.m. Saturday lobby hours are 9:00 a.m. to 12 p.m. The bank has made modifications to the ATMs, telephone banking department, and each location to accommodate disabled customers. Telephone banking is available in both English and Spanish. There is also a telecommunication device for the hearing impaired. The bank maintains a list of interpreters which are available to assist non English-speaking customers.

FBL has not closed any branch locations. However, the bank does have a branch closing policy in the event one is proposed.

#### **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).

- **FBL 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.

- **FBL'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. Our sample consisted of 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.

- **The bank has made some efforts to become involved in community development and redevelopment projects, but opportunities are limited.**

The bank's community remains in the initial development phase and has not experienced any significant redevelopment at this time. As a result, bank investments in community development and redevelopment projects are limited. However, the bank finances residential and commercial construction and development projects in the community for both builders and owners. In 1995, the bank originated 10 development/construction loans totaling \$4 million. Through June 1996, the bank booked another eight loans totaling \$1.8 million. Management is in contact with local organizations such as, Littleton Housing Authority, South Metropolitan Development Group, Littleton Unlimited, and the Home-Based Business Network, but has had few opportunities to lend or invest in projects as a result of their participation.

The bank has invested in local and state municipal bonds. Currently, the bank holds 38 municipal bond issues with a combined book value of \$10.7 million. Four of the bonds support districts or projects within the bank's community. One, from the Littleton Assisted Living Building Authority, is a housing related issue that primarily benefits low- and moderate-income individuals.

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 ability to provide credit is unrestricted.**

The bank has no financial, legal, economic or other factors that would limit its ability to serve its community at this time. FBL's lending activity demonstrates that consistent with its size, the bank is making an effort to meet the needs of the community. FBL is growing along with its community. As of June 30, 1996, the bank's total assets were approximately \$79 million. The loan portfolio reflects the consumer-oriented and small business focus.

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 helps support its community through donations to nonprofit organizations.**

The bank actively supports local community groups and organizations through donations of assistance and money. Financial donations in 1995 totaled \$5,670 and are up to \$6,745 through October 28, 1996. The donations are made to local community groups, but none are housing related organizations or 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 the bank's HMDA Statement by contacting Rich Griffith at FirstBank of Littleton, N.A., 101 West County Line Road, Littleton, Colorado 80126.