



**Office of the Comptroller of the Currency
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PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

May 31, 1997

**First Union National Bank of Georgia
999 Peachtree Street
Atlanta, Georgia 30309**

Charter Number 21161

<p>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.</p>

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First Union National Bank of Georgia, Atlanta, Georgia** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **May 31, 1997**. 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 (CRA) 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 its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution 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 on a review of 12 assessment factors, which are grouped together under 5 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.

DESCRIPTION OF CONTENTS

The balance of this document contains information presented in four sections. The sections are: **Performance Context, Summary of Institution’s Performance, Discussion of Institution’s Performance** and **Additional Information**.

The **Performance Context** section provides data about the bank, its direct and indirect (through affiliates) lending structure, and its delineated communities. The **Summary of Institution’s Performance** presents the bank’s rating and performance highlights which are further discussed relative to the 12 assessment factors grouped under five performance categories (refer to **General Information**).

Performance Context

- Bank Profile
- Community Profile

Summary of Institution’s Performance

- Institution’s Rating
- Performance Highlights

Discussion of Institution’s Performance

- Ascertainment of Community Credit Needs
- Marketing and Types of Credit Offered and Extended
- Geographic Distribution and Record of Opening and Closing Offices
- Discrimination and Other Illegal Credit Practices
- Community Development

Additional Information - Corporate and Local CRA Programs

PERFORMANCE CONTEXT

Bank Profile

First Union National Bank of Georgia (FUNB-GA) is a subsidiary of **First Union Corporation (First Union)**, a multi-bank holding company. First Union is the sixth largest banking company in the United States, with asset of **\$140 billion** as of year-end 1996. First Union is headquartered in Charlotte, North Carolina and owns ten national banks based in the District of Columbia, Florida, Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Tennessee, and Virginia.

FUNB-GA has total assets of **\$13 billion** and is the fourth largest bank (assets) in the state with 122 branch offices. FUNB-GA provides financial services in five (5) of the state's eight (8) Metropolitan Statistical Areas (MSAs). The bank's reasonably delineated communities consist of 30 of the 159 counties within the state. These 30 counties include a diverse mix of communities, ranging from the central business district of Atlanta where many Fortune 500 companies are located, to rural farming communities. The population for the entire state is 6,478,000, with 14% of the households living below the poverty level. The state has a total of 1,470 census tracts with 412 or 28% low- and moderate-income census tracts. In contrast, of the 768 census tracts in the bank's delineated communities, 300 or 39% are low- and moderate-income census tracts. The percent of low- and moderate-income families is 39.

Lending by affiliates also helps FUNB-GA identify and address community credit needs. For the First Union subsidiary banks, residential mortgage lending is largely consolidated at **First Union Mortgage Corporation (FUMC)**. FUMC processes mortgage loan applications and subsequently sells originations to First Union national bank affiliates or the secondary market. Another subsidiary of the holding company, **First Union Home Equity Bank, N.A.**, provides home equity financing in 35 states, including this bank's markets.

Notes:

LMI denotes low-and moderate-income (LMI). This means an individual or borrower income that is less than 80% of the area median income or, in the case of a geography, a median family income that is less than 80% of the respective MSA.

The **population statistics and income information** reflects data obtained from the 1990 Census and the United States Department of Housing and Urban Development (HUD).

Evaluation Period - The bank's previous CRA Performance Evaluation is dated April 11, 1994. This Performance Evaluation reflects the bank's performance assessed since the previous evaluation through May 31, 1997, based primarily upon data for 1995 and 1996. Home Mortgage Disclosure Act (HMDA) aggregation data for 1994 and 1995 was available for comparison purposes. Aggregation tables consist of a compilation of loan data from financial institutions who received home purchase, home refinance, and home improvement applications from within a metropolitan statistical area (MSA).

Community Profile

Delineated Communities Within Metropolitan Statistical Areas (MSA)	Population of Delineated Communities Based on 1990 Census Data	1996 HUD MSA Median Family Income	Low- and Moderate-Income Families (% of Total Families)
Atlanta MSA: Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Paulding, Rockdale, and Spalding Counties	2,708,000	\$52,100	37%
Augusta MSA: Columbia and Richmond Counties	256,000	\$40,700	38%
Columbus MSA: Chattahoch, Harris, and Muscogee	214,000	\$34,300	38%
Macon MSA: Bibb and Jones Counties	171,000	\$40,100	41%
Savannah MSA: Bryan ¹ and Chatham County	232,000	\$38,200	39%
Non MSA Counties: Burke, Floyd, Liberty, Lowndes, Meriwether, Troup, and Whitfield Counties	381,000 ²	\$32,500 ³	28% (Whitfield County) to 50% (Burke County)

The following is additional demographic information for the five MSAs listed above.

Atlanta MSA

The bank’s delineated community consists of 14 of the 20 counties within the Atlanta MSA, consisting of 456 census tracts with the following distribution: 13% low income, 18% moderate income, 40% middle income, 28% upper income, and 1% with no population. There are six counties within the MSA that are not part of the bank’s delineated community.

¹ Consists of partial counties.

² Aggregate population of the seven counties, including non delineated communities.

³ State-wide non-MSA Median Family Income.

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The city of Atlanta is the state's capital. It is the major center of industry, trade, and education for the southern part of the United States. The economy has been growing in preparation for the 1996 Summer Olympic Games and many redevelopment projects have transpired in the area known as the "Olympic Neighborhood Impact Areas". The percentage of low-, moderate-, middle-, and upper-income families, within the bank's delineated community are 19%, 18%, 23%, and 40%, respectively.

Augusta MSA

The bank's delineated community consists of two of the three (Columbia and Richmond) counties within the MSA and consists of 52 census tracts with the following distribution: 15% low-income, 14% moderate-income, 40% middle-income, and 31% upper-income.

The city of Augusta became the second largest metropolitan city in Georgia after its' consolidation with Richmond County on January 1, 1996. Augusta is the home to the world renowned Master's golf tournament and is situated on the Savannah River, the site of many national water sporting events. The MSA median family income is \$40,700.

The percentage of low-, moderate-, middle-, and upper-income families, within the bank's delineated community are 21%, 17%, 22%, and 40%, respectively.

The median housing value for the Columbia and Richmond counties is \$62,250, with the median year built being 1971. Approximately 55% of the housing stock is owner occupied, with 10% of all housing units being vacant.

Columbus MSA

The bank's delineated community consists of all three counties (Chattahoch, Harris, and Muscogee) within the MSA. The counties consist of 60 census tracts with the following distribution: 15% low-income, 22% moderate-income, 33% middle-income, 27% upper-income, and 3% with no population. The MSA median family income is \$34,300. The percentage of low-, moderate-, middle- and upper-income families are 21%, 17%, 20% and 42%, respectively. Employment in Muscogee County is well balanced between manufacturing, government, retail, and services.

Macon MSA

The bank's delineated community consists of two of the five (Bibb and Jones) counties within the MSA. The counties consist of 47 census tracts with the following distribution: 26% low-income, 17% moderate-income, 34% middle-income, 19% upper-income and 4% with no population. The MSA median family income is \$40,100. The percentage of low-, moderate-, middle- and upper-income families, within the bank's delineated community are 26%, 15%, 19%, and 40%, respectively.

Growth is restrained in both counties due to the general low education level of the work force. Government, services, retail, and manufacturing jobs represent 84% of the work force. The Warner Robins Air Force Base is the largest employer in the MSA (Houston County) with approximately 15,000 and 4,000 civilians and military personnel, respectively.

Savannah MSA

The bank's delineated community consists of two of the three (Bryan and Chatham) counties within the MSA. The counties consist of 73 census tracts with the following distribution: 16% low-income, 25% moderate-income, 29% middle-income, 23% upper-income and 7% with no population. The MSA median family income is \$38,200. The percentage of low, moderate, middle, and upper income families, within the bank's delineated community are 23%, 16%, 21%, and 40%, respectively. Bryan County is significantly smaller than Chatham County with a population of 15,438 individuals.

Chatham county is the fifth most populous county in Georgia. Savannah, the largest city within the delineated community, was settled in 1733 and was originally built on cotton trade and shipping. Today, the economy is based on its' major port facility (Georgia Port Authority), tourism, paper and chemical manufacturing, and the military (Fort Stewart and Hunter Army Airbases). The community is largely blue collar and the economy is stable.

SUMMARY OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated **“outstanding record of meeting community credit needs.”**

Performance Highlights:

- o FUNB-GA has developed loan programs to help meet community credit needs pertaining to affordable housing, small business, and consumer loans in response to identified credit needs.
- o The FUNB-GA lending levels reflect responsiveness to a wide array of community credit needs. A significant portion of the bank’s lending activities are designed to help meet the most pressing needs of the communities.
- o An analysis of the bank’s lending activities reflects a reasonable geographic distribution of lending in the bank’s communities.
- o FUNB-GA has demonstrated a high level of participation in community development and redevelopment programs within its communities, often in a leadership role.
 - The bank has funded over \$139 million for various community development projects in its communities.
 - The bank’s leadership position in helping to provide affordable multi-family housing in its communities has resulted in at least 853 housing units from funding of about \$67 million.
 - FUNB-GA has demonstrated a leadership role with single-family housing also. The bank continues to work with the Atlanta Mortgage Consortium to provide affordable mortgages with flexible terms to families with low and moderate levels of income. The bank has funded 173 loans totaling \$2.4 million through the consortium and it has provided \$133 thousand to help fund operating expenses.
 - The bank has helped to promote small business economic development in its communities (31 loans totaling \$25 million).
 - FUNB-GA also helped a newly formed, minority-owned financial institution attract investors and depositors, plus the bank made other investments to help the Atlanta based bank.

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- o Mortgage loan originations during this period total \$787 million from over 12 thousand loans. Many of these loans reflect activity targeted to help the low- and moderate-income persons in the communities. During the period, FUNB-GA made 1,190 Affordable Mortgage loans totaling \$78 million and 66 Special Home Improvement loans for \$650 thousand.
- o FUNB-GA continues to offer government related programs to help address the housing needs and generated 300 loans for \$24 million during the period.
- o This bank directed some marketing campaigns to specifically promote credit products targeted to LMI areas and residents as well as to the small business community. For small businesses, the “Blitz Calls” campaign included a three day period to contact over 200 businesses to discuss credit products and the bank’s streamlined application process.
- o In response to the small business credit needs, the bank originated over 1400 loans for about \$85 million through its own products in addition to the continued offering of government related small business programs. Within this total, 848 loans for \$24 million were made to small businesses with gross annual revenues less than or equal to one million dollars.

DISCUSSION OF INSTITUTION'S PERFORMANCE

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.

- **FUNB-GA has effectively determined the credit needs of its's delineated communities, including low- and moderate-income areas, and has responded pro-actively to these needs.**

Bank directors, officers, and employees at all levels have ongoing meaningful contacts with a large range of groups and individuals to ascertain community credit needs. FUNB-GA uses a formal officer call and outreach program as the primary method to ascertain community credit needs.

During 1994, 1995, and 1996, bank employees met with business owners (small and minority owned), community development corporations, housing advocacy groups, church leaders, representatives from city and county government, Realtors, and other community organizations. Through these contacts, the bank has established productive relationships that have resulted in public and private partnerships. These partnerships have assisted the bank in meeting credit needs pertaining to affordable housing and credit counseling.

In late 1994, FUNB-GA conducted a survey of 6,478 bank customers residing in low- and moderate-income census tracts in Fulton, Richmond, Muscogee, Bibb, and Floyd Counties. This survey was performed to identify opportunities for improvement in products and services the bank presently offers or could offer in the future.

FUNB-GA representatives document these contacts and ascertained credit needs and submits quarterly reports to the State CRA Coordinator and State CRA Self Assessment Committee. Information from these contacts are then used to develop action plans for the various delineated communities which are utilized to address identified credit needs. Credit needs were identified as affordable housing loans, home improvement loans, small dollar consumer loans, small business loans, secured credit cards, and small business credit cards as the primary credit needs within its delineated communities.

These community credit needs were verified during our examination by reviewing a combination of prior community contacts, prior examination findings, economic and demographic data, and U.S. Department of Housing and Urban Development Consolidated Strategies and Plans for several delineated communities. Consolidated Strategies and Plans are comprehensive planning

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documents that identifies community needs for affordable housing and other related services and activities.

The Board of Directors and senior management have been highly proactive and responsive in addressing community credit needs. FUNB-GA offers special loan products with flexible lending criteria to help make credit more widely available throughout its communities. Examples of these products include Special Vehicle Loan, Special Home Improvement Loan, Secured MasterCard, Visa Business Card, and several affordable home mortgage loans. The characteristics of these loan programs and the corporate *Small Business Banking Division (SBB)* are discussed in more detail under **Assessment Factor I**.

On a semi-annual basis, management analyzes demographic information for each delineated community and identifies the bank's lending activity in all census tracts. Census tracts with a low volume of loans are targeted for increased marketing and outreach activities.

Assessment Factor C - The extent of participation by the institution's Board of Directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

- **CRA is an integral part of the Board's planning process and banking philosophy.**
- **The Board and senior management, at both the bank and holding company level, are actively involved in the bank's CRA program.**

The CRA Self Assessment Committee (SAC) exercises active policy oversight and conducts quarterly reviews of CRA activities and performance. The committee is chaired by the Chairman of the Board and includes several executive officers, including the President and Chief Executive Officer. A CRA program has been established to ensure community credit needs are met. The program establishes goals and objectives and provides a methodology for an annual self assessment. In addition, individual CRA Action Plans are developed for each city/community to ensure corporate goals and directives are met. The Board of Directors receives quarterly progress reports of CRA activities from the SAC.

Directors, advisory directors, and senior management actively participate in a variety of organizations that assist the bank in improving its delineated communities. Examples of these organizations include United Way (community services), City of Macon Small and Minority Business Assistance Program (economic development), Atlanta Neighborhood Development Partnership (affordable housing), Atlanta Para-Olympic Organizing Committee, Augusta Free School (provides educational scholarships to low income children), and Goals for Griffin (community development). The Board actively supports CRA training for all personnel and ensures all CRA regulatory requirements are met.

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.

- **FUNB-GA has implemented sound marketing and advertising programs. These programs inform all segments of the bank's delineated communities of available loan products, including those developed to meet identified credit needs.**

The FUNB-GA written marketing plan is developed on an annual basis in conjunction with the First Union corporate marketing plan. The corporate plan outlines objectives, defines markets, and highlights the marketing strategies. First Union conducts corporate wide advertising campaigns which are supplemented by subsidiary bank's campaigns. Market penetration reports and audience profiles are used when developing specific marketing strategies.

Marketing and advertising of credit products are primarily accomplished by aggressive officer calling programs and meetings with community groups. These marketing programs are geared towards individuals in low- and moderate-income areas. Bank staff are actively involved in a variety of community organizations which afford FUNB-GA the opportunity to market credit products that were identified as credit needs.

FUNB-GA also advertises specific credit products through local newspapers, direct mail campaigns, magazines, radio, billboards, and telemarketing. Many of the bank's advertisements are specifically targeted to low- and moderate-income individuals. Examples of these include the marketing of affordable home purchase and home improvement loans, home equity lines of credit, affordable automobile loans, credit cards, and small business loans.

The bank's direct mail campaign consisted of sending solicitations to 28,000 bank customers who reside in low- and moderate-income census tracts in the cities of Atlanta, Augusta, and Savannah. The corporate small business unit (SBBU) conducted a marketing campaign called "Blitz Calls". During a three day period over 200 businesses were contacted to discuss available credit products and the bank's new streamlined application process".

FUNB-GA also markets its credit products when sponsoring seminars, fairs, and workshops for credit counseling, home buying, and small businesses. Examples of these include the Harper Cluster Housing Fair, Metro Atlanta Home Buying Fair, and Avenues to Greater Business Success workshop. Complete marketing and advertising records are maintained and reviewed for compliance with applicable laws.

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.

- **FUNB-GA addresses a wide array of identified credit needs within its communities through its origination of residential mortgages, home improvement, consumer loans, and small business loans.**
- **Lending levels reflect the bank's responsiveness to many of the pressing credit needs of its communities.**

In response to identified community credit needs, particularly for low- and moderate-income persons, FUNB-GA has taken actions to offer products and services to help meet those needs. Those products are most often developed in conjunction with the parent company and affiliates. As a result, FUNB-GA offers products which are ultimately adopted from a corporate perspective. These products include specialized credit services for home mortgages, home improvements, and general consumer purposes. To increase the variety of products available, FUNB-GA developed two new mortgage products during 1996, the Neighborhood Development Mortgage and the Community Partnership Mortgage. In addition, the existing Affordable Home Mortgage product, available since 1989, was enhanced to allow a higher loan-to-value ratio. The bank also offers the Secured MasterCard for people with incomes that do not meet traditional qualifying ratios.

FUNB-GA outlines the features of these and other special products in a brochure ("Special Banking Services") available at its bank branch offices. First Union also makes available a brochure ("The Guide To First Union Banking Services") which highlights the wide array of services offered. These services include credit products, deposit accounts, and 24 hour banking. The following comments highlight some of the lending programs. The first three products listed reflect the ones introduced or enhanced in June of 1996.

o Affordable Home Mortgage Loan

This product features flexible terms to home buyers. Features include a low 5% down payment which can come from the borrower's funds, sweat equity, or a gift. In addition, higher than traditional loan-to-value and debt-to-income limits are offered. Mortgage insurance is not required.

o Neighborhood Development Loan

This loan can be used to purchase a home in designated low- and moderate-income census tracts. The borrower's income must be less than 120% of the HUD median income. Down payments can be as low as 5%, with at least 3% coming from the borrower's own funds. The other 2% can come from gifts, grants, sweat equity, or a loan. Higher debt-to-income ratios are allowed.

o Community Partnership Mortgage

The bank requires no down payment, but does require the borrowersto have \$500 of their own funds at closing. These funds may come from a grant, gift, or be paid by the seller. The bank will pay the closing costs in exchange for a 1/4% increase in the interest rate. Participation in home buyer counseling sessions is required. Eligibility is the same as the *Affordable Home Mortgage Loan*.

o Fannie 97 Agency Mortgage

This community lending product offers a low down payment feature of only 3%. Closing costs can come from gifts, grants, or loans. The program requires applicants to participate in financial counseling. The applicant income level must be below 100% of the HUD median family income.

o Special Home Improvement

The Special Home Improvement loan provides low dollar, long term housing rehabilitation loans. The minimum loan amount is \$1,500 and repayment periods extend up to 180 months. In addition to the flexible terms, First Union provides a 2% rebate of interest at the end of each year for borrowers who pay as agreed.

o Special Vehicle Loan

This product provides low dollar automobile financing for both new and used cars. First Union allows financing of vehicles up to seven years old with a minimum loan amount of \$2,500. Extended repayment terms are available to lower the borrower's monthly payments.

o Secured MasterCard

The Secured MasterCard provides credit to customers who do not qualify for traditional unsecured credit. The secured card allows the customer to re-establish credit and eventually graduate to a traditional, unsecured credit card.

The bank's loan portfolio as of December 31, 1996 reflected the following distribution: Residential \$3.8 billion or 39%, Commercial and Industrial \$1.1 billion or 11%, Loans to Individuals \$4.4 billion or 44%.

The following table reflects the bank's lending activity for residential mortgage, consumer, and small business lending. Lending levels reflect the bank's responsiveness to a variety of identified community credit needs.

Loan Originations		
Loan Type	#	\$ (000s)
Mortgage	12,581	\$ 786,964
Consumer	132,297	1,204,279
Small Business***	1,421	84,939
Total	146,299	\$2,076,182

*** Businesses with annual revenues of \$3 million or less. 1996 data for businesses with gross annual revenues of \$1 million or less equals 848 loans for \$24 million.

The bank’s lending activity for the various specialty products designed to meet the needs of low- and moderate-income persons are included in the numbers above. For example, the bank made 1,190 loans aggregating \$78 million under the Affordable Home Mortgage product during the period. Similarly, the bank made 66 loans aggregating \$650 thousand under the Special Home Improvement product which is also targeted to low- and moderate-income persons.

To better address the credit needs of small businesses, First Union developed a **Small Business Banking Division (SBBD)** which also serves the Georgia markets. The SBBD targets businesses with annual revenues of \$5 million or less. This Division addresses loan requests for \$25,000 to \$350,000 and was established to expedite the loan process for small businesses. The table entitled **Loan Originations** includes the consumer portion of these loans.

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

- **The bank participates in several governmentally-insured, guaranteed or subsidized loan programs for housing, small business, and education.**

FUNB-GA participates in several government related programs for housing, small business, and education. As noted under **Assessment Factor I**, the bank offers its own small business loan products which are designed to be flexible in helping to meet the credit needs of business owners. Such products have been emphasized through a focused division (SBBD), which limits concern for the historically low volume of loans under the government SBA program. The volume generated through SBBD indicates that FUNB-GA is effectively helping small businesses obtain financing through traditional lending channels.

First Union began offering loans to small businesses on a corporate level through the centralized SBBD during the second quarter of 1995. The division is designed to provide prompt and

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efficient service by telephone within a 24-hour response time. The program's success indicates an ability to help meet customer needs.

Government Loan Originations		
Loan Type	#	\$ (000s)
Federal Housing Authority (FHA)	92	\$ 6,633
Veterans Administration (VA)	174	15,585
State/Local Housing	34	1,862
Subtotal Mortgage	300	24,080
Small Business Administration	11	1,715
Other Government Agencies	5	1,987
Subtotal Small Business	16	3,702
Total	316	\$ 89,585

FUNB-GA is also a participant in student lending to help address financing for that area of continued need. The bank originated \$35,158 and \$26,645 worth of student loans in 1995 and 1996 respectively.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

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

- **The bank's lending activities reflects a reasonable geographic distribution of lending in the bank's communities.**
- **The residential lending activity indicates the bank effectively reaches low- and moderate-income individuals and geographies.**
- **Bank management effectively identifies potentially under served areas and targets them for priority attention and resources.**

The following analyses are based upon a review of bank records for residential mortgage,

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consumer, and small business lending for January thru October 1995 and for the year ended October 31, 1996. The records reflect a reasonable distribution of lending among the low- and moderate-income areas which the bank has identified using various demographic data. As part of the bank's system to ensure all parts of its communities are served, potentially under served areas are periodically identified and targeted for priority attention and resources. In addition to the bank's internal records, we also analyzed the bank's 1995 residential lending distribution as reported under the Home Mortgage Disclosure Act. We reviewed both the geographic location of the bank's residential loans and the extent to which the bank was lending to low- and moderate-income borrowers.

Bank records reflect a reasonable geographic distribution of loans to low- and moderate-income areas. The following table lists the state-wide distribution of lending in low- and moderate-income areas as identified by the bank. The table indicates the bank is reasonably serving the low- and moderate-income areas of its communities and that it is increasing its lending activity in those areas as a percentage of overall lending.

**State-Wide Geographic Distribution of Lending in
Bank Identified Low- and Moderate-Income (LMI) Areas**

LOAN TYPE	1995 #	% of total #	1995 \$(000s)	1996 #	% of total #	1996 \$(000s)
Mortgage	661	11%	\$21,608	1,079	16%	\$ 59,006
Consumer	9,544	13%	65,527	10,691	18%	93,942
Small Business	N/A	N/A	N/A	206	28%	5,151
Total	10,205	13%	\$87,135	11,976	18%	\$158,099

Information is for FUNB-GA and affiliates for the 10 months ending October 31, 1995 and year ending October 31, 1996.

Distribution of Consumer Real Estate Lending

The following analyses address the distribution of consumer real estate lending. The 1995 Home Mortgage Disclosure Act data for all lenders reporting activity in the bank’s communities was the source used for the analyses. The data for the bank and its affiliates are combined in the tables and compared to the overall market of all lenders reporting activity in those communities. The analyses use median “family” income as the designation for low- and moderate-income census tracts and includes only Metropolitan Statistical Areas. The review includes a comparison of the bank’s distribution of lending with that of all lenders reporting activity in the same communities.

The following table indicates the bank is effectively reaching low- and moderate-income areas of its communities. The table further reveals that the bank extends a larger percentage of its residential mortgage loans within low- and moderate-income areas than the market as a whole. The table identifies the percentage of owner occupied housing in LMI census tracts as well as the number and dollar amount of loans reported in LMI areas of each community.

1995 Geographic Distribution of Consumer Real Estate Lending in LMI areas

AGGREGATE RESIDENTIAL LENDING by Income Level of CT - 1995.					
ASSESSMENT AREA:	% of Owner Occupied Housing in LMI CTs	Bank % of Loans in LMI CTs	Market % of Loans in LMI CTs	Bank # of Loans in LMI CTs	Bank \$ of Loans in LMI CTs (000s)
Atlanta	36.4%	11.8%	10.3%	272	12,162
Augusta	39.4%	15.7%	10.5%	91	2,673
Columbus	28.0%	24.0%	12.0%	60	1,704
Macon	35.9%	14.6%	16.3%	16	593
Savannah	37.3%	21.0%	15.4%	41	1,584

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The following table indicates the bank is making a significant percentage of its consumer real estate loans to LMI borrowers. The table shows that the bank made a higher percentage of its loans to LMI borrowers than the overall market in the Atlanta and Columbus communities. The bank distribution among its other three metropolitan communities was below that of the overall market.

**1995 Distribution of Consumer Real Estate Lending
by Borrower Income Level**

AGGREGATE RESIDENTIAL LENDING by Income Level of Borrower - 1995					
ASSESSMENT AREA:	% of LMI Families in Community	Bank % of Loans to LMI Borrowers	Market % of Loans to LMI Borrowers	Bank # of Loans to LMI Borrowers	Bank \$ of Loans to LMI Borrowers (000s)
Atlanta MSA 0520	36.2%	31.1%	29.7%	714	\$39,027
Augusta MSA 0600	38.5%	20.3%	29.1%	117	3,834
Columbus MSA 1800	38.4%	30.8%	22.2%	77	2,396
Macon MSA 4680	40.9%	24.8%	27.8%	27	916
Savannah MSA 7520	39.0%	20.5%	22.4%	40	1,234

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

- o The bank’s record of opening and closing offices has not adversely affected the level of services available in low- and moderate-income areas.**

The bank offers service to its customers through 122 branches. Between January 1, 1995 and December 31, 1996 the bank closed twenty-one branches, two of which were located in low- and moderate-income neighborhoods. Before branches in low- and moderate-income areas are closed, management normally contacts influential members of the local community to discuss the potential closing and adverse impact on the community.

The “Branch Closings, Consolidations and Reductions in Service” policy requires management to perform a detailed analysis prior to reducing services or closing any branches in any low- to moderate-incomes areas. This analysis includes the potential impact to residents and alternative solutions to a proposed reduction in service.

The bank applied established procedures for all branch closures. These actions did not have a significant adverse impact on low- and moderate-income areas. FUNB-GA follows the First

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Union **Branch Closing, Consolidations and Reductions in Service Policy**. The policy provides guidelines for :

- branch closures,
- branch consolidations,
- branch relocations,
- reductions in service, and
- branch/ATM divestitures.

A review of the policy shows that First Union has adopted a strategy to reduce the number of branch facilities while improving the overall level of service to its customers. The corporation has pledged to adopt effective written policies and procedures that minimize any adverse effect such actions may have on the communities served.

The First Union policy requires each bank to:

- objectively determine those branches which should be closed, consolidated, or have services reduced;
- consider alternative solutions such as adjusting branch hours and services, including the use of ATMs;
- identify and examine options that minimize potential adverse effects and inconvenience on the communities; and
- communicate anticipated changes to affected customers and communities with sufficient advance notice to minimize adverse effects and inconvenience.

Before taking action, each bank evaluates several factors outlined in the policy. If the bank decides to proceed, management completes the appropriate forms to obtain final approval from the bank President and Board of Directors. The CRA coordinator receives copies of the forms. When an action impacts a low- and moderate-income community, the policy outlines that one or more of the following steps be taken as appropriate:

- complete an analysis,
- make community contacts, and/or
- review the credit need ascertainment calls.

These steps help to identify other alternatives and to more fully evaluate the issues. Bank management uses input from the Marketing Division, Real Estate Division, and State CRA Coordinator to explore potential remedial actions to improve any identified recommendations.

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 delineated communities, including low- and moderate-income areas. We did not find any practices intended to discourage credit applications on a prohibited basis.**

FUNB-GA actively solicits applications from all segments of its delineated communities including low- and moderate-income areas. The Board and management have developed a number of programs to ensure compliance with fair lending laws and provide equal access to credit.

Management committees have been formed to oversee the bank's fair lending initiatives. Major departments of the bank are represented on these committees, including a corporate department which was created to manage the overall fair lending activities of the company.

Detailed, formal policies, procedures and training programs have been developed to help ensure the institution does not illegally discourage or pre-screen applicants. First Union has developed and provided a fair lending training program for its employees to ensure they understand the legal requirements as well as bank policies and procedures. The company uses videos, formal training sessions, and on-the-job training to ensure employees become familiar with the fair lending laws and regulations. In addition, the bank conducts diversity training sessions for its employees.

FUNB-GA has established several processes to ensure applicants are treated fairly. These processes include, but are not limited to, a "second review" program and a comparative analysis of loan files. The bank conducts a second review on proposed denials of loans subject to HMDA. This review occurs prior to the issuance of a denial or adverse action notice to the applicant(s). The comparative loan review process, applied on a regular basis, enables the bank to monitor compliance with fair lending laws and to assess the effectiveness of its fair lending programs. The process includes activities to evaluate actions for fair treatment of all applicants.

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

- **We noted no evidence of discrimination or other illegal credit practices.**

We performed an examination for compliance with the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA) in conjunction with this CRA examination. We reviewed the bank's policies and procedures for conformance with these laws and regulations, and conducted tests to check for any areas of noncompliance. Our comparative file analyses for racial and gender discrimination did not detect any instances of illegal disparate treatment or discrimination.

The comparative file review of HMDA applications received during 1995 tested First Union

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actions to determine if any instances of racial discrimination occurred. We reviewed and compared 368 denied minority transactions to 645 approvals for white applicants sampled from all national banks within First Union plus its mortgage company. The above total includes 315 minority denials and 502 white approvals originated by all of the individual banks. The remaining applications represented 53 minority denials and 143 white approvals received by First Union Mortgage Corporation. In accordance with OCC procedures, minorities selected for comparison purposes represented American Indian, African American, and Hispanic applicants.

The other aspect of our testing included a comparative file review for gender discrimination. For automobile loans through one of the corporation's significant lending units, we reviewed and compared 124 denied female applicants to 226 approved male applicants.

V. COMMUNITY DEVELOPMENT

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

- **FUNB-GA has demonstrated a high level of participation in community development and redevelopment programs within its communities, often in a leadership role.**

FUNB-GA has engaged in a wide variety of community development projects in its communities. These efforts have helped provide affordable housing for low- and moderate-income persons, financing for various municipalities targeting services to low- and moderate-income persons, and promoted economic development by financing small business development projects. In total, the bank has funded over \$139 million for various community development projects in its communities.

The bank's increases in multi-family affordable housing and municipal project loans has resulted in significantly higher levels of community development lending during 1996 as compared to 1995. Details for many of those projects follows later in this section.

FUNB-GA has demonstrated a leadership position in providing multi-family affordable housing in its various communities. It has accomplished this by being involved in all facets of the transaction, including providing construction loans, permanent loans, letters of credit, as well as purchasing the investment tax credits for the related project. The tax credit is ultimately equivalent to an equity interest in the project.

The following table lists many of the projects in which the bank has demonstrated a leadership role. These developments provided housing primarily for low- and moderate-income persons; in some cases (e.g., Athens), 100% of the units were for persons in this income category.

Multi-Family Affordable Housing Projects

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Project/ Location	# units	Type of credit facility	Amount \$(000s)
West End Apartments (Apts.)/Atlanta	144	Letter of Credit Bond Enhancement	\$ 6,300
Moore's Mill Apts./Atlanta	172	Construction (Constr.)/ Rehabilitation (Rehab)/ Permanent (Perm.)/Tax Credit	10,962
Summerhill/ Atlanta	212	Constr. Bridge Loan/Housing Bond	19,000
Athens Apts./ Athens	64	Constr./Tax Credit	6,574
Statesboro Apts./ Statesboro	72	Constr./Tax Credit	7,545
Sugar Mill Apts./ St. Mary's	70	Constr./Tax Credit	7,374
Windridge Apts./ Rome	88	Constr./Tax Credit	8,968
Sandalwood/ Ludowici	31	Tax Credit	272
Total	853		\$66,995

Single Family Affordable Housing

The bank was in a leadership position in establishing the Atlanta Mortgage Consortium (AMC). The AMC provides affordable mortgage loans on flexible terms to families with low- and moderate-incomes. Further evidencing the bank's continued involvement with the AMC is the bank's CRA Officer currently serving as Chairman of the Board for the AMC. During the assessment period, the bank funded 173 loans aggregating \$2.4 million through the consortium and provided \$133 thousand to fund operating expenses of the consortium.

Investment in Municipal Development/Affordable Housing Bonds

The bank purchased four affordable housing bonds aggregating \$1.2 million and two municipal industrial development bonds aggregating \$170 thousand.

Loans to Fund Municipal Community Development Projects

The bank has identified significant opportunities to fund community development projects for various municipalities in its communities. During 1996, the bank funded projects in 14 municipalities aggregating \$43 million. Most of these loans are to provide funding to construct governmental buildings that will be used to deliver social services to low- and moderate-income persons. This category of community development lending is responsible for a significant portion of the growth in community development lending.

Small Business Economic Development Activities

The bank has identified 31 loans aggregating \$25.1 million which promote economic development in its communities. Examples of programs that these loans were made through include the Savannah Regional Small Business Capital Fund, Savannah Minority Retailers Loan Fund, and the Atlanta Entrepreneurial Development Loan Fund.

Minority-Owned Bank

The bank played a major role in helping Capitol City Bank and Trust Company, a newly formed minority-owned bank in Atlanta, attract investors and depositors. FUNB-GA has invested \$750 thousand, maintains a \$1.1 million certificate of deposit, shares banking space, and provides ATM facilities for the bank.

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

- **The bank's performance in helping to meet the credit needs of its delineated communities is consistent with its size, financial capacity, location, and economic conditions.**

There are no limitations that may prevent FUNB-GA from fulfilling its obligations under the Act relative to its resources and abilities. The **Performance Context** section of this public disclosure document provides additional information.

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.

- **FUNB-GA has made contributions to various organizations which provide community development services to low- and moderate-income persons.**

The bank provided monetary and other donations to organizations serving low- and moderate-income people in its communities. During the assessment period, monetary contributions aggregated \$480 thousand. In addition, the bank donated office equipment and supplies to several of those organizations.

Educational Programs

Choices & Decisions: Taking Charge of Your Life is an educational program designed for high school students developed by Visa U. S. A. in cooperation with the United States Office of Consumer Affairs and the National Consumers League. The program teaches personal financial management skills to students throughout the state. FUNB-GA administers the program at schools in Georgia.

School Savings Banks are offered by FUNB-GA in partnership with elementary and middle schools throughout the state. The School Savings Banks are designed to assist students in learning the importance of saving money. The students operate the bank with the assistance of a bank employee and they learn to handle money carefully and responsibly. They also learn customer service skills as they operate the banks. First Union pays the regular savings interest rate for these deposits and sends each customer a quarterly statement. FUNB-GA currently has established programs throughout the state.

ADDITIONAL INFORMATION

Corporate and Local CRA Programs

FUNB-GA has access to the Corporate CRA staff based in Charlotte, North Carolina, which coordinates CRA activities throughout First Union. The Corporate CRA staff provides various types of support which include analytical tools and communications, such as publication of a CRA newsletter. Several aspects of the bank's CRA activities have been influenced by the parent company, First Union Corporation. The remainder of this section summarizes basic components of the corporate program.

CRA Policy

The First Union Community Reinvestment Policy has been updated to reflect the recent changes in CRA and has been distributed to all of the individual banks. The policy was designed to provide overall guidance to the Corporation, its Directors, management and all employees to continually renew the First Union dedication and commitment to serve credit needs of all its communities. Administration of the policy remains a corporate-wide responsibility under the overall direction of the Boards of Directors for First Union and each state.

CRA Organization Structure

The Board of Directors have identified committees and individuals to focus on CRA activities and to receive periodic reports to help keep the Directors informed. The Board receives administrative support for CRA through committees, local advisory boards, officer positions and teams that work closely with CRA related activities.

The corporate and bank Audit Committees monitor compliance for their respective Boards and report to the Directors at least quarterly. The Audit Committees receive quarterly reports from the Director of Community Reinvestment at the corporate level or from the appropriate Regional CRA Coordinator at the bank level.

The Corporate CRA Steering Committee has overall responsibility to implement the policy throughout First Union. This committee monitors and supervises compliance with the policy on behalf of the Boards of Directors. The Vice Chairman of the corporation chairs the committee which includes executive officers from major department areas and bank presidents for each state.

Regional CRA Self-Assessment Committees have the overall responsibility to implement the policy in the states and to assess compliance with policy relative to performance. For each region, this committee reviews and analyzes the ascertainment efforts as well as the results to address community credit needs. The state President chairs this committee.

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The Corporate CRA Staff has the responsibility to interface with the CRA committees to implement the policy throughout the corporation. Included as part of this staff, a senior level officer serves as the Corporate Director of Community Reinvestment. The ongoing activities relative to CRA are undertaken by other officers who serve as Assistant Director of Community Reinvestment, CRA Lending Manager, Fair Lending/Home Mortgage Disclosure Act Manager, Communications Manager, Regional CRA Coordinators and Community CRA Coordinators.

Regional CRA Coordinators have the responsibility to interface with the Corporate CRA Staff and the appropriate state CRA committee to implement the policy in each state. The state coordinators receive support from the various local area coordinators.

Reporting

The policy requires no less than quarterly reports to the Board of Directors, or committees thereof. First Union also uses quarterly data for most reports as it implements the policy and monitors community reinvestment performance focusing on results.

CRA Plans

A formal CRA Plan to direct the CRA activities is in process of being updated to reflect the changes in the regulation. The plan will serve to affirm the company's commitment to help meet the needs of low- and moderate-income individuals in community serviced by the First Union banking operations. The plan will highlight the overall process to implement the Community Reinvestment Policy.

Board Reviews

In addition to periodic reports, the Board reviews other CRA related material. Annually, the Board reviews and adopts the bank's CRA statement and the local community delineations. The Board also approves the CRA plan which contains policies and procedures for implementing CRA.

Self-Supervision

First Union and its subsidiary banks have established a system to ensure compliance with the basic technical requirements of the Act. The corporation relies upon the Internal Audit Division and the Regulatory Compliance Division to monitor performance and test compliance under the Act. In addition, the Branch Operations area has the responsibility to monitor compliance with the technical requirements of the Act.

Regional Self-Assessments

First Union has implemented a process to evaluate its own performance under the Act. Regional self-assessments of performance have been made on an annual basis. The Regional CRA Self-Assessment Committee receives reports on the evaluation results. Each bank uses other, more frequent, reviews in the interim to monitor the progress of each community.

CRA Training

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Board of Directors and senior management have supported CRA training for bank and corporate personnel. The CRA related training conducted in 1996 adequately covered the technical and regulatory requirements of the Act, CRA reform and a reemphasis on roles and responsibilities. Throughout First Union, training was provided to the Board of Directors, senior management, area presidents, CRA coordinators, Self-Assessment Committee members, branch managers, lending officers, tellers and customer service representatives. Computer based training was also provided to new and existing employees. The CRA Manual used in the training sessions, which is in process of being updated to reflect the regulations revisions, serves as a reference tool at the branch levels. First Union also included training sessions directed to promote fair lending throughout the corporation.

CRA Public File

We encourage the readers of this Performance Evaluation to contact the bank to review information contained in the public file.