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Comptroller of the Currency  
Administrator of National Banks

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Midwestern District Office  
2345 Grand Boulevard, Suite 700  
Kansas City, Missouri 64108

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

June 28, 1996

Boatmen's National Bank of Hot Springs  
Charter Number 2832  
528 Central Avenue  
Hot Springs, Arkansas 71902

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 and 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 Boatmen's National Bank of Hot Springs, Arkansas, 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 June 28, 1996. 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 will (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 twelve (12) assessment factors, which are grouped together within 5 performance categories, as detailed in the following section of this evaluation.

## GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

Boatmen's Bancshares, Inc. (BBI) - BBI is the parent company of Boatmen's Arkansas, Inc. (BAI). BAI is the holding company for Boatmen's National Bank of Hot Springs, as well as ten other Boatmen's banks in the state of Arkansas.

Boatmen's National Mortgage, Inc. (BNMI) - BNMI is a mortgage company that is a wholly-owned subsidiary of The Boatmen's National Bank of St. Louis. BNMI was acquired in February 1995.

Boatmen's National Bank of Hot Springs (BNBHS)

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

Community Reinvestment Act (CRA) - A statute that requires federal regulators to evaluate a financial institution's lending performance in light of the credit needs in the institution's local community. The regulator must also evaluate whether the institution's defined community is reasonable. [THIS IS A GENERIC DESCRIPTION OF THE BANK'S REQUIREMENTS AND NOT A LEGAL EXPLANATION OF THE REQUIREMENTS CONTAINED IN 12 U. S. C. 2901, AS AMENDED AND 12 C. F. R. 25, AS AMENDED.]

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of the applicant(s), the amount of loan requested and its disposition (e.g made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase loans, home improvement loans, refinancings of home purchase and home improvement loans and loans for the purchase of multi-family (5 or more units) dwellings. [THIS IS A GENERIC DESCRIPTION OF THE BANK'S REQUIREMENTS AND NOT A LEGAL EXPLANATION OF THE REQUIREMENTS CONTAINED IN 12 U. S. C. 2801, AS AMENDED AND 12 C.F.R. 203, AS AMENDED.]

Low- and Moderate-Income (LMI) - Income levels which are less than 80% of the median family income. Low-income means an income level which is less than 50% of median family income.

Median Family Income - The median income determined by the United States Census Bureau. This figure is based on estimations developed by the Department of Housing and Urban Development (HUD) and is updated annually.

Metropolitan Statistical Area (MSA) - Area consisting of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

## 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 record of 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: "Outstanding Record of Meeting Community Credit Needs." The evaluation period covers August 26, 1993 through June 28, 1996.

The purpose of CRA is to ensure that financial institutions help meet the credit needs of their local communities. We rated BNBHS's CRA record Outstanding for the following reasons:

- BNBHS had a high volume of lending within its community.
- BNBHS was the leader in the origination of portfolio and secondary market residential mortgage loans in its community.
- BNBHS was the leader in the origination of government insured, guaranteed and/or subsidized loan programs for both housing and small business needs in its community.
- BNBHS ascertained the need for and subsequently developed an innovative affordable residential mortgage product for LMI borrowers. In addition, they developed a homebuyer education and down payment assistance program to enhance its effectiveness.
- BNBHS supported community development efforts in its community.

## REASONABLENESS OF COMMUNITY DELINEATION

BNBHS's delineated community is reasonable and does not arbitrarily exclude any LMI areas. BNBHS defines its community as Garland County. All of BNBHS's offices are included in the delineated community. In addition, a substantial majority of BNBHS's deposits and loans are contained within the delineated community. The current delineation remains unchanged since the previous evaluation of CRA performance.

## COMMUNITY PROFILE

The population of Garland County is 73,397 (1990 U.S. Census), with concentrations in the city of Hot Springs at 32,462 (44%) and Hot Springs Village at 7,200 (10%). The remainder of the population is primarily rural (46%). Persons over 50 continue to dominate,

representing 39% of the population. This data is reflective of the target population of the Hot Springs Village retirement community.

Garland County's median family income is \$25,268 (1990 U.S. Census). Of the 19 CTs in Garland County, none are defined as low-income, 31% (6) are defined as moderate-income, 53% (10) as middle-income, and 16% (3) as upper-income. Approximately 25% of the Garland County population resides in CTs defined as moderate-income, 52% in middle-income and 23% in upper-income. Though the LMI population has increased within the Hot Springs city limits, Garland County is experiencing growth in the higher income levels, represented primarily by Hot Springs Village population growth.

Tourism, retirement, and manufacturing continue to represent the base of the Garland County economy. Industrial development continues to improve with employment levels in Garland County reaching record levels. Hot Springs Village and the retirement industry in general continue to pay dividends for the local economy. The economic impacts are primarily new home construction and purchases of goods and services in Garland County. Population growth in Hot Springs Village is expected to increase substantially. The professional/executive market represents one of the best opportunities for growth in the local economy. This is based on the expansion of the medical industry and the geographic importance of Hot Springs as a regional medical center.

Competition among financial institutions in Hot Springs is intense. BNBHS's primary competitor is a state bank subsidiary of a large state-wide bank holding company. Other competitors include branches of several other banks headquartered outside of Garland County, numerous mortgage companies and branches of a state-wide federal savings bank (which is also a subsidiary of BNBHS's parent).

## BANK PROFILE

BNBHS is a full-service community bank headquartered in Hot Springs, Arkansas, approximately 60 miles south of Little Rock. BNBHS serves the community with 7 offices, including the main office located in downtown Hot Springs. With assets approximating \$304 million, BNBHS is the second largest financial institution headquartered in Hot Springs.

BNBHS was a leader in its community in the origination of residential mortgage, other consumer, and small business loans. As of December 31, 1995, BNBHS reported a loan-to-deposit ratio of 62% (excluding public funds). The loan mix is as follows: 34% 1-4 family residential consumer loans, 33% other consumer loans, 31% commercial loans, and 2% other loans.

## 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.

BNBHS established ongoing and meaningful relationships with a wide range of representatives throughout the community. Credit needs identified through these relationships resulted in the development and enhancement of credit products and other activities.

BNBHS utilized a combination of methods in an effort to effectively ascertain the needs of its delineated community. Methods included:

- ongoing contact with individuals and groups representing all areas of the community, including LMI areas;
- formalized officer call program;
- demographic and economic research; and,
- community outreach activities.

### Contact with Individuals and Groups in the Community

BNBHS's CRA Officer, as well as other senior bank officers, maintained ongoing contact with numerous community leaders, groups, and small businesses within the bank's delineated community. In addition, many were heavily involved in community development projects. A summary of contacts is presented quarterly to the CRA committee in an effort to identify unmet needs in the community. Ongoing contact is maintained with individuals representing LMI areas and individuals. Examples of organizations and individuals where ongoing relationships have been maintained include the following: Hot Springs Housing Authority, Webb Community Center, Community Services Office of Garland County, Community Counseling Services, and numerous elected government officials and civic organizations.

Additionally, BNBHS formed two Associate Boards of Directors. One Board consists of community leaders in Hot Springs and the other consists of community leaders in Hot Springs Village. These individuals, through their positions and contacts in their respective communities, helped BNBHS to ascertain community credit needs.

### Officer Call Program

Market Dominance through Service (MDS) is a formal officer call program implemented by BNBHS. Its objective is to personally contact business owners, community groups, real

estate agents, and consumers in all segments of BNBHS's delineated community. This includes both existing and prospective customers in LMI areas. During 1995, over 4,000 such calls were made. An analysis by BNBHS's Marketing Officer of calls performed indicates an equitable distribution throughout the community, including LMI areas.

#### Outreach Activities

Outreach activities performed through community organizations played a vital role in BNBHS's ascertainment efforts. The activities were in the form of leadership activities in community development and redevelopment projects, community service, and education. The regularity and frequency of these activities was ongoing and the direct result of specific ascertainment goals and objectives. These activities are described under Assessment Factors H and L.

Specific community credit needs identified through the ascertainment process include:

- affordable housing for LMI families and individuals;
- down payment/closing cost assistance for LMI home buyers;
- homebuyer education for LMI individuals and others; and,
- access to bank financing for small businesses.

BNBHS developed new or enhanced existing programs to address the following identified needs:

#### Affordable Housing

Home Development Program (HDP) - In June 1994, BNBHS developed and implemented an innovative affordable housing program targeted at LMI borrowers. HDP was developed to offer home mortgage loans with flexible underwriting standards, extended financing terms, and low down payments. HUD and other governmental assistance programs offer subsidies to reduce the borrower's down payment. Potential borrowers are required to attend a homebuyer's workshop prior to approval for the program. Refer to Assessment Factor I for loan volume.

Arkansas Development Finance Authority (ADFA) - BNBHS has participated in the ADFA's first time homebuyers bond program since March 1995. Funds for this program are limited to availability. BNBHS originated 4 loans totaling \$162 thousand during the evaluation period.

Homebuyer Education and Down Payment/Closing Assistance - Refer to Assessment Factor L for details.

Financing for Small Businesses - Refer to Assessment Factor J for details.



Assessment Factor C - The extent of participation by the institution's Board of Directors in formulation the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

BNBHS's Board and senior management have an effective system for formulating and reviewing the CRA process.

BNBHS established a CRA committee to coordinate and monitor the CRA activities of the bank. Members of the CRA committee include the senior management team, the CRA Officer, and two outside Board members. The committee meets quarterly to review BNBHS's efforts in addressing the Board approved CRA Action Plan. The CRA Officer presents the CRA committee's efforts to the Board on a quarterly basis.

The Board provides for an annual CRA self-assessment process. Findings and recommendations are incorporated into the formal CRA Action Plan. The Board reviews and approves the CRA Action Plan and CRA Statement annually. CRA activities are also addressed in BNBHS's strategic business plan.

BNBHS's Board and senior management have demonstrated a willingness to consider innovative programs and underwriting to meet community credit needs. Refer to Assessment Factors A, I, J, and H for details.

## 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.

BNBHS's marketing program was designed to reach all segments of its delineated community, including LMI neighborhoods.

BNBHS's products and services were marketed locally through traditional marketing channels including local newspaper, radio, cable television, product brochures, and billboards. These traditional marketing channels were supplemented by BNBHS's extensive officer call program (detailed in Assessment Factor A), community contacts, outreach activities, and community advisory boards. All were designed to increase borrower awareness of bank products and services and to increase the possibility of obtaining credit. Combined, BNBHS's marketing efforts reached all segments of the community, including LMI areas.

Most of BNBHS's local media promotions focused on image and deposit products, with some marketing of loan products. BNBHS has also enjoyed statewide media, mostly television, as a result of corporate direction from BAI.

BNBHS targeted groups in its outreach and educational efforts to increase the community's awareness of credit products. Specifically, marketing efforts targeted potential LMI homeowners, small business owners, community organizations, and government officials. Refer to Assessment Factor L for examples.

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.

BNBHS addressed a significant portion of the identified credit needs in its community through traditional and nontraditional loan products.

BNBHS originated all types of loans including consumer, residential mortgage, and small business loans. BNBHS is a community leader in the origination of residential mortgage and consumer loans. In addition, other innovative special loan programs were offered to help meet the specifically ascertained needs in the community. Refer to Assessment Factor A for details.

The volume and mix of outstanding loans were commensurate with BNBHS's financial resources and the credit demand within the community. BNBHS reported a loan-to-deposit ratio (excluding public funds) of 62% on December 31, 1995. This ratio compares favorably with BNBHS's peers. The ratio does not reflect the significant volume of secondary market mortgages originated by BNBHS. In addition, a one-time certificate-of-deposit promotion in 1995 connected with the name change of the bank resulted in an abnormal influx of deposits. As of December 31, 1995, a significant portion of these funds remained on deposit at BNBHS.

A report prepared by a local title company indicates that BNBHS was a leader in the origination of residential mortgage loans (including secondary market loans) with approximately 21% of the market in 1995 and 20% in 1994. The only other significant market share holder reports a market share of 22% in 1995 and 25% in 1994.

According to internal bank reports, BNBHS's originated the following loans in 1994 and 1995:

Loan Type	1994		1995	
	#	\$ (000's)	#	\$ (000's)

Home Purchase	299	\$20,000	232	\$18,169
Refinance	121	\$9,116	147	\$9,494
<b>Total Portfolio Mortgage</b>	<b>420</b>	<b>\$29,116</b>	<b>379</b>	<b>\$27,663</b>
Home Improvement	179	\$1,496	154	\$2,279
Other Retail	3,393	\$29,813	2,830	\$22,692
<b>Total Retail</b>	<b>3,572</b>	<b>\$31,309</b>	<b>2,984</b>	<b>\$24,971</b>
<b>Total Commercial</b>	<b>762</b>	<b>\$37,507</b>	<b>670</b>	<b>\$36,899</b>
<b>Total</b>	<b>4,754</b>	<b>\$97,932</b>	<b>4,033</b>	<b>\$89,533</b>

The above figures include originations under BNBHS's special loan programs. Refer to Assessment Factor A for details regarding the individual programs.

The decrease in loan volume in 1995 is attributed to an overall rise in market interest rates. In 1994, BNBHS's geo-coding reports indicate that approximately 82% of the number and 86% of the dollars originated were to borrowers within the bank's delineated community (with 6% of the number and 5% of the dollars not tracted). By loan category, 93% of the number and 94% of the dollar amount of portfolio mortgage originations were in BNBHS's delineated community. This compares to retail at 79% and 76% and commercial at 89% and 89%, respectively. The lower percentages for retail reflect the bank's focus on increasing indirect auto lending outside of Garland County. In 1995, approximately 80% of the total number and 84% of the dollars were originated in BNBHS's delineated community. Breakdown by loan categories reflects a similar pattern to 1994.

BNBHS originated a significant volume of mortgage loans which were sold on the secondary market under prearranged agreements. As such, these loans were reported separately from portfolio mortgage originations. In 1994, these loans numbered 325 totaling \$23 million (including governmentally insured/subsidized). For 1995, secondary market loans numbered 192 totaling \$14 million. A significant majority of these loans were originated to borrowers within BNBHS's delineated community.

Also, since inception, BNBHS has originated 30 loans totaling \$882 thousand through the HDP program. The program produced in excess of \$2 million in loans.

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

BNBHS actively participated in governmentally-insured, guaranteed, and subsidized loan programs for housing and small business loans.

BNBHS was an active participant in government-sponsored loan programs and was proactive in exploring additional opportunities to meet identified needs. As a result of specific ascertained needs regarding affordable housing, BNBHS obtained access to programs such as the ADFA Bond and HOME programs. BNBHS also partnered with the West Central Arkansas Planning and Development District to offer Small Business Administration (SBA) 504 loans and is the only SBA Certified Lender in the community. Compared to its primary competitor, BNBHS was the community leader in the origination of Veterans Affairs (VA) and Federal Housing Administration (FHA) mortgage loans and SBA loans.

The following table illustrates BNBHS's participation in government guaranteed/sponsored or subsidized loan programs:

	Originations 1994		Originations 1995		Outstanding 12/31/95	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Gov't Sponsored Loan Programs						
FHA	44	\$1,973	29	\$1,428	*	*
VA	25	\$1,519	9	\$470	*	*
ADFA Bond	3	\$110	1	\$52	*	*
HDP	0	\$0	10	\$297	10	\$274
FHA Title I	NA	NA	NA	NA	263	\$327
SBA	5	\$1,411	12	\$1,363	32	\$2,301

\* All sold to secondary market.

### 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.

BNBHS's documented geographic analyses demonstrated a reasonable penetration of its credit extensions and denials throughout all segments of its delineated community.

In 1995, BNBHS originated 3,214 loans in Garland County totaling \$75 million (excluding secondary market mortgage originations). Of those loans tracted (85%), 23% (627) of the number and 19% (\$12 million) of the dollars originated in LMI CTs. In 1994, 3,909 loans originated in Garland County totaling \$84 million (excluding secondary market mortgage

originations). Of these loans, 19% (724) of the number and 18% (\$15 million) of the dollars originated in LMI CTs.

A separate analysis of portfolio residential mortgage originations (BNBHS's primary product line) in 1994 and 1995 indicated a reasonable distribution across geographies and income levels within BNBHS's delineated community. BNBHS's analyses only address residential mortgage originations retained for the bank's own loan portfolio and does not include loans sold to the secondary market. A review of this information indicated that in 1995, BNBHS increased the number and dollar volume of portfolio mortgage originations in LMI CTs within Garland County. In 1995, of those loans geo-coded in Garland County (75%), BNBHS originated 13% of the dollars and 13% of the number of portfolio mortgage originations in LMI CTs. This compares to 1994 at 12% and 7%, respectively.

The approval rate for applicants in LMI CTs is comparable to the overall approval rate. In 1995, the approval rate for LMI tracts in Garland County was 91% versus the overall approval rate at 88%. In 1994, the percentages were 83% and 81%, respectively.

In 1995, 7% of the number and 16% of the dollars of portfolio mortgage originations were lent to LMI borrowers. This compares to 1994 at 8% and 14%, respectively.

BNBHS also showed a good distribution of other loans, including retail and commercial loans. Of those loans geo-coded and originated in Garland County in 1995, 24% of the number and 22% of the dollars were made in LMI CTs. This compares to 1994, when 19% of the number and 23% of the dollars were made in LMI CTs.

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

BNBHS's offices are reasonably accessible to all segments of its community. Hours and services accommodate customers' needs.

BNBHS has seven locations, including the main bank located in downtown Hot Springs. Hot Springs is located in the southern part of Garland County and the branch network extends outward along each major highway serving the city. 24-hour banking is offered through Automated Teller Machines (ATMs) at each location and one off-premise location (St. Joseph's Regional Health Center). The downtown main office and two other central Hot Springs branches and accompanying ATMs are located in LMI CTs. Full service banking is offered at the main bank and Oaklawn, Lake Hamilton, and Hot Springs Village branches.

BNBHS's Board adopted a Branch Opening and Closing Policy that requires management to measure the impact of branch openings and closings on the community. Since the last CRA evaluation, no branch closings have occurred. The Coronado Center Branch in Hot Spring Village was sold to a state bank in March 1996, to comply with regulatory requirements when

BBI acquired Worthen Banking Corporation.

#### 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).

No practices are evident which would discourage applications for the types of credit set forth in BNBHS's CRA Statement .

BNBHS solicited credit applications from all segments of its community, including LMI areas, as evidenced by BNBHS's geo-coding analyses. No practices were identified that would discourage applicants from applying for credit.

BNBHS's policies, procedures, and training programs adequately address fair lending and the requirements of the Fair Housing Act and the Equal Credit Opportunity Act (ECOA). A Fair Lending self-assessment program is in place. In addition, a second review process is in place for all denied residential home loan applications. Procedures are also performed by BNBHS to ensure compliance with the technical requirements of the Fair Housing Act, ECOA, and Fair Housing Home Loan Data System.

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

BNBHS is in compliance with the substantive provisions of antidiscrimination laws and regulations.

We completed a limited scope fair lending examination. We reviewed the most recent Fair Lending self-evaluation performed by BBI. Based on this review, no evidence of discrimination or other illegal credit practices were noted.

#### V. COMMUNITY DEVELOPMENT

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

BNBHS regularly participated in community development related activities.

Community development is an important part of BNBHS's CRA efforts. BNBHS's officers developed productive relationships with government, private, and local civic organizations. These relationships assisted BNBHS in identifying opportunities to participate in projects that will enhance the community. BNBHS initiated the HDP and provided financing for various other projects in a leadership role. BNBHS's efforts in providing substantial funding for small

businesses and residential real estate mortgages further enhanced the overall efforts management has taken to address the economic needs of the community. Refer to Assessment Factors I and J for details.

Specific development and redevelopment projects or programs include:

Garland County Community Counseling Services, Inc. (CCS) - CCS is a non-profit organization operating in Garland County to provide professional treatment to adults and children with emotional problems. CCS is also the regional treatment center for children with autism. In March 1996, BNBHS provided \$91 thousand in financing to this organization for acquisition and rehabilitation of a homeless housing facility. The loan was made with favorable terms including a below market interest rate.

Abilities Unlimited of Hot Springs, Arkansas, Inc. - This is an Arkansas non-profit corporation whose purpose is to improve the quality of life for people with disabilities. The organization provides rehabilitation services, training, placement, and employment for individuals with mental and/or physical impediments and other disadvantaged persons. During 1995, BNBHS facilitated the origination of a \$200 thousand SBA loan to improve the organizational work flow of the manufacturing facilities.

Other Non-Profit Organizations - BNBHS made loans to other non-profit organizations including community/recreational centers located in LMI areas, community service and counseling providers, and religious organizations in LMI areas. In 1994 and 1995, loans to such organizations totaled approximately \$684 thousand and \$1.7 million, respectively.

Refer to Assessment Factors K and L for additional examples of BNBHS's other ongoing activities that indirectly impact community development and redevelopment efforts.

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.

We did not identify any constraints on BNBHS's ability to assist in meeting community credit needs.

BNBHS made a substantial commitment to help meet the community's credit needs, including financial resources and technical support.

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.

BNBHS engaged in other meaningful activities which indirectly contribute to meeting the

credit needs of the community.

BNBHS's Board, officers, and staff continually show their commitment to the community through active involvement in community service, education, and financial contributions. These activities indirectly contribute to BNBHS's efforts to meet the credit needs of the community.

Community Service - Through the Directors, officers, and staff, BNBHS has achieved a presence in virtually all community-based organizations within Garland County. Management and/or decision making positions are held in many of the organizations. In 1995, approximately 5,000 hours were attributed to such involvement.

Civic Center Expansion Committee - This committee, along with the Hot Springs Chamber of Commerce, was responsible for research which proved that a new civic center would create an additional \$13 million in annual revenues and 350 new jobs for Hot Springs. As Vice Chairman of the Committee, BNBHS's President and other bank employees researched and presented the findings supporting the construction of the civic center.

HOME Investment Partnerships Program - During the early stages of the HDP, BNBHS recognized the need for assistance with the potential homeowner to obtain sufficient funds for closing costs and the down payment. BNBHS's CRA Officer contacted HUD for assistance. Subsequently, assistance was provided to cover up to 50% of the down payment plus all closing costs. The assistance is provided through HUD's HOME block grant program designed to expand the supply of decent and affordable housing for LMI and very low-income families. The program is administered by the ADFA. Ten HDP participants have now qualified and participated in the program, resulting in the origination of \$297 thousand dollars in mortgage loans.

Furloughed Government Workers - BNBHS offered extensions on loan payments for Arkansas Rehabilitation Services (ARS) and the U.S. Department of the Interior employees furloughed during temporary government closures in 1995. Both are large employers in Garland County.

Additionally, BNBHS took the lead in Garland County to assist in the coordination of both state and local agencies. This effort led to an increased awareness of assistance programs available within the community, as well as providing lending opportunities for individuals and non-profit organizations. Examples include:

CCS - BNBHS assisted this organization in obtaining a building from HUD.

Habitat for Humanity - BNBHS's CRA Officer serves on the Board.

Training seminars - BNBHS presented numerous education and training seminars. They



promoted small business loans, consumer loans, mortgage loans, and general banking services by informing and assisting individuals with the application process. Specifically, they conducted seminars on mortgage loan products, credit counseling, and SBA loan programs. Examples included:

**Homebuyer's Workshop** - The first step for eventual home ownership under the HDP was determined to be the completion of a homebuyer's workshop. Initially, BNBHS developed and conducted the 3 week workshop. However, during the fourth quarter of 1994, BNBHS contracted with the Community Services Office of Garland County (CSO) to provide this educational component. Subsequently, CSO was certified by HUD as a Governmental Home Program Educator. BNBHS underwrote this program with over \$6 thousand in investments as well as donations of staff and supplies. Over 200 potential homeowners have completed the workshop.

**Webb Community Center (WCC) Business Training Seminar** - BNBHS sponsored free seminars in 1994 and 1995 at the WCC to provide information regarding SBA services and eligibility requirements. The WCC primarily serves local minority groups.

**Realtor's Seminar** - Two seminars were sponsored by BNBHS to provide continuing education credit to realtors. Fees were paid by BNBHS with over 100 realtors in attendance.

**Small Business Development Center (SBDC) Seminar** - The SBDC sponsored small business forums. These forums provided education on business operations and procedures. BNBHS sponsored and co-sponsored numerous class presentations in Garland County.

**Other** - BNBHS continued to be the top student loan lender in its community. In 1995, BNBHS originated 1,127 loans totaling over \$3 million. In 1994, 973 loans totaling \$1.8 million were originated. As of December 31, 1995, BNBHS reported a total of 2,894 student loans outstanding with a balance of \$6.1 million. A substantial majority of these loans were made to students of local schools and colleges.

#### ADDITIONAL INFORMATION

BNBHS is not in a MSA or subject to the reporting requirements of the HMDA.

The Office of the Comptroller of the Currency is responsible for supervising BNBHS. Members of the public can contact this regulatory agency with questions, concerns, or issues. The address is:

Office of the Comptroller of the Currency  
Midwestern District  
2345 Grand Boulevard, Suite 700

Kansas City, Missouri 64108