

Comptroller of the Currency Administrator of National Banks **SMALL BANK**

500 N. Akard 1600 Lincoln Plaza Dallas, Texas 75201-3394

PUBLIC DISCLOSURE

May 26, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lamar National Bank Paris, Texas Charter Number 17106 200 South Collegiate Drive Paris, Texas 75461

Office of the Comptroller of the Currency Southwestern District 500 North Akard 1600 Lincoln Plaza Dallas, Texas 75201-3394

Note:

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Lamar National Bank, Paris, Texas**, prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of May 26, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

Lamar National Bank, Paris, Texas (Lamar) is actively seeking to make loans in its assessment area. Fees, charges, and interest rates assessed for loan products are reasonable and allow credit to be affordable to all segments of the assessment area. The loan-to-deposit ratio is comparable to other national and state chartered banks in the assessment area. Banking facilities and hours are reasonable to service the assessment area.

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

Small Institution Assessment Criteria	Lamar National Bank Performance Levels			
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance	
Loan-to- deposit ratio		X		
Lending in assessment area		X		
Lending to borrowers of different incomes and to businesses of different sizes		X		
Geographic distribution of loans		X		
Response to complaints	No complaints were received since the prior examination			

Description of Institution

Lamar National Bank (Lamar), is a \$70 million full-service financial institution. Lamar is whollyowned by Lamar Bancorporation Incorporated, a Texas Corporation. In the previous CRA public evaluation, dated June 14, 1995, Lamar was rated **Satisfactory**.

Lamar has one location in Paris, Texas. The bank is located at 200 South Collegiate Drive approximately one mile east of downtown. The lobby is open Monday through Thursday from 9:00 a.m. to 3:00 p.m. and on Friday from 9:00 a.m. to 6:00 p.m. The drive-in facility is open Monday through Friday from 7:30 a.m. to 5:00 p.m. and on Saturday from 9:00 a.m. to 12:00 p.m. An automatic teller machine is located in the bank parking lot providing 24-hour deposit and withdrawal services.

Various loan products are offered and are properly structured to serve the needs of the assessment area. Long-term fixed and adjustable-rate loans, secured by one-to-four family residential properties, represents a large portion of total outstanding loans. Residential real estate mortgages comprised 44% of gross loans as of 3/31/98.

Commercial loans to businesses located in the assessment area are also a major loan product. They comprised 11% of gross loans as of 3/31/98. Based upon a sample of loans reviewed during this examination, loans to businesses with gross revenues of \$1 million dollars or less (small businesses) equaled 72% of all commercial loans originated. Consumer loans secured by automobiles or consumer products and those originated on an unsecured basis are also available to borrowers in the assessment area. Consumer loans totaled 21% of gross loans as of 12/31/97.

There are no financial, legal, or economic impediments impacting Lamar's ability to meet the requirements of the CRA.

Description of Assessment Area

Lamar's assessment area is the County of Lamar, Texas. Paris is the largest city in the county and is the county seat. Several other small cities and towns are located within the assessment area. However, none are of substantial size. There are several financial institutions in Paris including two other locally owned community banks. Also doing business in Paris are two branches of regional banks, a savings and loan, two state banks and two credit unions. Only one bank (First Bank/Roxton) is chartered in a city other than Paris within the assessment area.

There are several companies doing business in the assessment area. Campbell Soup, Kimberly Clark, Phillips Lighting, Merico Earth Grains, and Saint Joseph's Hospital are among the largest employers. Since Paris is the county seat and near the Texas/Oklahoma border, a large number of persons living outside the assessment area commute to work but seek banking services in the assessment area.

The average income of \$31,500 for the assessment area is the weighted average family income for non-metropolitan areas in the State of Texas. This income information is based on the 1997 Housing and Urban Development (HUD) statistics. Lamar's assessment area does not arbitrarily exclude low or moderate income census tracts. The assessment area meets the requirements established by the Community Reinvestment Act. The chart below illustrates a breakout of the block numbering areas by income characteristics.

Chart #1 Source: 1990 Census Bureau Statistics

Block Characteristics	Number of Tracts	Percentage of Tracts	Population	Number of Households	Percentage of Households
Low	0	0%	0	0	0
Moderate	3	30%	11,812	4,596	27%
Middle	5	50%	21,214	8,074	48%
Upper	2	20%	10,923	4,137	25%
Totals	10	100%	43,949	16,807	100%

As illustrated by Chart #1 above, a substantial majority of the population and households in the assessment area are in moderate and middle income block numbering areas. Approximately 84% of the households in the assessment area are one-to-four family units. The average housing cost is about \$38 thousand. Average monthly rental cost is \$330 according to 1990 census data.

Chart # 2 below illustrates the income of households within the block numbering areas. Although there are no low income block numbering areas in the assessment area, there are low income households within the assessment area.

Chart # 2 Source: 1990 Census Bureau Statistics

Block Characteristics	Low Income Households	Moderate Income Households	Middle Income Households	Upper Income Households
Low	0	0	0	0
Moderate	2,102	642	720	1,131
Middle	1,752	1,112	1,421	3,790
Upper	578	461	501	2,596
Totals	4,432 26.4%	2,215 13.2%	2,642 15.7%	7,517 44.7%

Approximately 26% of all households are low income. The population of moderate income households and additional 13%. Low and moderate income households are disbursed throughout all block numbering areas. The largest number of low income households reside in the moderate income block numbering areas. The largest number of moderate income households reside in the middle income block numbering areas.

Conclusions with Respect to Performance Criteria

Lamar's average loan-to-deposit ratio meets the standards for satisfactory performance when compared to other national and state banks in the assessment area. Lamar has an average loan-to-deposit ratio of 58.7% for the previous twelve quarters ending 3/31/98.

Lending in the assessment area meets the standards for satisfactory performance. The majority of loans originated during 1996 and 1997 are within the assessment area. A sample of 111 mortgage loans (originated between 1/1/96 and 3/31/98) showed 86% of the total dollars of those loans are within the assessment area. A sample of 26 commercial loans (originated between 1/1/96 and 3/31/98) indicated 83% of the number of loans and 91% of the total dollar amount are to businesses located in the assessment area.

Chart #3 shows the numbers, dollars, and percentages of sampled loans in the assessment area.

Chart #3 Source: Loan Sample 000's omitted

Loan Type	Number in Assessment Area	Percentage in Assessment Area	Dollars in Assessment Area	Percentage of Dollars in Assessment Area
One-to-Four Family	98	88%	\$3,944	86%
Business Loans	25	83%	\$5,352	91%

Lamar meets the standards for satisfactory performance in lending to borrowers and businesses of different income levels. Loans to low income borrowers secured by one-to-four family dwellings totaled 3% (3 of 111) of the number of sampled loans. This level of lending is not commensurate with the population of low income households which equal 26% of the total households, according to the 1990 census data (see Chart #2). However, loans to other income groups and small businesses correlated to the population of those groups within in the assessment area. Loans to moderate income borrowers totaled 13% (15 of 111) of the sampled loans with the total number of households being 13%. Loans to middle and upper income borrowers (84%) were higher than the population of households (60%) in these categories.

Lending to small businesses shows satisfactory results. Small businesses are defined by the CRA regulations as a business with annual gross revenues of \$1 million dollars or less. Approximately 73% of all commercial loans reviewed are to small businesses.

Chart #4 Source: Commercial Loan Sample

Chart #1 Source Commercial Loan Sample						
Distribution of Commercial Loans By Gross Revenues January 1996- March 1998						
	Number of Loans	Percentage of Total Number	Total Dollars (000's)	Percentage of Total Dollars		
Gross revenues less than \$1 million	19	73%	\$4,210	72%		
Gross revenues greater than \$1 million	7	27%	\$1,643	28%		
Totals	26	100%	\$5,853	100%		

Lamar meets the standards for satisfactory performance in the geographic distribution of loans in the assessment area. Commercial and residential loans are disbursed throughout the assessment area. The majority of residential and commercial loans are in Paris. This is considered reasonable since there are no branches of Lamar in other parts of the assessment area.

No formal complaints pertaining to the Community Reinvestment Act were received during the review period.

A review of compliance with the Equal Credit Opportunity Act, Fair Housing Act and Home Mortgage Disclosure Act were reviewed concurrently with this examination. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified. Lamar has a good record of complying with anti-discrimination laws and regulations.