



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

September 23, 1996

Fidelity National Bank
Charter Number 16275
3500 Holcomb Bridge Road
Norcross, Georgia 30092

by

Office of the Comptroller of the Currency
Southeastern District
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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 *Fidelity National Bank* prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of August 5, 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 the 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 the 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 upon a review of twelve assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.

Assignment of Rating

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Institution Profile

Fidelity National Bank (FNB) is a wholly-owned subsidiary of Fidelity National Corporation, a one-bank holding company. With \$650 million in total assets as of June 30, 1996, FNB is one of the largest community banks in the metropolitan Atlanta area. FNB is a full-service commercial bank chartered in 1974 in Decatur, GA. The bank has expanded to 16 branches located in Dekalb, Gwinnett, Fulton and Cobb Counties.

FNB's primary business focus is retail lending. As of June 30, 1996, consumer (including installment and credit card loans), real estate (including residential mortgage and construction loans), and commercial loans represented approximately 70%, 12% and 18%, respectively, of the bank's total loan portfolio of \$523 million. FNB's customer base for its credit card portfolio is national in scope, with customers in all 50 states. The bank also conducts indirect automobile financing and residential mortgage lending from loan production offices located in Jacksonville and Tampa, Florida, and Greenville, South Carolina, in addition to its offices in metropolitan Atlanta.

Fidelity National Corporation acquired 100% of the bank's stock in 1979. Fidelity National Capital Investors, formed in 1992 as a full-service securities firm, is also a subsidiary of Fidelity National Corporation. Fidelity National Mortgage Corporation (FNMC), formed in 1979 as a full service mortgage company, is a subsidiary of FNB. In addition to originating residential mortgage loans from its offices in Georgia and Florida, FNMC purchases loans from independent mortgage companies located primarily in the southeast.

There are no financial, legal or economic barriers that prevented FNB from meeting the community credit needs during the period of this evaluation.

Community Profile

FNB's delineated community is Dekalb County, and portions of Cobb, Fulton and Gwinnett Counties, all of which are located in the Atlanta Metropolitan Statistical Area (MSA). The four county primary market area has a total population of approximately two million people and consists of 343 census tracts, of which 118 (34%) are designated low or moderate income (less than 80% of MSA median family income based on 1990 census data). Approximately 34% of the 515,000 families which reside in the four county area are considered low- and moderate-income. The 1996 HUD adjusted median family income for the Atlanta MSA is \$52,100. The unemployment rate for the four county area is approximately 3.8%. The key industries in the four county market area are government, military, aerospace, financial service, and other service industries.

The banking climate in the bank's primary market area is highly competitive. FNB competes for traditional banking business with numerous other commercial banks and thrift institutions with offices in the bank's market area, many of which have greater financial resources than FNB.

Discussion of Institution's Performance

Institution Rating:

Based upon the findings presented below, this institution's record of meeting its community's credit needs is rated **“Satisfactory Record of Meeting Community Credit Needs”**. The evaluation period is January 1994 through July 1996.

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.

- **The bank has a satisfactory record of determining credit needs of its local community, including low- and moderate-income neighborhoods.**

The bank has established meaningful relationships with a wide range of individuals and groups representing various civic, religious, minority and small business organizations. Some of the organizations that employees, management, and the board of directors are in regular contact with, or members of, include: Dekalb Community Relations Commission, Decatur/Dekalb Housing Authority, Counsel on Aging, Partners in Education, Dekalb Community Development Authority, Habitat for Humanity, and various Chambers of Commerce and other civic organizations. Each director, officer and employee is responsible for reporting involvement in charitable, civic and community organizations.

The bank has an effective officer call program in place for current and potential customers. Officers communicate directly with members of the community and receive feedback regarding the most pressing credit needs of the community. Information generated from these contacts are reviewed by senior management and used in the development of new products and services.

The Board and senior management have satisfactorily responded to local input regarding community credit needs through development of credit products. Through contacts with the community, the bank has identified credit needs of the community as affordable housing and small business loans. Some of the groups listed above are involved in providing housing credit needs specifically for low- and moderate-income individuals or families.

Assessment Factor C) 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 Community Reinvestment Act.

- **CRA is routinely considered in the board of directors' planning process, and the bank's CRA goals and objectives are communicated and generally understood by all levels of personnel throughout the organization.**

The Board CRA committee, consisting of four outside directors, meets semiannually to review CRA activities. The committee reviews results from the annual geographic analysis of the bank's lending patterns, and incorporates those results in the annual planning process. A CRA self-assessment is conducted annually to evaluate the bank's level of CRA activities as well as ensure technical compliance with the regulation. The bank's CRA statement meets regulatory requirements, and has been expanded to include management's efforts to ascertain the credit needs of the community.

The Board actively supports CRA training for all personnel. Employees are encouraged to get involved in community activities and are often allowed to participate in community projects during regular working hours. The bank's monthly employee newsletter, *Lions' Roar*, periodically includes articles regarding the bank's involvement in community projects.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B) The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

- **The bank's marketing program generally informs all segments of the delineated community, including low- and moderate-income areas, of products and services offered.**

Marketing and advertising programs are reviewed by senior management and the Board and are monitored for effectiveness. The majority of the bank's marketing efforts are conducted through community outreach efforts and word of mouth advertising. The bank's participation in local community organizations affords them a good opportunity to market available products and services. This participation has been through meetings with various community and government organizations for community development purposes; sponsorship of various business association meetings; participation in visible public events such as the Atlanta Committee for the Olympic Games and Habitat for Humanity; activities with students and parents of adopted elementary schools; and contributions to various charitable, social, civic and religious organizations.

The bank has used formal printed media primarily to advertise specific credit products such as credit cards and mortgage related products, and for name recognition advertising. In the metropolitan Atlanta area, printed advertisements have appeared in the *Atlanta Journal Constitution*, the *Decatur Dekalb News* and the *Atlanta Business Chronicle*. Other marketing avenues include monthly statement stuffers, ATM messages and the *Fidelity Features* customer newsletter.

The bank also markets its credit products when sponsoring home buyer seminars for first time home buyers. Approximately nine home buyer seminars have been conducted during the past eighteen months.

Assessment Factor I) The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- **The bank's lending volume is considered to be reasonable related to its resources, business focus, and community credit needs.**

The bank currently has a loan to deposit ratio of 90% which is above the national peer group's average of 85%. As previously discussed in the Institution Profile, FNB's primary business focus is retail lending. As of June 3, 1996, consumer loans (including installment and credit card loans) represented approximately 70% of the bank's total loan portfolio of \$523 million. Credit card lending is national in scope, and mortgage and indirect automobile lending is conducted throughout the southeast. Most of the bank's mortgage lending is conducted through its mortgage subsidiary, Fidelity National Mortgage Corporation.

For the first seven months of 1996, the bank originated 870 Home Mortgage Disclosure Act (HMDA) reportable loans totaling \$96 million. This includes residential home purchase, refinance, and home improvement loans. In 1995, the bank originated 1,038 HMDA reportable loans totaling \$116 million. The chart below indicates that the majority (approximately 75%) of the bank's 1995 HMDA originations were outside of the delineated community. However, approximately 70% of 1995 mortgage originations were within the four county area where the bank has offices. Considering that the mortgage company originates and purchases loans throughout the southeast, the volume of lending in the bank's four county local market is considered reasonable.

1995 HMDA Loan Approvals Inside/Outside the Delineated Community

	Home Purchase		Home Improvement		Refinances		Total	
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
Inside Community	184	21,525	6	64	72	8,086	262	29,675
Outside Community	503	58,758	13	408	114	12,829	630	71,995
Untraced	115	11,129	1	60	30	3,191	146	14,380
Total	802	91,412	20	532	216	24,106	1,038	116,050
% of Loans Inside Delineated Community	22.94%	23.55%	30.00%	12.03%	33.33%	33.54%	25.24%	25.57%

Various mortgage lending programs allow the bank the opportunity to provide assistance to low- and moderate-income borrowers. Affordable mortgage programs which the bank

participates in include the Georgia Housing Finance Authority, Affordable Gold Lender, Home Stretch Program and the Share Equity Program. These programs provide lower interest rate loans and/or down payment assistance to home buyers. The volume of loans made under these programs was not available.

FNB's lending also reflects a general responsiveness to the community's credit needs for non-HMDA related loans. During 1995, the bank extended 4,980 non-HMDA loans (excluding credit card loans) totaling \$139 million, 65% of which were inside the bank's delineated community. During 1994, the bank extended 4,191 non-HMDA loans totaling \$97 million, 72% of which were inside the bank's delineated community.

The bank is an active lender to small businesses with its commercial customer base being primarily small and medium sized businesses. Information on the number of small business loans extended during the evaluation period was not available. However, as of June 30, 1996, the bank reported 1,311 commercial loans outstanding totaling \$56 million which had original amounts of \$1 million or less. This represents approximately 60% of total commercial and commercial real estate loans.

The bank's expanded CRA statement correctly lists all of the institution's credit products available throughout its local community.

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

- **The bank has undertaken efforts to address a significant portion of the identified community credit needs through the origination of loans and the development of or participation in various specialized lending programs.**

The bank's participation in government-insured loan programs includes the Federal Housing Administration (FHA), Veterans Administration (VA) and the Small Business Administration (SBA). The bank's level of activity in these programs is indicated below:

Government-Insured Loan Programs

	YTD June 1996		1995		1994	
	#	\$(000)	#	\$(000)	#	\$(000)
FHA	107	\$ 8,846	92	\$ 7,614	25	\$ 2,017
VA	43	4,750	57	5,997	20	1,875
SBA	0	0	3	1,170	6	2,877

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of the Delineated Community

The bank's delineated community meets the purpose of CRA and does not exclude low- and moderate-income neighborhoods.

The bank has selected its delineated community as Dekalb County and portions of Fulton, Gwinnett and Cobb Counties. The delineation is based upon the counties where FNB's offices are located, as well as the bank's lending patterns. This community delineation is reasonable and does not arbitrarily exclude any low- and moderate-income census tracts.

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

- **The geographic distribution of the bank's credit extensions, credit applications and credit denials demonstrates a reasonable penetration of all segments of its local community, including low- and moderate-income areas.**

The bank conducts an annual geographic analysis of its credit extensions, credit applications and credit denials. This information is reviewed by senior management and the Board CRA Committee and is used to determine if the bank is effectively reaching all segments of its local community. The 1995 geographic analysis indicates that the bank's distribution of loans is reasonable throughout the delineated community.

The table below indicates that loans extended to low- and moderate-income families averaged approximately 22% of the number and 14% of the dollar volume of total loans extended during 1994, 1995 and year-to-date 1996. These percentages are reasonable based on the demographic characteristics of the delineated community and the bank's local competition. Low- and moderate-income families represents approximately 34% of all families within the four counties where bank branches are located.

The banking climate in the bank's primary market area is highly competitive. FNB competes for customers with numerous other financial institutions with offices in the bank's market area, many of which are large regional or multinational banking companies.

Loans Extended by Applicant Income Level

	YTD 8/1996		1995		1994	
	#	\$ (000)	#	\$ (000)	#	\$ (000)
Low-to Moderate Income	197	14,506	244	18,437	221	15,774
Middle Income	260	25,971	312	32,224	303	29,931
Upper Income	372	51,916	422	60,068	522	76,595
Unidentified Income	41	4,530	60	5,321	96	9,598
Total	870	96,923	1,038	116,050	1,142	131,898
% of Loans to Low- to Moderate-Income Families	22.64%	14.97%	23.51%	15.89%	19.35%	11.96%

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

- **The bank's offices are accessible to the local community. Services are reviewed periodically to ensure accommodation of all segments of the community.**

The bank operates 16 full-service locations in its four-county market. Several locations offer Saturday banking, night deposit and ATM access. Management reviews hours of operation and services during its annual CRA self-assessments. The bank's hours and services are adequate to serve the needs of the delineated community. Management has developed a detailed branch closing policy; however, no branches have been closed since the last public evaluation.

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).

- **The bank solicits credit applications from all segments of its local community, including low- and moderate-income areas. The Board of Directors has approved adequate policies, procedures, and training programs which support nondiscriminatory lending practices.**

In order to ensure all applicants receive fair and equal treatment, the bank performs a comparative file review of HMDA loans to test for possible disparate treatment. This process compares minority applicants who are denied for credit to non-minority applicants who are

approved for credit. The objective of this process is to ensure credit decisions are the same for similarly qualified applicants, regardless of race.

Bank management also conducts second reviews of denied mortgage loan applications. The primary objective of this process is to ensure loan policies and underwriting standards are consistently applied and all relevant factors or credit alternatives are considered before denying a loan request.

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

- **We did not find evidence of any differential treatment based on the race of the applicant.**

Comparative file testing was conducted as part of our fair lending examination. Our sample included residential home purchase applications received by Fidelity National Mortgage Corporation between July 1, 1995, and June 30, 1996. We reviewed 100% of the rejected African-American applications. Our control group consisted of approved white applications. A total of 81 files were reviewed; 16 black denials and 65 white approvals. We compared similar attributes of apparently marginally qualified denied minority applicants to apparently marginally qualified approved white applicants. We did not find evidence of any differential treatment based on the race of the applicant.

V. COMMUNITY DEVELOPMENT

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

- **Through ongoing efforts, the bank has maintained a satisfactory level of participation in development and redevelopment projects or programs.**

Participation was noted in various development and redevelopment programs designed to benefit the delineated community. Examples are as follows:

- ▶ The bank formed a limited partnership with the Housing Authority of the City of Decatur in May of 1996. The bank has committed to finance a \$1.5 million loan for a 60-unit low income rental project for the elderly located in Decatur, GA.
- ▶ A \$150 thousand loan was extended to the Georgia Housing Authority to finance funding of a reserve account needed to obtain insurance on Housing Authority owned low-income housing projects.
- ▶ A \$330 thousand loan was extended to a minority church during 1996. The purpose of the loan was to purchase two properties adjoining the church to be used for future expansion. This church is located in a low- to moderate-income census tract in Dekalb County.

- ▶ In March 1995, a \$600 thousand loan was extended to refinance a 117-bed long-term care nursing home that provides services to low income Medicaid patients.
- ▶ During May of 1994, the bank extended a \$18 thousand loan to Dekalb County Economic Opportunity Authority (EOA), Inc. to purchase computer equipment. This non-profit organization provides employment and training programs to the community as well as sponsors the Emergency Services Hotline, Injury Prevention at Home Project and the Dekalb Neighborhood Leadership Institute.
- ▶ The bank financed a \$1.2 million loan to a real estate developer during October 1994. The purpose of the loan was to purchase and renovate a 191-unit apartment complex located in a low- to moderate-income census tract in Fulton County.

The bank has ongoing contact with various organizations regarding community development and redevelopment projects. These organizations include Dekalb Community Development Authority, Atlanta Downtown Partnership, Chamber of Commerce and various other community and civic organizations.

Assessment Factor K) The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

- **The bank's support of and participation in various community development projects which promote economic revitalization and growth is consistent with its size, financial capacity, location and local market conditions.**

The bank has demonstrated the ability to meet the credit needs of its delineated community. Please refer to page four of this document for a detailed discussion of the bank and its delineated community.

Assessment Factor L) Any other factors that in the regulatory authority's judgement, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

- **The bank has engaged in other meaningful activities, not covered under other performance categories, which contribute to efforts to help support community development and meet the community credit needs.**

Support in the form of donations has been provided to a wide range of social, civic, religious, educational and charity organizations. Organizations who have benefited from such donations include: the American Heart Association, Boys and Girls Club of Metro Atlanta, Dekalb Partners in Education, Root's Inc., Senior Citizens Services, Atlanta Speech School, Forward Atlanta, and the United Negro College Fund. Donations, contributions and dues were more than \$233 thousand in 1995, and more than \$124 thousand for the first seven months of 1996.

Management strongly encourages employees at all levels to participate in various events geared toward community growth and development. Employees participate in organizations or events such as Habitat for Humanity, Rotary, Northside Network, the King Center Foundation, and the Civitan Club.

The bank has adopted College Heights Elementary and Flat Shoals Elementary schools through the Partners In Education program. The bank supports various school projects through donations and employee participation in such programs as the Family Read Program.

ADDITIONAL INFORMATION

None.