



Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036

PUBLIC DISCLOSURE

June 6, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Foxboro National Bank
Charter Number: 9426
1 Mechanic Street
Foxboro, Massachusetts**

**Comptroller of the Currency
Boston Duty Station
150 Federal Street, Second Floor
Boston, MA 02110**

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 Community Reinvestment Act (CRA) performance of **Foxboro National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 6, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated *Satisfactory*.

Primary factors supporting the bank's overall rating include:

- ▶ An average loan to deposit ratio of 65%. However, the bank has also sold \$10.2 million of loans into the secondary market;
- ▶ Home Mortgage Disclosure Act (HMDA) reportable loans originated within the assessment area for 1994 and 1995 was 68%. Overall, 74% of loans originated in 1995 were within the banks's assessment area.
- ▶ 1994 and 1995 combined HMDA reportable loans to low- and moderate-income individuals was reasonable at 23%.
- ▶ A strong record of lending to small business.

The following table indicates the performance level of **Foxboro National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Foxboro National Bank</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	Not meaningful		
Response to Complaints	No complaints were received since the last examination.		

DESCRIPTION OF INSTITUTION

Foxboro National Bank (FNB) is a \$67 million bank located 30 miles southwest of Boston. FNB's main office is in Foxboro and a branch is located in the town of Franklin; both of which are in Norfolk County. Both offices have proprietary automated teller machines, drive-up windows, and extended hours. As of March 31, 1996, the \$40 million loan portfolio is comprised of 82% real estate loans (57% residential and 25% commercial), 12% commercial loans, and 6% consumer loans. A full range of credit products is made available to the general public with emphasis on real estate and commercial loans. Since the last CRA examination, December 7, 1993, FNB closed their Wrentham and Foxboro branches in April, 1995, and December, 1995, respectively. Both branches were located in upper income census tracts. There are no financial or legal impediments that would prevent FNB from helping to meet the credit needs of the community.

Strong competition consists primarily from several types of financial institutions that include savings banks, savings and loans, co-operatives, credit unions, mortgage companies, and branches of larger regional and multinational organizations.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area meets all regulatory guidelines and does not arbitrarily exclude any low- or moderate-income census tracts. FNB assessment area is comprised of 23 census tracts within Bristol and Norfolk Counties of Massachusetts which are located in the Boston, Attleboro, and Providence Metropolitan Statistical Areas (MSAs). The income levels of the census tracts are two moderate income, fifteen middle income, and six upper income. There are no low income census tracts. The cities and towns that make up the assessment area were selected as they are where FNB traditionally maintains their highest loan and deposit activity.

The population of the assessment area is 142 thousand individuals. Median family income of the area is \$51,416. Median housing value for the area is \$158 thousand and median age of the housing stock is 33 years. Total occupied housing units is 94% which consists of owner occupied and rental occupied housing of 64% and 30%, respectively. Vacant housing is low at 5%.

The major employer in the area is The Foxboro Company. The area is also supported by light manufacturing and industrial companies, a variety of small (retail) businesses, and professional services. The local economy is good. Unemployment is 3%.

Small business and housing related lending were described as the primary needs for the area by community contacts as well as management.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

FNB loan to deposit is more than reasonable and indicates a firm commitment to meeting the credit needs of the community. Their average loan to deposit ratio for the past two years was 65%. At March 31, 1996, FNB's net loan to deposit ratio was 68% and in the 65th percentile when compared to their nationwide peers. Average loan to deposit ratios for banks in FNB's county range from 50% to 90%. In addition to the loans included in FNB's ratio, management originated and sold approximately \$10.2 million of residential and guaranteed small business loans into the secondary market during 1994 and the first half of 1995. Had these loans been retained, the loan to deposit ratio would have approximated 84%.

Lending in Assessment Area

FNB's lending for all HMDA reportable loans for 1994 and 1995 combined demonstrates 68% of the lending is from within their assessment area when the number of originations are considered. When the dollar volume of this lending is considered, 65% of the loans originated are from within the assessment area.

Percentage of Lending Within FNB's Assessment Area				
HMDA Loan Type	Number of Originations		Dollar Amount of Loan	
	1994	1995	1994	1995
Mortgages	76%	35%	77%	40%
Refinancing	86%	43%	88%	39%
Multifamily	50%	0	44%	0
Home Improvement	67%	78%	53%	55%
Totals	78%	45%	78%	39%
1994-95 Blended %	68%		65%	

In addition, FNB's lending to small businesses within their assessment area is reasonable. Our sample of all business loans originated between March 31, 1995 and 1996 indicated that 74% of the small business loan originations came from within the assessment area, as were 69% of the dollar amount of small business loans. FNB also started to track the banks overall lending originations and volume in 1995. For 1995, 74% of all the originations were within the assessment area, as were 78% of the dollar amount of loans.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The table below shows the distribution of all HMDA loan originations for the past two years by the income level of the borrower. In 1994 and 1995 the number and amount of loans originated to borrowers of different income levels for HMDA reportable loans revealed that 23% of the number of loans were made to low- and moderate-income individuals. FNB's lending to low- and moderate-income individuals is reasonable and generally reflects the population within their assessment area.

Percentage of all HMDA Reportable Loan Originations By Income Category of Borrower For 1994 and 1995 Combined					
	# Loans	%	\$ Amount	%	HUD Family Distribution within Each Category
Low	7	9%	456	6%	12%
Moderate	11	14%	519	7%	15%
Middle	22	27%	1,477	21%	27%
Upper	40	50%	4,685	66%	46%
Total	80	100%	7,137	100%	100%

FNB does a very good job lending to small businesses. We sampled all commercial, commercial real estate, and other business loan originations and volume from March 31, 1995 to March 31, 1996. Findings indicated 83% of the number of loan originations were to businesses with revenues less than \$1 million, as were 82% of the dollar amount of loans. Also, 100% of the loans reviewed were to businesses with a loan size of less than \$1 million. This is due to FNB's size and as of March 31, 1996, the largest loan FNB could make was \$854 thousand. The average small business loan size from our sample was \$84 thousand.

In addition, a Small Business Administration pipeline report of loan volume by banks and by number of applications approved showed FNB 10th out of 149 financial institutions with 33 applications approved totaling \$1.9 million between October 1, 1994 through September 30, 1995.

Geographic Distribution of Loans

Of the 23 census tracts, no tracts were designated as low income and only two were designated as moderate income. For this reason, an analysis of the geographic distribution of loans was not meaningful.

Responses to Complaints

FNB responses to consumer complaints could not be evaluated as no complaints were received since the last examination.

Fair Lending Examination

A fair lending examination was performed concurrently with this examination. No evidence of disparate treatment was noted. Also, the bank is in compliance with all substantive provisions of the fair lending anti-discrimination laws and regulations.