

Southwestern District  
500 North Akard  
1600 Lincoln Plaza  
Dallas, Texas 75201-3394

## **Public Disclosure**

**May 30, 1999**

# **Community Reinvestment Act Performance Evaluation**

**MainBank, N.A.  
Charter Number 20513**

**333 West Kiest Blvd.  
Dallas, Texas 75224**

**Office of the Comptroller of the Currency  
Southwestern District  
500 N. 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 **MainBank, N.A.** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **May 31, 1999**. 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**.

MainBank, N.A. is responsive to the credit needs of the community including low-and moderate-income (LMI) individuals and areas. The institution's loan-to-deposit ratio is reasonable given its assessment area credit needs. A majority of loans are concentrated in the institution's assessment area. The geographic distribution of loans is disbursed throughout the assessment area, and the distribution of borrowers reflects a reasonable penetration of individuals with different income levels.

The institution invests in the Southern Dallas Development Corporation on a yearly basis. This organization assists small businesses in Southern Dallas obtain financing.

The following table indicates the performance level of MainBank, NA with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>MainBank, N.A.</u> 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	
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints have been received since the bank's opening		

## Description of Institution

MainBank is an affiliate of Mainbancorp, Inc, a bank holding company. MainBank, a former state chartered bank, and First National Bank in Ennis merged on March 10, 1998. The resulting bank became known as MainBank, N.A. The existing MainBank branch in Ennis was closed and combined with the former First National Bank. The main office is located in Dallas with branch offices located in Ennis, Cedar Hill, and Red Oak. Total assets as of April 3, 1999 were \$182.3 million. The bank had total loans of \$106.3 million which is disbursed among four main product lines as follows:

C	1-4 family real estate	26%
C	other consumer	13%
C	commercial real estate	33%
C	commercial, non-real estate	28%

We identified no factors which would appear to impede MainBank's ability to meet various credit needs.

## Description of the Assessment Area

The institution's assessment area is in the Dallas Metropolitan Statistical Area (MSA). The assessment area population is approximately 374,344 and includes 97 thousand families and 125 thousand households. The 1990 Census Bureau and 1998 Housing and Urban Development (HUD) median family income for the Metropolitan Statistical Area (MSA) which includes Dallas and Ellis counties, is \$38,754 and \$54,400 respectively. The entire assessment area consists of 78 census tracts located in Northern Ellis and Southern Dallas counties. This area includes the Oak Cliff area of Dallas, and the cities of Cedar Hill, DeSoto, Duncanville, Ennis, Ferris, Garrett, Glenn Heights, Lancaster, Palmer, Oak Leaf, Ovilla, and Red Oak. The bank's assessment area is legal and does not arbitrarily exclude low- and moderate-income areas. The following table depicts the income characteristics of the assessment area geographies.

Income Characteristics of Geographies		
Tract Characteristic	Count	%
Low	12	15%
Moderate	30	38%
Middle	23	29%
Upper	13	17%
TOTAL	78	100%

The economy is diverse with various industries including industrial operations, finance, insurance, manufacturing, retail and wholesale trade, and real estate. Primary credit needs include housing (purchase and home improvements), small business, and consumer loans. The community contacts we made during this review indicated that MainBank is actively involved in the economic development of its communities and meeting the credit needs of its assessment area.

**Conclusions with Respect to Performance Criteria**

**Loan-to Deposit Ratio**

The bank’s loan-to-deposit ratio is reasonable. The average loan-to-deposit ratio for the previous five quarters is 62%. As of May 31, 1999 the loan-to-deposit ratio, not including unfunded commitments, was 67%. These ratios compare favorably to 61% for similarly situated banks within the same assessment area. As of May 31, 1999, unfunded commitments totaled \$19.4 million which included \$4.5million to fund 1-4 family real estate loans.

**Lending in Assessment Area**

The majority of loans originated by the bank since the merger in March 1998, have been within the assessment area. During this period, 113 of 135 or 84% of total loan applications received were within the bank’s assessment area. Of the 109 originations, 97 or 89% were found to be in the assessment area.

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

The distribution of borrowers is reasonable in relation to the demographic composition of the assessment area. The income distribution for 1-4 family loans originated since the merger was reviewed from the Home Mortgage Disclosure Act data. Based on the 1998 Housing and Urban Development updated Median Family Income of \$54,400 for the Dallas MSA, the following reflects the borrower distribution.

Distribution of Loans By Income Level of the Borrower								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Characteristics of Families	25,916	27%	19,244	20%	21,822	23%	29,960	31%
Loan Product	#	%	#	%	#	%	#	%
HMDA Loans	15	14%	25	23%	25	23%	44	40%
Consumer	37	59%	13	21%	1	2%	4	6%
<b>Total</b>	52	30%	38	22%	26	15%	48	28%

Lending to Businesses of Different Sizes								
Revenue Ranges	< \$100M		\$100M - \$500M		\$500M - \$1MM		>\$1MM	
	#	%	#	%	#	%	#	%
Loans to Businesses	11	20	28	51	8	11	32	18

Based on our HMDA consumer loan sample, the bank's record of lending to applicants of different income levels and businesses of different sizes is reasonable. A sample of 55 small loans made to businesses reveal that more than 70% of the businesses have gross annual revenues of less than one million dollars. The business sample included six SBA low-documentation loans to businesses with gross annual revenues of less than \$500 thousand.

### **Geographic Distribution of Loans**

The distribution of loans by income level of the geographies appears unreasonable. The bank's lending penetration into the low- and moderate-income census tracts is less than 50 percent. Management feels that the reason for the uneven distribution is due to the fact that many of the census tracts in Ellis County are rural and have very low populations. The strong performance regarding loans made to low- and moderate-income individuals somewhat compensates for this apparent weakness. The table below depicts the geographic distribution of loans by census tract income level.

Distribution of Loans By Income Level of the Census Tract								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	12	15%	30	38%	23	29%	13	17%
<b>Loans</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
HMDA & Consumer	2	1%	48	29%	82	50%	32	20%

### **Fair Lending Analysis**

The very limited analysis we performed did not disclose any discriminatory treatment or illegal credit practices. We did not identify any violations of the substantive provisions of anti-discrimination laws and regulations.