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Comptroller of the Currency  
Administrator of National Banks

LARGE BANK

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## **PUBLIC DISCLOSURE**

February 23, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Union National Bank and Trust Company  
Charter Number 2333**

**Post Office Box 197  
10 West Broad Street  
Souderton, Pennsylvania, 18964**

**Comptroller of the Currency  
Eastern Pennsylvania Office  
Four Greenwood Square, Suite 120  
Bensalem, Pennsylvania 19020**

**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 **Union National Bank and Trust Company** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 23, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.Z.

**INSTITUTION'S CRA RATING:** This institution is rated **“OUTSTANDING.”**

- A substantial majority of loans ( 93%) are made in the institution's assessment area.
- UNB has a 1.6% overall market share in their assessment area for HMDA reportable loans. The bank captures a 4.2% market share of low-income borrowers and a 2.5% share of moderate-income borrowers.
- UNB has held a leadership role by providing 57 community development loans totaling \$9 million in 1996 and 1997. These community development loans are responsive to the credit needs in the assessment area.
- Good distribution of HMDA reportable loans to low- and moderate-income borrowers.
- The bank's lending to businesses of different size is good.
- UNB ranks high in originating small business loans compared to all lenders. In 1996, UNB ranked fourth with a market share of 9.67% in Montgomery County and sixth with a market share of 6.08% in Bucks County.
- The bank is a leading provider of small business administration loans within their assessment area.
- The institution is a leader in providing community development services.
- UNB has a good number of qualified community development investments and grants which are responsive to the needs in the assessment area.
- UNB effectively uses flexible credit products to meet the needs in their assessment area.

The following table indicates the performance level of **Union National Bank and Trust Company** with respect to the lending, investment, and service tests.

**Table I. Results of Performance Tests**

Performance Levels	Union National Bank and Trust Company		
	Performance Tests		
	Lending Test *	Investment Test	Service Test
<b>Outstanding</b>	<b>X</b>		
<b>High Satisfactory</b>		<b>X</b>	<b>X</b>
<b>Low Satisfactory</b>			
<b>Needs to improve</b>			
<b>Substantial noncompliance</b>			

\* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

### **Scope of the Examination**

This evaluation of Union National Bank and Trust Company's (UNB) CRA performance covers the period from February 1996 through February 1998. The analysis is based on the bank's Home Mortgage Disclosure Act - Loan Activity Reports (HMDA-LAR) and Loan Registers. Specific loan products evaluated include: HMDA-reportable loans (i.e., home purchase mortgages, refinance, and home improvement loans), small business loans, community development loans, community development investments and services. This review incorporated bank management's compilation of data as required by the regulation.

## **DESCRIPTION OF INSTITUTION:**

UNB is an \$831 million institution founded in 1876 and headquartered in Souderton, Pennsylvania. Souderton is located 25 miles north of Philadelphia. The bank is a wholly-owned subsidiary of Univest Corporation of Pennsylvania, a \$973 million bank holding company. The bank positions and markets itself as a commercial/small business lender. UNB achieved the status of the number three lender in the region for Small Business Administration loans in the fourth quarter of 1997, placing behind two multi-billion dollar institutions. In the third quarter of 1997, they were ranked number five in the region. UNB services a portion of Bucks County and Montgomery County through its 26 full-service banking facilities.

At December 31, 1997, total bank assets were \$831 million, including loans at \$522 million, \$247 million in investments and total deposits of \$683 million. The bank's loan portfolio is primarily commercial loans (66% of total loans); the balance is in consumer loans at 13%, real estate loans at 13%, and total tax-exempt loans at 8%. There are no financial or legal impediments impacting UNB's ability to help meet its community's credit needs. The competition in the area is strong. UNB competes with national nonbank financial institutions and several large multinational and community banks.

## **DESCRIPTION OF ASSESSMENT AREA**

UNB has defined one assessment area which is a portion of the Greater Philadelphia MSA (#6160), consisting of a portion of Bucks County and a portion of Montgomery County. This assessment area contains 156 contiguous census tracts. There are no low-income census tracts (0%) and five moderate-income census tracts (3%) contained in the bank's assessment area. There are eighty-one middle-income census tracts (52%), and sixty-eight upper-income census tracts (44%). Two census tracts do not have income information available (1%). UNB's assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income census tracts. Seventy-three percent (73%) of all businesses in the bank's assessment area have revenues \$1,000,000 and under and as such are defined as small businesses.

Based on 1990 census data, UNB's assessment area has a population of 551,358 which includes total families of 146,964. The HUD adjusted family income is \$51,300. 1990 Census median incomes for Bucks and Montgomery Counties were \$43,400, compared to \$29,069 for the Commonwealth of Pennsylvania and \$30,056 for the United States. Housing units total 208,380, of which 81% are one-to-four family units. Owner-occupied housing is 69% of the total, and rental-occupied housing is 25% of the total. Vacant housing units equal 4% of the total units.

The bank's assessment area contains a total of 199,436 households. The moderate-income census tracts hold 6,054 households, the middle-income census tracts contain 101,912 households and the upper-income census tracts have 91,470 households. Again, there are no low-income census tracts in the bank's assessment area. The median average cost of housing is \$147,482.

Major local employers include Merck & Co., Ford Electronics, Moyer Packing Company, Hatfield Packing, Unisys, Wampler Foods, Inc., and Rhone-Poulenc Rorer Pharmaceutical. The County's predominant industry types are service, retail trade and manufacturing. The local unemployment rate is 2%.

Management indicated that primary credit needs in their area are for corporate services, particularly relationships with small businesses and one-to-four family residential housing. Two nonprofit community groups were contacted to solicit their perceptions or experience regarding the degree of involvement of local financial institutions in the community. Both community groups indicated that the most effective way financial institutions could contribute to their agencies would be by offering cash grants. The Director of Community Housing Services cited UNB as the first financial institution to participate with the agency in their programs for lease-purchase and home purchase mortgages for low-income families.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Lending Test**

#### **Lending Activity**

In 1996, 389 HMDA reportable loans for a total of \$21,321,000 were made to borrowers in the bank's assessment area. In 1997, 345 HMDA reportable loans for a total of \$19,723,000 were made to borrowers in the bank's assessment area. In 1996, 565 small business loans for \$49,265,000 were made in the assessment area. In 1997, 621 small business loans were granted for a total of \$56,063,000. The bank originated no small farm loans during this period. UNB's net loan to deposit ratio averaged 75% over the past two years and has remained stable over this time period. The peer group average for banks of similar size is 76%. UNB is very responsive to the community's lending needs.

#### **Assessment Area Concentration**

UNB originates a substantial majority of loans in its assessment area. For 1996, 92% of the total number and 95% of the total dollar volume of HMDA-reported and small business loans were within the bank's assessment area. In 1997, 89% of the total number and 89% of the total dollar volume of HMDA-reported loans were within the bank's assessment area. In 1996, 93% of the number and 95% of the dollar amount of small business loans were made in the bank's assessment area. For 1997, 95% of the total number and 95% of the total dollar volume of small business loans originations were within the assessment area.

The following table provides a breakdown of the percentage of loans within UNB's assessment area by type.

**Table II. Lending Volumes within Assessment Area by Percentage**

	1996		1997	
	#	\$ 000's	#	\$000's
<b>HMDA:</b>				
<b>Home Purchase</b>	87%	89%	90%	90%
<b>Refinance</b>	94%	94%	92%	90%
<b>Home Improvement</b>	93%	94%	88%	85%
<b>Multifamily</b>	100%	100%	NA	NA
<b>Total HMDA</b>	92%	92%	89%	89%
<b>Small Business</b>	93%	95%	95%	95%
<b>Total Business</b>	93%	95%	95%	95%
<b>Overall Total</b>	92%	95%	93%	94%

NA = none.

**Table III. Lending Volumes within Assessment Area by Number & Dollar**

HMDA	1996		1997	
	#	\$(000)	#	\$(000)
<b>Home Purchase</b>	69	7,917	74	7,901
<b>Refinance</b>	92	9,130	66	8,205
<b>Home Improvement</b>	227	4,038	205	3,617
<b>Multifamily</b>	1	236	0	0
<b>Total</b>	389	21,321	345	19,723

## Geographical Distribution of HMDA and Small Business Loans

The geographical dispersion of HMDA loans throughout the bank's assessment area is reasonable given the income characteristics of those census tracts. The majority of census tracts are middle-income (52%) with 44% designated as upper-income. There are no low-income census tracts, and only 5 or (3%) moderate income census tracts. The majority of loan penetration exists between the middle- and upper-income census tracts. Therefore, we did not place significant emphasis on this analysis in reaching our overall conclusion.

For 1996, 73% of HMDA reported loans were in middle-income census tracts, with 27% in upper-income census tracts. Similarly, for 1997, 70% of HMDA loans were in middle-income census tracts, and 30% were upper-income census tracts. One loan for \$10,000 was originated in a moderate-income census tract.

Small business loans originated in 1996 included 71% originated in middle-income census tracts, 28% originated in upper-income census tracts, and one loan for \$70,000 made in a moderate-income census tract. Small business loans during the same time frame in 1997 had 76% originated in middle-income census tracts, and 24% in upper-income census tracts. Three loans were originated in moderate-income census tracts for \$105,000.

## Borrower Characteristics

The bank's record of lending to borrowers of different income levels was evaluated using HMDA reported originated in 1996 and 1997. Our review of HMDA loans revealed good lending patterns during this time frame.

UNB has a 1.6% overall market share in their assessment area for HMDA reportable loan originations. A market share analysis by the income level of borrowers indicates that UNB captures a 4.2% market share of low-income borrowers and a 2.5% share of moderate-income borrowers. These ratios indicate that lending to low- and moderate-income borrowers(s) is excellent compared to UNB's market share.

**Table IV. Lending to Borrowers of Different Income Levels**

HMDA Loans - 1996 and 1997					
	1996		1997		
Income Level	#	%	#	%	Total Families
Low	38	9%	26	7%	10%

<b>Moderate</b>	77	20%	75	22%	16%
<b>Middle</b>	124	32%	109	32%	26%
<b>Upper</b>	146	38%	134	39%	48%
<b>Income NA *</b>	4	1%	1	0%	---
<b>Total</b>	389	100%	345	100%	100%

\*Income NA = Income not available for these loan originations

The bank's record of lending HMDA reportable loans shows that 9% of all HMDA loans in 1996 were to low-income borrowers, with 7% in 1997. This closely approximates the 10% low-income families in the assessment area.

Sixteen percent (16%) of total families are moderate-income in the bank's assessment area. The bank's record of lending HMDA reportable loans to this income group shows that 20% of all HMDA loans in 1996 were to moderate-income borrowers, with 22% in 1997. These percentages exceed the 16% of moderate-income families found in the bank's assessment area.

UNB has a good record of originating small business loans. In 1996, UNB ranked fourth out of 90 lenders in Montgomery County with a market share of 9.67% behind two national nonbank financial institutions and slightly behind a multinational banking institution. The bank ranked sixth out of 78 lenders with a market share of 6.08% in Bucks County behind two national nonbank financial institutions and three multinational banking institutions, in 1996. Tables V and VI provide a breakdown by original loan amount of small business loans made to small businesses in the bank's assessment area during 1996 and 1997.

Additionally, the bank originated 263 real estate secured loans for \$48,316,000 to small businesses, in 1996. In 1997, real estate secured loans to small businesses totaled 189 loans and \$29,597,000. These loans are secured by residential real estate and are not included in Tables V. and VI

In 1996 and 1997, more than 50% of the reportable small business loans were made to small businesses. The percentage increases to approximately 60% when considering the non-reportable small business loans made to small businesses during the evaluation period. The percentage of lending to small businesses compares favorably to the percentage (73%) of small businesses in the assessment area when considering the strong competition from national nonbank financial institutions and large multinational banks.



**Table V. Small Business Loans Originated in 1996 (Within the Assessment Area)**

Original Loan Amounts	Small Business Loans			
	#	%	\$ (000)	%
Less than \$100,000	455	80%	18,151	37%
\$100,000 to \$250,000	70	13%	11,227	23%
\$250,000 to \$1,000,000	40	7%	19,887	40%
<b>Total</b>	565	100%	49,265	100%

Business Loans to Firms with Revenues <=\$1 million

**Table VI. Small Business Loans Originated in 1997 (Within the Assessment Area)**

Original Loan Amounts	Small Business Loans			
	#	%	\$ (000)	%
Less than \$100,000	492	79%	18,837	34%
\$100,000 to \$250,000	78	13%	12,470	22%
\$250,000 to \$1,000,000	51	8%	24,756	44%
<b>Total</b>	621	100%	56,063	100%

Business Loans to Firms with Revenues <=\$1 million

In addition to the small business loans discussed in Tables V. and VI. , the bank granted business loans to firms with revenues greater than \$1,000,000. In 1996, 247 loans (\$12,944,000) to large businesses were less than \$100,000 in size, an additional 139 loans (\$26,746,000) were made between \$100,000 and \$250,000 in size, and 142 loans (\$76,601,000) were made for \$250,000 to less than \$1,000,000 in size. In 1997, loans to businesses with revenues greater than \$1,000,000 included 250 loans (\$13,020,000) less than \$100,000 in size, 172 loans (\$30,975,000) between \$100,000 and \$250,000 in size and, 168 loans (\$93,225,000) were made between \$250,000 and \$1,000,000 in size.

## Community Development Lending

UNB assumed a leadership position in their origination of a substantial amount of community development loans. These loans respond to the needs in the assessment area for affordable housing. Community development loans are those that do not meet the definition of home mortgage, small business, or small farm loans but do meet the definition of community development contained in the CRA regulation (12 CFR 25.12(h)). Based on the bank generated reports, UNB originated **57**

community development loans totaling **\$8,862,000** in 1996 and 1997 within their assessment area. A detailed listing of these loans follows:

Four loans for **\$3,928,000** were granted to a nonprofit organization that provides a full range of programs and support services to mentally disabled people and their families. Community-based homes provide services to low- and moderate-income mentally disabled individuals with homes varying in size from two to ten residents. This organization has a number of vocational programs designed to train and employ mentally disabled adults. This training is structured to enable individuals who are capable to move into competitive employment.

Two loans for **\$675,000** were made in 1997 and three loans for **\$1,500,000 in 1996** were made to an agency that provides group homes for low-income individuals. All of the residents are low-income and many of them were formerly homeless. This organization offers adults, adolescents, children and senior adults a full continuum of mental, emotional, and addiction treatment services. There are services for children's behavioral problems ("at risk" youths) and an employee assistance program.

The bank granted 10 loans for **\$195,000** in 1997 and 14 loans for **\$261,000** in 1996 to a nonprofit agency that is the lead Anti-Poverty Community Action Agency serving low- and moderate-income clients in Montgomery County. Programs include but are not limited to:

Housing Services

- Emergency Services
- Rental Assistance
- Home Emergency Mortgage Assistance
- Landlord/Tenant Law Counseling

Budget/Credit Counseling

- Personalized Counseling
- Classes
- Literature

Basic Skills & Employment Training

- Job Search Skills
- Interviewing Skills
- Job Training Referrals
- Job Placement Assistance

One loan for **\$50,000** was granted in 1997 and 7 loans for **\$552,000** were granted in 1996 to an organization that assists low- and moderate-income families who do not have enough money saved for down payments and closing costs to become homeowners. Families who meet the program's income guidelines live in Montgomery County and have not owned a home in the past three years are eligible. This organization runs a lease/purchase program where a family leases a home for one to five years. Funds are set aside each month in a special account to be saved for down payment and closing costs. Work in the form of "sweat-equity" and the completion of a program of home ownership counseling is required. When a total of 5% of the purchase price of the home is saved,

along with special funds provided by the organization, the house is purchased by the lessee. Ongoing assistance is provided to the homeowner to assist in any problems in the new home.

One loan for **\$950,000** was granted in 1996 to an organization that provides opportunities for people with developmental disabilities to live in and enrich their community. In particular, several programs provide job development, placement, coaching, training and follow-up services for developmentally disabled adults. This organization provides residential services to low- and moderate-income individuals with Mental Retardation in Montgomery and Bucks Counties.

Two loans for **\$65,000** were granted in 1997 and four loans for **\$264,000** were granted in 1996 to a private, nonprofit family and youth services agency. Their mission is to provide early intervention, crisis and supportive counseling to youth and families in the North Penn area. Per the Executive Director of the Center, an overwhelming majority of their clients are the working poor - making \$10,000 to \$15,000 per year, with no insurance coverage. Some of their clients are on Medicare. This agency has only about 5 or 6 clients that are in a position to pay for their services.

Three loans for **\$64,000** were granted in 1997 and one loan for **\$10,000** was granted in 1996 to an agency that provides affordable transitional housing to responsible single parents and family units who cannot otherwise find affordable housing in the North Penn and Greater Indian Valley area. It also educates the community on the causes and effects of homelessness. A part-time housing counselor is available to provide financial assistance and information referrals to individuals and families facing shelter-related emergencies. All services benefit low- and moderate-income individuals and families.

The bank has granted four loans for **\$333,000** in 1997, one loan for **\$15,000** in 1996 to a nonprofit residential shelter for girls ages 12 - 18 who have been involved in abusive situations: mental, physical and sexual. This group home can accommodate 15 girls on a regular basis, up to 18 in emergency situations. The program includes counseling and housing. In most cases, these girls have no income.

### **Innovative or Flexible Lending Products**

UNB has a number of flexible lending programs to serve low- and moderate-income borrowers.

UNB offers a *First-Time Homebuyer's Program* to help address the identified need for affordable housing. The terms of this program include no points for loans that are up to 80% loans to value. It also provides for loans that are 95% loans to value with PMI. Other features of this program include the waiver of a tax service fee, a reduced document recording fee, and more lenient underwriting criteria for debt ratios.

**Table VII. First Time Home buyer's Loans Originated**

<b>Year</b>	<b>Number of loans</b>	<b>Total Dollar</b>	<b>% of Total HMDA Loans</b>
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<b>1996</b>	23	\$2,250,940	33%
<b>1997</b>	18	\$1,806,000	24%

*Homeowners Loan*, introduced in 1995, provides a home equity loan up to 100% of the equity in the home. This product has no minimum income requirements and provides underwriting flexibility in qualifying borrowers, i.e., employment history and credit history. In 1997, 199 loans for \$3,478,552 were originated. These loans are HMDA reportable. Information for 1996 is not available.

A personal line of credit is available, called the *Personal UniLine*. This product is an unsecured line of credit from \$1,000 to \$5,000. No minimum income is required to qualify. However, normal debt-to-income standards are followed in underwriting. This product provides a lower minimum loan amount than the \$2,000 or more required for a term loan. Additionally, should a customer need less than the \$1,000 minimum for an emergency situation, an exception may be made to grant a lesser loan amount. In 1996, UNB originated 62 new loan accounts of this type for \$255,000. In 1997, 114 UniLine accounts for \$471,300 were made.

## **Investment Test**

UNB has contributed to thirty-two affordable housing nonprofit organizations, day care facilities benefitting low- and moderate-income families, credit counseling services, financial services, and education by making direct cash donations and purchasing low-income housing tax credits. The bank has been proactive and effective in finding organizations to receive funding. In 1996 and 1997 combined, UNB placed **\$563,283** in qualified investments. These investments are very responsive to the community development needs for cash grants and to credit needs for affordable housing. All of the investments listed below benefit the bank's assessment area.

## **Investments in 1997**

### **Grants to affordable housing nonprofit organizations**

Silver Springs is a multi-service organization that addresses the physical, academic, emotional, and spiritual aspects of providing assistance to special needs children that have been referred by county welfare agencies, physicians, children and youth offices, etc.

These children come from various backgrounds, including abuse situations, and, for the most part, these children have no place to turn. All children are under the age of fifteen and cannot support themselves. Their lack of income places them in the low-income category. Silver Springs provides full-time housing, education, and counseling.

House Against Hunger. The purpose of the organization is to raise funds to feed the hungry of the world. They accomplish this by building a house at minimal cost using volunteer tradesmen and donated building materials. When completed, the house is listed to be sold at fair market value by

Realtors who have agreed to work commission-free. After settlement, all proceeds from the sale of the house are given to Mennonite Central Committee for their national and international programs to feed the hungry who are predominately low-income individuals. The house is sold as an “affordable” house to low- or moderate-income families.

Indian Creek Foundation. This organization provides opportunities for people with developmental disabilities to live in and enrich their community. In particular, several programs provide job development, placement, coaching, counseling, training and follow-up services for developmentally disabled adults. Indian Creek Homes provides residential services to individuals with mental retardation in Montgomery and Bucks Counties. These individuals are all low-income. Jobs held are menial, repetitive and not a full-time endeavor.

Laurel House. This nonprofit is a short-term residential shelter for domestic abuse victims in Norristown. Norristown is a moderate-income area. The shelters are almost exclusively (99%) used for low-income (in many cases, no income) individuals. Many women are left with no access to money upon entering the shelter. In ten years of existence, Laurel House has provided safety and support services to 2,060 women and 2,211 children.

A Woman’s Place. This nonprofit organization provides shelter, counseling, and other assistance, including finding permanent housing, for women and children that are victims of domestic abuse. This shelter provides services almost exclusively for low-income (or no income) clients.

EQPP. Emergency Outreach for Quakertown, Pennridge, and Palisades. The purpose of EQPP, Inc. is to provide and maintain emergency housing and shelter in which destitute, abandoned and impoverished individuals may find suitable care and support. This includes special counseling and education in preparation for self support.

Community Housing Services. This is a nonprofit housing agency established to address the housing needs of low- and moderate-income residents of Montgomery County. The programs include, Project Self-Sufficiency which is a HUD rental subsidized program for single parents, the Homeless Families Initiative, funded by the United Way to offer long term solutions to homeless families with dependent children, Bridge Housing, a State Department of Public Welfare program which provides assistance to single parent intact families, housing referrals, public education, emergency shelter and rental assistance. Community Housing Services also conducts a lease-purchase program which has received grant funding from the FHLB.

EZRA House. This is a transitional housing project for single, low-income males located in Lansdale, PA. The facility houses up to eight homeless men who receive various counseling services there to provide the skills they need to be self-sufficient.

Indian Valley Housing Corporation. This Corporation provides a day care facility for homeless families in the Indian Valley. The day care is for low-income families and operates in cooperation with the Inter-Faith Hospitality Network that houses families in local churches overnight. The program also includes budget counseling and job/schooling placement.

ACLAMO. Accion Comunal Latino Americana De Montgomery County. ACLAMO is a community-based service organization whose mission is to promote access to educational, employment, social and cultural opportunities for low-income individuals, especially those of Hispanic background living in Montgomery County. The Hispanic population is mostly centered in the town of Norristown (moderate-income area) in the bank's assessment area and is the site of one of ACLAMO's two offices.

Interfaith Community Services of Lansdale. The purpose of this nonprofit organization is to fill the gaps between governmental and charitable assistance programs by coordinating its resources and funds with existing programs. The following programs are offered:

- Housing - emergency shelter is provided in local motels. Emergency rent, fuel, medical and transportation assistance is available.
- Counseling - Budget, personal, and family counseling is available. Referrals are given for other local services.
- Food - free hot lunches are served Monday through Saturday. About 30 people are fed each day. State government food is distributed to low-income families and individuals. A food cupboard and food certificates are available.
- Household goods/clothing - Donated clothing and household items are available free of charge.

Helpline Center. This organization, located in Lansdale, provides various community services to children in need. These services include education, counseling, home services, and residential placement. Group homes, Anchor House for boys and Harbor House for girls, provide a community based therapeutic living experience where the children have come from families that have suffered crisis situations making it difficult to maintain the adolescent in the home. The children are low- and moderate-income individuals.

### **Day Care Facilities**

SAAC and North Penn Visiting Nurses Center. Provides residents over the age of 55 multiple programs and social services. They serve the communities of Souderton, Telford, Harleysville, Franconia, Salford, Upper Salford, Lower Salford, Hatfield, and adjacent communities in Bucks County. Monies donated are used for the cost of construction for a facility to care for older adults who are, at least, partially disabled by physical or mental impairments. Management of this facility indicates they serve members who are primarily low-income (55%) or moderate-income (25%).

Salford Mennonite Child Day Care Center. This is a nonprofit subsidized day care center located in Harleysville serving predominantly low- and moderate-income families.

### **Low-income Housing Tax Credits:**

Stephanie Lane. Stephanie Lane is a single family home project, which includes 24 units, is rented to families from Montgomery County who are low-income. The homes are designed to provide stable long-term housing for lower-income people. All of Stephanie Lane's households fall within the very low-income classification of the U.S. Department of Housing and Urban Development, with annual incomes ranging from \$10,000 to \$23,300. Most of the families are headed by single mothers. All of Stephanie Lane's homes are rented under a lease purchase agreement which gives a family the opportunity to own its home after 15 years. These families pay 30 percent of their adjusted household income for rent and utilities.

Inter-Faith of Ambler is a shelter for homeless families through a hospitality network involving local churches. Families are referred to the network as the result of a crisis such as loss of employment, domestic abuse or separation and have no personal support system to turn for help. Inter-Faith will move families into its transitional housing program through advocacy counseling that addresses setting individual goals for self-sufficiency.

### **Grants to nonprofit organizations serving low- and moderate-income individuals.**

Family Services of Montgomery County "Family Loan Fund." This is a loan program for families with incomes capped at 80% of median income. The loans are capped at \$2,250 and are available for a used car or for insurance on a current car.

Assets - Microenterprise Loan and Job Training Program. This program is located in Norristown, a moderate-income area, and provides micro enterprise training, mentors and support to low- and moderate-income men and women who want to begin or expand self-employment and microenterprise activities.

Child, Home and Community. This is a nonprofit agency which provides support, education, and advocacy for pregnant and parenting adolescents and other at risk families. The cases processed at the Child, Home and Community supports the statistics that most teen mothers are girls with poor academic records who are living in poor or near-poor family situations. The term "near poor" is used to indicate persons and families that are employed, but are living at or close to the poverty level. The agency states that more than 75% of their clients are low- and moderate-income individuals.

Kiwanis. This was a monetary contribution to the Kiwanis project to deliver food to needy families at Christmas. This benefitted low-and moderate families in the bank's assessment area.

Peter Becker Benevolent Fund. This is a retirement home for people whose funds have been depleted and could face eviction.

Business Cares provides food, clothing, and gift donations to needy families during the Christmas holiday season.

North PennValley Boys and Girls Club. This is a nonprofit organization dedicated to promote and develop health, social, educational, and character enrichment among youths in the North Penn and

Lansdale communities. One goal is to provide low cost day care opportunities for families who experience difficulty finding reasonable care for their children during working hours. It provides activities for the economically disadvantaged by use of programs and facilities which are not available through other means. The agency also provides education opportunities through the use of private study, tutoring and technological enrichment via computers.

Penn Foundation for Mental Health. This group provides group homes for low-income individuals. All of the residents are low-income, with many of them being formerly homeless. Penn Foundation offers adults, adolescents, children and senior adults a full continuum of mental, emotional and addiction treatment services. There are services for children's behavioral problems ("at risk" youths) and an employee assistance program.

### **Investments in 1996**

#### **Grants to affordable housing nonprofit organizations:**

Community Housing Services. Refer to prior description (1997 investments).

A Woman's Place. Refer to prior description. (1997 investments).

Adopt-A-Family. This is a program administered by Community Housing Services. The organization provides shelter for homeless families and offers programs for new home buyers. The Adopt-A-Family program provides "extra" assistance for low-income families, such as car repairs, prescriptions, and other expenses of an emergency nature.

Helpline. Refer to prior description (1997 investments).

Salvation Army. In 1996 this organization provided more than 550 individuals with emergency housing and served more than 20,000 hot meals. More than 4,000 "potential homeless" received crisis assistance such as food, clothing and counseling on jobs or other life skills. The Salvation Army is centered in Norristown (a moderate-income area) and serves the bank's assessment area in Montgomery County.

Penn Foundation for Mental Health. Refer to prior description (1997 investments).

Norristown Habitat for Humanity. Habitat for Humanity is a nonprofit Christian housing ministry which works in partnership with people in need to provide decent, adequate homes. Families in need are selected to work with the Habitat volunteers to build or renovate their future home. Completed houses are sold to these families with no profit added. The buyer is given a no-interest long term mortgage to be repaid over a 15-25 year period. Monthly house payments are returned to the "Fund for Humanity" which, in turn, is used to build or renovate more homes.

Silver Springs. Refer to prior description (investment in 1997).

Indian Creek Foundation. Refer to prior description (investment in 1997).



Interfaith of Ambler. Refer to prior description (investment in 1997).

Liberty Ministries. This is a residential halfway home for recently released male convicts. The staff at Liberty Ministries helps the men find jobs and learn everyday skills such as banking. Counseling sessions cover basic banking services and budgeting with approximately two sessions done with each parolee. These ex-convicts are all low-income individuals.

### **Low Income Housing Credits:**

Olde Towne Manor Apartments. This is a 15-unit apartment building for elderly, low-income residents. To be eligible to rent one of the units, a person must be at least 55 years old and meet certain income requirements, based on a percentage of median income of the general population. Three of the units will be rented to people whose income is 50 percent of the median and the rest will be to those whose income is 60 percent of the median. This project is located in downtown Perkasie and provides affordable housing for low-income elderly in the bank's assessment area.

Stephanie Lane. Refer to prior description (1997 investments).

### **Grants to nonprofit organizations serving low- and moderate-income individuals**

CADCOCM. The Community Action Development Commission provides a variety of programs to help low-income residents of Montgomery County. It is located in Norristown, a moderate-income area. The Commission's sole purpose is to assist low-income individuals to go from poverty to self-sufficiency. A few programs offered to this end include: emergency assistance which provides emergency food, clothing, shelter, rental, mortgage assistance, utility subsidies, medicine, and other emergency needs; housing services, the emergency housing program provides coordination of rental/emergency shelter assistance, direct rental/shelter assistance, case management and life skills training; project self-sufficiency, provides a Section 8 housing certificate to eligible program participants, motivational and values clarification training, and life skills training.

North Penn Boys and Girls Club. Refer to prior description (1997 investments).

New Life Youth. This is a private nonprofit agency that provides day treatment to delinquent and dependent youth. Clients may also live in community foster homes and attend New Life School or receive residential treatment at the school. These children are no longer supported by families and would otherwise be homeless. Services include educational programs, counseling, occupational skills training, and on-the-job training. More than 200 teenagers and their families are served each year.

## **Service Test**

### **Retail Banking Services**

The bank provides services to portions of both Montgomery and Bucks Counties with 26 full-service banking facilities. Seven of these offices are located within supermarkets. Seventeen of the twenty-

six offices are open for full service on Saturday mornings, with the supermarket branches open weekday evenings until 8:00 P.M. and Saturdays until 6:00 P.M. All traditional offices have extended hours Thursday and Friday evenings. Nineteen branch offices are located in middle-income census tracts and seven are located in upper-income census tracts. No branch offices are located in moderate-income census tracts which consist almost entirely of the Norristown area located on the fringes of the bank's assessment area. This area is well banked by other institutions. In addition to the full-service banking facilities, UNB provides a limited banking service consisting of one-half day per week at eleven retirement/nursing facilities.

The bank is part of the MAC automated teller machine network and owns 23 machines located at branch offices and other off-site locations. Additionally, UNB provides 240 Point-of-Sale terminals for merchants at various locations accepting MAC, VISA, or MasterCard.

Four branch offices were opened in 1997 and four were opened during 1996. Of these recently opened offices, five offices serve predominately middle-income census tracts, two offices provide services to a combination of middle and upper census tracts, and one office primarily services upper-income census tracts. One office, located in North Wales, was closed in April of 1997. This branch serviced mostly upper-income census tracts. At present, the bank is not contemplating closing any other offices.

UNB offers a variety of products and services designed specifically to address the needs of the low- and moderate-income population. The bank provides a low cost "basic" checking account that requires no minimum balance and no monthly service fee. The only charge associated with this account is a \$.30 per check fee. Senior citizens (age 62 and over) are provided with free checking if they have direct deposit. Statement and passbook savings accounts are available with no minimum balance requirements.

Credit services include consumer loans, residential real estate loans, small business loans, Phone Loan Line and credit counseling. Phone Loan Line allows applicants to call the bank and complete an application for a loan over the phone, or request that the form be faxed to them. Credit counseling is provided either in-house or through nonprofit organizations. Deposit services include checking accounts, savings accounts, certificates of deposits, and automatic teller machines. Other deposit services include direct deposit, night drop, safe deposit boxes, electronic funds transfer, and telephone transfer. "Anytime Banking" by telephone allows customers to check account balances, verify electronic deposits, transfer funds between accounts, make loan payments, and inquire about deposit rates, locations and hours.

With the assistance of the Indian Valley Opportunity Committee, UNB prepared a translation of banking services into Vietnamese and Spanish to better serve that segment of the population. In addition, multilingual "flash cards" were also prepared and distributed to all offices to assist teller and customer service representatives in serving customers with questions such as: "What is your account number?" ; "May I see some identification?", etc.

## **Community Development Services**

UNB has a high level of community development services and is responsive to the credit needs of their assessment area. Bank employees are actively engaged in providing technical assistance, which benefit low- and moderate- income individuals, promotes homeownership or aids small businesses. The CRA Officer was presented with the FHLB's Chairman's Award on June 25, 1997 for her ongoing efforts in working with nonprofit organizations on affordable housing programs. Several community development services listed below exhibits innovative practices.

Technical services provided by the bank in 1996 and 1997 include the following:

- The Manager of UNB's Trappe and Schwenksville Offices, is providing counseling once every quarter for recently paroled prisoners at a halfway house called Liberty House. The counseling sessions cover basic banking services and budgeting with approximately two sessions done with each parolee.
- The CRA Officer provided technical assistance to Habitat for Humanity of Montgomery County during the process of applying for Federal Home Loan Bank funds via Commonwealth Bank. The funds will be used to support projects in Norristown (a moderate-income area). The technical assistance was in the form of a letter of support so that Commonwealth could get FHLB approval for the grant.
- The CRA Officer provided financial analysis for a feasibility study conducted for the Salvation Army in Norristown. The campaign is to raise funds for a new 18,000 square foot community center. The movement and expansion of the Center will allow the transitional housing and feeding and day care programs to increase its beds from 41 to 83 and provide more comprehensive services for the homeless than is possible at the current location.
- In early 1997, bank personnel revised, set the type and reprinted the marketing brochure for ACLAMO, a nonprofit organization that provides services for the low-income, Spanish-speaking population of Montgomery County. Other housing and counseling-related nonprofit organizations which the bank assisted with and prepared marketing materials for include: Community Housing Services, Indian Valley Housing Corporation, North Penn United Way, Montgomery Housing Coalition, Penn Foundation, LifePath, Indian Creek Foundation, Habitat for Humanity, The Lamb Foundation, Nehemiah's Way, the Indian Valley Opportunity Committee, and the local senior centers.
- UNB has representatives on the Steering Committee of Montgomery County Partners for Homeownership working toward a solution for affordable housing.
- Bank employees held a presentation on budgeting and banking for low-income adults at the Little Caboose Day Care in Quakertown. Other budget and credit counseling is conducted with Nehemiah's Way, Interfaith of Ambler, Liberty House Ministries, New Life Youth & Family Services, and Dock Village, all held during 1996 and 1997.

- The CRA Officer is Vice Chairperson of the Community Alliance for Affordable Housing and Chair of the Administration and Finance Committee. This nonprofit is a four-county alliance which promotes affordable housing solutions.
- Employees of UNB provide extensive technical assistance and fund-raising aid to Community Housing Services (CHS) in various capacities. The bank assists on various committees and special event functions, provides counseling for prospective lease-purchase clients, and provided the leadership for a strategic planning effort during 1996. The CRA Officer has served on the board for a number of years and was elected Treasurer of the agency in 1996.
- An employee of the bank speaks about basic banking needs to clients of EQPP, a homeless shelter in the Quakertown-Milford area on an ongoing basis.
- An employee of the bank is serving on the Budget Committee with another employee serving on the Marketing Committee for a May 1998 Housing Fair offered by the Montgomery County Partners for Homeownership.
- Two bank employees provided leadership and technical expertise in setting up the Assets Program for the Micro Enterprise Loan and Job Training Program.
- The CRA Officer provided financial analysis in planning a “North Penn Hospitality Network” for Inter-Faith of Ambler and Indian Valley Housing Corporation where homeless families will be placed in area churches for a month at a time until more permanent housing can be acquired for them. Additionally, UNB participates in providing budget and credit counseling to participants in the program.
- The CRA Officer is a recent past President and one of the founders of the Montgomery County Housing Coalition. This is a nonprofit organization which promotes an awareness of the need for more affordable housing in Montgomery County. There was on-going board involvement and other committee activities by other bank employees throughout 1996 and 1997.
- A bank employee is Chairman of the Board of Penn Foundation. Penn Foundation is a nonprofit community mental health facility providing services and housing to low-income individuals. The bank employee oversees the financial supervision and accountability of budgets and expenses.
- A bank employee serves on the Board of Laurel House, a residential woman’s abuse shelter. Laurel House is a nonprofit short-term residential shelter for domestic abuse victims in Norristown. Norristown is a moderate-income area. The shelters have become almost exclusively ( 99%) used for low-income (in many cases, no income) individuals.
- UNB participates in the Lawyer Trust Account Board (nonprofit) through the Interest on Lawyers’ Trust Funds. The interest on these special interest-bearing accounts established by

attorneys holding funds in a fiduciary capacity is turned over by the bank to the Lawyer Trust Account Board to use for funding legal services for the poor. UNB provides the administrative services associated with the accounts.

- A bank employee serves on the Board of Directors for the nonprofit agency, LifePath, which provides group homes and other services to low-income individuals with mental disabilities. The bank employee provides supervision over the budget and expenses.

Bank employees have also conducted or participated in ten speeches or lectures that discussed home ownership and small businesses.

### **Compliance with Antidiscrimination Laws**

A fair lending review performed in conjunction with this CRA examination revealed that UNB is complying with fair lending regulations. We noted no practices intended to discourage or impede potential borrowers from applying for credit.

**Scope of Examination**

<b>Time Period Reviewed</b>	February 1996 through February 1998		
<b>Financial Institution</b>  Union National Bank and Trust, Souderton, PA			<b>Products reviewed</b>  HMDA reportable loans, small business, consumer
<b>Affiliate(s)</b>	<b>Affiliate relationship</b>		<b>Products reviewed</b>
None			

**List of Assessment Areas and Type of Examination**

<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Branches Visited</b>	<b>Other information</b>
MSA 6160 Greater Philadelphia (Portions of Bucks and Montgomery Counties)	On-site		