

PUBLIC DISCLOSURE DOCUMENT

June 24, 1996

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

UNION COLONY BANK
10-08-0818
440352

1701 23RD AVENUE
GREELEY, COLORADO 80632

Federal Reserve Bank of Kansas City
925 Grand Boulevard
Kansas City, Missouri 64198

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 Union Colony Bank, Greeley, Colorado, prepared by the Federal Reserve Bank of Kansas City, the institution's supervisory agency.

The evaluation represents the Reserve Bank's current assessment and rating of the institution's CRA performance based on an examination conducted as of June 24, 1996. It does not reflect any activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the CRA of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the community 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 or a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the supervisory 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 five performance categories, as detailed in the following section of this evaluation.

Assignment of Rating

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: Outstanding record of meeting community credit needs.

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.*

(Conclusion/Support):

The bank's efforts to determine the credit needs of its local community, including low- and moderate-income neighborhoods, are considered outstanding. The bank has ongoing, meaningful contact with a full range of individuals and groups representing civic, neighborhood, small business, and commercial and residential real estate development. The bank also has ongoing contact with officials and leaders from city, county, and state governments in its efforts to ascertain and meet the credit needs of its community.

The bank's primary efforts to ascertain the credit needs of its community are effectively conducted through branch community advisory boards. Each branch bank has developed a community board consisting of three to four influential members of the community. Each community advisory board is used extensively in determining and meeting the particular credit needs of each branch's community as well as its entire delineated community. The bank's board of directors are also active community members and are utilized to determine and meet the credit needs in the community where the bank has its main office.

Bank and branch management as well as the board of directors are effectively ascertaining the credit needs of the community through regular and ongoing contact with a wide range of community and government organizations, often in leadership roles. This has allowed the bank to continually assess community credit needs throughout the bank's entire delineated community. Community organizations in which bank personnel and board members are involved include the Greeley/Weld Chamber of Commerce, Northern Colorado Home Builders Association, Evans Chamber of Commerce, Small Business Development Council, Greeley Urban Renewal Authority (GURA), Weld County League of United Latin American Citizens (LULAC), Hispanic Chamber of Commerce, Greeley/Weld Economic Development Action Partnership, Business Women's Network, Greeley Board of Realtors, and Weld County Homebuilders Association.

In Fort Collins, Loveland, and Windsor, the branch community advisory boards, branch management, and bank staff, have established leadership roles and maintained contacts with similar groups. In Fort Collins, employees are active in the Fort Collins Chamber of Commerce, Fort Collins, Inc. (an economic development organization), North College Avenue Business Association, and Fort Collins Board of Realtors. In Loveland, employees are involved in the Loveland Center for Small Business Development, Loveland Chamber of Commerce, and Loveland Micro-Loan Program. In Windsor, the bank is a member of the Windsor Chamber of Commerce.

The bank also has an active business development program where bank officers visit current and prospective customers on a one-on-one basis. In addition, monthly business development luncheons are held that are attended by bank officers and directors, customers, potential customers, city and county officials, and representatives from the educational and medical sectors. Discussions are held regarding the credit needs of the community and other concerns of those in attendance.

Management and the board of directors regularly review local demographic data in relation to its lending activities. The bank conducts a thorough market analysis of its trade area and reviews its geographic distribution of lending activity to determine if there are any areas that could be better served.

Through its ascertainment efforts, the bank has opened a branch office and has developed credit products and other banking services to meet identified community needs, particularly for low- and moderate-income individuals. The bank is commended for opening a branch facility in Northern Greeley which is predominantly a low- and moderate-income area with a high Hispanic population. This is particularly noteworthy since this is the only bank facility serving an area which has historically been under served by local financial institutions. The bank's commitment to this location is also evident in the strong outreach efforts undertaken. Bank management as well as a community contact stated that community members from this area have a considerable mistrust of banks.

As a result, the branch manager is spending a considerable amount of time out in the community and conducting seminars to educate community members on banking services. The branch manager and tellers are bilingual which also facilitates communication between the bank and all members of this segment of the community.

According to the branch manager, these efforts have proven effective as one out every four new accounts opened at the branch are from individuals who have never utilized any banking services.

The bank has structured credit products to meet the housing needs of the community, particularly for low-income individuals. The bank hired a bilingual mortgage loan

originator a year ago who specializes in affordable housing loan programs. The loan originator works extensively with low-income individuals to place them in affordable homes through the Federal Housing Administration, Colorado Housing and Finance Authority, and Colorado Housing Assistance Corporation.

Additionally, the bank has developed and structured other credit products to meet the credit needs of the community. The bank offers a restructured Home Equity Line of Credit product, innovative farm equipment financing, and low dollar loan amounts to help to meet the needs for low- and moderate-income individuals. Furthermore, for individuals who lack a credit history, the bank will consider nontraditional payment histories, such as rent and utility payments, to evaluate an individual's creditworthiness. Further, the branch is involved with Project Self-Sufficiency by committing to provide no down payment, below market rate auto loans to individuals through this program.

Management has developed an expanded CRA statement which has been approved by the board of directors. Management has also established a compliance/CRA committee consisting of members of the board of directors, senior officers and other bank employees to oversee the bank's compliance and CRA-related activities. Management has completed a self-assessment of the bank's CRA performance, which was reviewed with the directorate.

Assessment Factor Company - *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 purposes of the CRA.*

(Conclusion/Support):

The bank's board of directors are an integral part of the CRA process and activities. Board members and branch community advisory board members play an integral role in the bank's ascertainment and marketing efforts. Five members of the directorate serve on the bank's CRA committee which meets on a quarterly basis to discuss the bank's CRA performance. Board members are also aware of the bank's CRA activities and performance through reviewing new credit products that the bank offers, reviewing the bank's geographic distribution of lending activity, and discussing local demographic and market conditions.

Board members and community advisory board members are active in the communities that the bank serves. Board members are involved in numerous organizations including the Greeley/Weld Chamber of Commerce, Greeley Area Foundation, Rotary Club, and School District 6 Strategic Planning Committee. Branch community advisory board members are highly visible members of their respective communities and are involved in

similar organizations. Board members and community advisory board members offer diverse backgrounds in agriculture, ranching, small business, insurance, commercial construction, law, and education. This diversity assists the bank in ascertaining and meeting a variety of credit needs throughout the community.

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.*

(Conclusion/Support):

The bank's efforts to inform members of the community of available credit products and services are considered outstanding. The bank's board of directors and community advisory boards play a key role in ensuring that the bank's financial products and services are known throughout all segments of the bank's delineated community. Also, the bank's business development program is particularly effective in marketing to commercial customers.

The bank utilizes targeted advertising to ensure that the large Hispanic segment of the community is aware of the bank's credit products and services. This is primarily conducted through the bank's bilingual branch manager and mortgage loan originator, who are frequently out in the community informing community members of the bank's residential mortgage loan and other credit products. Various forms of media advertisements are used as well that effectively reach the Hispanic segment of the community.

The bank conducts marketing campaigns utilizing various types of media including billboards, banners, radio, cable vision, newspapers, direct mailings, flyers, stuffers, and local magazines. Advertisements are also placed in local publications of communities where the bank has branch offices which ensures that marketing efforts reach all segments of the bank's delineated community. Newspapers include the Greeley Tribune, Windsor Beacon, Loveland Reporter-Herald, Informe (Spanish language paper) and the North Forty News - Fort Collins/Wellington/Laporte. Additionally, advertisements are placed in special publications such as Senior Voice, Greeley/Weld Journal, Northern Colorado Business Report, Fence Post, CSU Newspaper, and Hispanic Americano. Various radio stations used are KVNC and KFKA out of Greeley; and K99 and the Spanish station KVVS out of Windsor. Other Spanish advertisements include the Spanish page in the Thrifty Nickel, church bulletins, and flyers.

The bank's marketing efforts are overseen by a marketing officer who implements marketing policies established by senior management. According to the marketing officer, the bank has budgeted for five campaigns for the current year. These campaigns promote the bank's image, home equity line of credit product, free checking, image checking, and the opening of the bank's new branch. Other campaign efforts have focused on car loans and agricultural lending. Campaigns usually run for two month periods utilizing the various advertising types mentioned above. Newspaper advertising is utilized once a week and radio advertising is aired several times a day during the campaign period.

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.*

BANK PROFILE

The bank has total assets of \$268,520,000 as of the March 31, 1996 Report of Condition and Income (Call Report). The Call Report indicates the following distribution of loans:

<u>Type of Credit</u>	<u>Dollar Amount (in thousands)</u>	<u>Percent of Total</u>
Real estate-secured	\$54,048	33.2
Commercial	24,651	15.1
Agriculture	3,354	2.1
Consumer - Open End	71,226	43.7
Consumer - Other	9,022	5.5
Other	<u>595</u>	<u>.4</u>
Total	<u>\$162,896</u>	<u>100.0</u>

The bank has a loan-to-deposit ratio of 70 percent as of the Call Report date. The loan-to-total assets ratio is 61 percent. The loan-to-total assets ratio of peer banks in Colorado with total assets between \$100 million and \$300 million is 50 percent.

The bank is a full service bank, offering a broad range of products and services. The bank's CRA statement indicates that the following types of credit products are available to members of the bank's delineated community:

1. Financing for the purchase of automobiles, trucks, and recreational vehicles.
2. Loans for the purchase of consumer goods.
3. Financing for home improvement and housing rehabilitation.
4. Revolving lines of credit through demand deposit accounts, home equity lines of credit, and debit cards and VISA credit cards.
5. Other consumer loans, secured and unsecured.
6. Loans for purchasing business equipment.
7. Short-term agricultural operating loans and loans to finance the purchase of livestock, feed, and equipment, including government-guaranteed agricultural loans.
8. Loans for construction of residential and commercial buildings, provided long-term financing is available.
9. Residential loans for one to four family units and for five or more family units.
10. Commercial loans, both secured and unsecured.
11. Small business loans, including government-guaranteed business loans.

The bank has its main office in Greeley and has branch offices in Loveland, Fort Collins, Windsor, and northern Greeley in Colorado. The bank was rated outstanding in CRA at the previous examination conducted as of October 17, 1994.

(Conclusion/Support):

The bank's efforts to address identified community credit needs through loan originations is outstanding. The bank's lending levels have placed the bank's loan-to-total assets ratio above peer banks. Lending levels reflect exceptional responsiveness to community credit needs. Primary credit needs of the community include construction and mortgage loans for single-family and multi-family housing, especially for low- and moderate-income applicants. The bank has undertaken significant steps to address these needs. As evidenced below, the bank has been extremely active in residential construction and mortgage lending. Most of the mortgage loans are sold in the secondary market and are therefore not reflected in the bank's loan-to-deposit ratio. The bank's efforts to meet other types of credit needs throughout the communities where its banking facilities is also demonstrated below. Since the previous examination, the bank has responded to community credit needs by originating the following loans:

Greeley

Commercial	\$45,580,574
Agriculture	4,055,289
Residential Construction	9,928,911
Residential - Sold	22,659,171
Residential - In-House	6,926,268
Consumer	9,126,757
Home Equity Lines of Credit	5,453,257

Fort Collins

Commercial	\$3,226,975
Agriculture	3,985,731
Residential Construction	2,507,816
Residential - In-House	1,822,920
Consumer	1,485,698
Home Equity Lines of Credit	1,572,843

Loveland

Commercial	\$4,181,509
Agriculture	0
Residential Construction	3,696,227
Residential - In-House	2,708,955
Consumer	1,986,885
Home Equity Lines of Credit	4,223,208

Windsor

Commercial	\$1,136,161
Agriculture	650,384
Residential Construction	2,637,294
Residential - In-House	1,206,670
Consumer	1,851,513
Home Equity Lines of Credit	1,047,707

North Greeley

Commercial	\$11,916
Agriculture	0
Residential Construction	0
Residential - In-House	280,346
Consumer	411,170
Home Equity Lines of Credit	53,500

The bank is committed to meeting the residential lending needs of low- and moderate-income individuals of the community. The bank hired a mortgage loan originator in July of 1995 who specializes in affordable housing programs. To date, the bank has originated 59 loans totaling \$4,515,846 under this program. Most of these were to low-income individuals. The bank has also made numerous extensions of credit to developers and builders of low-income housing and low-income multi-family rehabilitation projects. For instance, in Fort Collins, where affordable housing has been identified as a particular need in the community, the bank has committed \$1,500,000 for the construction of a set of 36 condominium units priced between \$69,000 and \$75,000. The bank is also funding a development project in eastern Greeley. This project will contain 85 lots for building small homes that will be sold for approximately \$68,000.

The bank is also committed to ensuring its other loan products are readily available to low- and moderate-income individuals. This has been greatly facilitated by the branch opening in northern Greeley which is predominantly a low- and moderate-income area. The bank has also customized its credit products to meet low- and moderate-income needs. For instance, the bank offers low loan amounts at the same interest rate it charges for higher loan amounts. Also for individuals who lack a credit history, the bank will consider other payment histories, such as rent and utility payments, to evaluate an individual's creditworthiness. Also, the bank offers ready reserve overdraft protection accounts which can assist low- and moderate-income individuals of the community. At the Loveland branch, the bank works with Project Self-Sufficiency and has provided seven low interest, no down payment auto loans to individuals in the program. The program assists individuals who are attempting to educate themselves for better jobs in order to

be self sufficient economically.

The bank has developed or enhanced other credit programs since the last examination. The bank restructured its Home Equity Line of Credit product by offering lower interest rates, up to 100 percent equity financing, and more payment options. Although the bank has not been an active agricultural lender, the bank has made efforts to gain a share in this market by recently developing some innovative farm equipment financing. The bank also recently hired an agricultural lender who will pursue agricultural loans in northeast Colorado.

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

(Conclusion/Support):

The bank actively participates in governmentally insured, guaranteed, or subsidized loan programs for housing, including programs for low-income home buyers. Since the last examination the bank has closed 53 Federal Housing Association (FHA) loans totaling \$4,211,000. Of these, 11 involved the Colorado Housing and Finance Authority program which provides up to 4 percent of the loan amount to low- and moderate-income borrowers for down payment and closing costs. The bank also works with the Colorado Housing Assistance Corporation (CHAC) program which provides low interest loans to low-income home buyers. The bank has assisted two to three borrowers under this program. The bank has also closed six Veterans Administration (VA) loans totaling \$603,000 since the last examination.

The bank also has some activity in governmentally guaranteed loan programs for small farms and small businesses. Since the last examination, the bank has closed five Farmers Home Administration (FmHA) loans totaling \$1,708,000 and one Small Business Administration (SBA) loan for \$255,000.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

(Conclusion/Support):

The community delineation of the Greeley main office and northern branch office includes the areas within the city limits of Greeley and Evans. The delineated community of the Loveland branch contains the area within the city limits of Loveland and extends

into rural areas surrounding the city. In Fort Collins, the delineated community includes the city of Fort Collins north of Drake Road, south of County Road 64, east of the Overland Trail/County Road 21 and west of Interstate 25, including the towns of LaPorte and Wellington. The delineated community of the Windsor branch includes the Windsor city limits and the surrounding area north to Highway 14, south to Highway 34, east to Weld County Road 31 and west to Interstate 25. The delineated community the bank serves is reasonable, does not exclude low- and moderate-income areas, and is consistent with the intent and purpose of the CRA.

Assessment Factor E - *The geographic distribution of the institution's credit extensions, credit applications, and credit denials.*

(Conclusion/Support):

The bank has a documented analysis demonstrating that the geographic distribution of its credit extensions, applications, and denials that reflects a reasonable penetration of all segments of its local community, including low- and moderate-income and minority neighborhoods. The bank utilizes several systems to monitor the geographic distribution of its credit extensions and denials. For instance, the bank has conducted surveys in December 1995 and June 1996 to review its credit extensions, applications, and denials for consumer, commercial, and in-house real estate loans. This consisted of a two-thirds sampling of loans plotted on a map according to location for Greeley and 100 percent sampling for the branches to ascertain the bank's geographic distribution of lending activity. A review of the bank's and branch offices' distribution of loans on these maps was conducted during the examination. The review revealed a reasonable distribution of lending activity throughout each office location's community.

The bank also conducts a ZIP Code and census tract analysis of its lending activity in each community where the bank has offices. The ZIP Code analysis showed that between 66 percent and 80 percent of the bank's consumer, commercial, and in-house real estate loan portfolio were in ZIP Code areas representing the communities of Greeley, Fort Collins, Loveland, and Windsor. The census tract analysis utilizing a random sampling of approved and denied loan applications revealed that between 78 percent and 97 percent of approved loans were in census tracts representing the four communities. The analysis also shows a reasonable distribution of loans in low- and moderate-income census tracts. This was 34 percent in Greeley, 23 percent in Fort Collins, 10 percent in Loveland and 12 percent in Windsor. Overall, 21 percent of the random sampling of consumer, commercial, and real estate loans were in low- and moderate-income census tracts.

The bank also completed an analysis for its 1995 and year-to-date 1996 HMDA data. The

resulting distribution of approved and denied real estate loan requests indicated that loan requests were being received from all areas of the delineated community, and bank management was serving the real estate loan needs of the bank's market.

The bank's method of analyzing its credit extensions and denials appears to be effective in informing senior management and the board of directors of the distribution of credit requests, loans and denials, including those in low- and moderate-income and minority areas. Further, the distribution analysis is utilized by the board of directors and senior management in the bank's establishment of loan policies, products and services, and marketing plans. Particularly, management uses this information for determining where the bank should consider opening other branches to better serve the community.

In addition to reviewing the geographic distribution analyses performed at the bank, the examination staff performed an analysis of the bank's 1995 HMDA data. The Greeley and Windsor offices are located in the Greeley Metropolitan Statistical Area (MSA); the Fort Collins and Loveland offices are located in the Fort Collins-Loveland MSA. The bank's delineated community contains 51 census tracts. According to 1990 census information, the population of the delineated community is 220,170. Thirty-five percent of the census tracts are designated as low- and moderate-income areas based on 1990 census data. The percent of HMDA-related applications that the bank received from low- and moderate-income census tracts is favorable to demographic comparisons. The analysis showed that 37 percent of the total applications received by the bank were from low- and moderate-income areas of the bank's delineated community. The bank received applications from 13 of the 18 census tracts designated as low- and moderate-income within the bank's delineated community. The analysis also showed that 84 percent of the bank's 1995 HMDA related loans were within the bank's delineated community.

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

(Conclusion/Support):

In October of 1994, the bank opened a branch office in northern Greeley which is a low- and moderate-income area with a high Hispanic population. The bank will also be opening a branch office in western Greeley in November of 1996. The bank's main office and four branch locations and hours are readily accessible to all segments of the bank's delineated community. All office locations have Saturday banking hours. The bank also has six automated teller machines located in the four communities where the bank has offices. The bank's hours and branch locations are reviewed by senior management and the board of directors to ensure banking services are tailored toward the convenience and needs of the community. This is assessed through customer surveys and by reviewing

the bank's geographic distribution of lending activity.

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.*

(Conclusion/Support):

No practices intended to discourage applicants from obtaining the types of credit offered by the bank were noted. Bank management affirmatively solicits credit applications from all segments of its local community. The board of directors has adopted and annually approves a fair lending policy statement and a fair lending mission statement. The policy statement addresses the responsibilities of the board of directors, management, and bank staff to ensure that credit is made equally available to all qualified applicants. The policy statement also address procedures for training personnel on fair lending issues and for conducting fair lending audits. A fair lending audit was conducted by the bank's holding company in August of 1995. The audit consisted of a comparative file analysis as well as a review of the bank's loan policies and procedures, training programs, and audit programs.

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

(Conclusion/Support):

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. A review of the bank's 1995 HMDA data for evidence of discriminatory credit practices was conducted during the examination. According to 1990 census data of the bank's delineated community, 85 percent of the population are white, 12 percent are Hispanic, and the remaining 3 percent are members of other minority groups. The analysis revealed that the bank received a proportionately higher percentage of applications (17 percent) from the Hispanic population when compared to the demographic composition of the bank's entire delineated community. Although the denial rates were higher for Hispanics than for white applicant, this was distorted due to the bank's secondary review process. If a mortgage loan application is denied credit by an investor from the secondary market, the bank will make an effort to make the credit in-house. Consequently, since the bank reports these denials and not the approvals, a proportionately higher number of denied credit applications show up on the bank's HMDA loan/application register (LAR). Management conducted a HMDA discrimination analysis which also included loans sold in the secondary market to investors. When these loans were considered, the approval rates were comparable between white applicants and Hispanic applicants.

The sample of installment and real estate loans reviewed during the examination were also reviewed for any discriminatory lending practices. The sample revealed that approval rates for installment and real estate applications were similar between Hispanic and non-Hispanic applicants. Also an analysis of interests rates charged to Hispanic and non-Hispanic installment and real estate loan customers did not reveal any discriminatory credit practices.

V. COMMUNITY DEVELOPMENT

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

(Conclusion/Support):

The bank's participation in community development activities throughout its delineated community is considered outstanding. Management and the board of directors have a high level of awareness and often assume a leadership role in community development programs and projects.

Currently, the bank's officers and directors are active in community development organizations including the Greeley/Weld Chamber of Commerce, Hispanic Chamber of Commerce, Greeley/Weld Economic Development Action Partnership, and Small Business Development Council. In Fort Collins, Loveland, and Windsor, branch officers and members of the branch community advisory boards have established leadership roles and participate with such groups as the Fort Collins Chamber of Commerce, Fort Collins Inc. (an economic development organization), the Loveland Chamber of Commerce, Loveland Center of Business Development, Project Self Sufficiency, and Windsor Chamber of Commerce.

The bank's active participation in residential construction and mortgage loans also serves in meeting a significant need in the community. Greeley, Loveland, Fort Collins, and Windsor continue to see expansion in the real estate market. By providing permanent residential real estate loans which are sold on the secondary market, the bank is able to bring capital from outside sources into the community to enhance and improve the community's real estate market.

The bank has contributed significantly to the community through its commitment to provide affordable housing to members of the community. This has been demonstrated by the bank hiring a bilingual affordable housing loan specialist who has originated numerous such loans, particularly to low-income individuals. Additionally, the bank is in regular contact with affordable housing organizations and developers and builders of low-income housing and multi-family rehabilitation projects. In Greeley, the bank works closely with the Greeley Urban Renewal Authority (GURU). This organization is involved in housing rehabilitation projects for low-income multifamily housing in northern Greeley. The bank will finance equally with GURU these projects and is currently involved in a \$600,000 project. In Fort Collins, where affordable housing is a particular need in the community, the branch manager is in contact with the Fort Collins Housing Authority and serves on the boards of the Northern Colorado Community Housing Corporation and the Larimer County Community Land Consortium. These are non-profit organizations involved in providing affordable low- and moderate-income housing. The bank has made numerous extensions of credit to developers and builders of low-income housing and low-income multi-family rehabilitation projects.

The board of directors and senior management have made a vital contribution to the community by opening a branch office in northern Greeley. As mentioned previously, this

is a predominantly a low- and moderate-income area that has historically been under served by local financial institutions. The bank recognizes that this segment of the community is in considerable need of education on banking services. Therefore, the branch manager spends considerable time out in the community and conducts seminars to educate and communicate to community members on banking services.

Bank management has also contributed to community development through financing, either directly or through programs, various small business start-up and expansion needs.

For instance, in Loveland, the branch manager serves on the loan committee of the Micro-Loan program which is an extension of the Loveland Center for Business Development. This program has a pool of money used to guarantee up to \$25,000 loans for small business start-ups and expansions. The bank is one of several local banks who, along with the city, guarantees this pool of funds.

Finally, in other community development efforts, the bank has investments in local bond issues. These consist of four issues in Weld County and Larimer County totaling \$560,000.

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.*

COMMUNITY PROFILE

Union Colony Bank is located in Greeley, Colorado, with branches in northern Greeley, Fort Collins, Loveland, and Windsor, Colorado. Greeley, the county seat for Weld County, is approximately 60 miles northeast of Denver, Colorado. According to 1990 census data, the populations of Greeley and Weld County are 60,536 and 131,821, respectively. Community contacts made during the examination indicated that Hispanics are the largest minority group, comprising 20 percent of the Greeley population and 21 percent of the population of Weld County. The 1990 census data also indicates that the median household income in Greeley is \$30,682. The city has a diversified economic base with the largest employers in the area being ConAgra, Northern Colorado Medical Center, School District Six, the University of Northern Colorado, and Aims Community College.

Windsor is located 15 miles equidistant between Fort Collins and Greeley, According to 1990 census figures, Windsor has a population of 5,062 which includes a minority population of 13 percent. The largest employers in the area are Kodak, Windsor RE-4 School District, Metal Container Corporation, Universal Forest Products, and Deline Box Company. According to community contacts, residential real estate prices have increased 25 percent in the past year. This, plus the large increase in land prices, has caused a major problem in providing affordable housing for low- and moderate-income individuals.

Fort Collins is located approximately 70 miles north of Denver. According to the 1990

census, the population of Fort Collins is 87,785. Approximately 7 percent of the population are minority, mostly Hispanic. The city estimates that the 1993 population was 92,079. The 1990 census data indicates that the median household income in Fort Collins is \$26,826. The largest employers in the area include Colorado State University, Poudre R-1 School District, and Hewlett Packard. According to community contacts and branch management, there is a strong need for affordable housing in the area.

Loveland is approximately 60 miles north of Denver. Recent census information indicates that the population of Loveland is 37,352, with a minority population of 7 percent. Census data also indicates that the average median household income is \$38,452. The largest employers in the Loveland area are Hewlett Packard and the Thompson School District. The Loveland economy has been strong in recent years and has experienced high growth in residential real estate activity. This has caused a housing shortage, particularly low- and moderate-income housing.

(Conclusion/Support):

The bank satisfactorily meets the credit needs of its delineated community, consistent with its size and financial condition.

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.*

(Conclusion/Support):

The bank is involved in a number of other activities which contribute to help meet community needs. The bank contributes to numerous organizations throughout the community with contributions totaling over \$42,000 since the last examination.

