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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**May 31, 1997**

**First Union Home Equity Bank, N.A.  
1000 Louis Rose Place  
University Research Park  
Charlotte, NC 28262-8546**

**Charter Number 22559**

**Note:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Financial Supervisory Agency concerning the safety and soundness of this financial institution.

## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First Union Home Equity Bank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of **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 of 1977 (12 U.S.C. §2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with the examination of a financial institution, each federal financial supervisory agency will (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve the application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the agencies to make public certain portions of their CRA performance assessments of financial institutions.

### **Basis for the Rating**

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based upon a review of twelve assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.

## ASSIGNMENT OF RATING

### Identification of Ratings

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

#### **Outstanding record of meeting community credit needs.**

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

#### **Satisfactory record of meeting community credit needs.**

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

#### **Needs to improve record of meeting community credit needs.**

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

#### **Substantial noncompliance in meeting community credit needs.**

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

## 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 community. 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**

- Institution 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

22559

**PERFORMANCE CONTEXT****Institution Profile**

**First Union Home Equity Bank, N.A. (FUHEB)** is a subsidiary of **First Union Corporation (First Union)**, a multi-bank holding company. First Union is the sixth largest banking company in the nation, with assets 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.

FUHEB, chartered in 1994, is also headquartered in Charlotte. In addition to the main office, FUHEB has one loan production office in the city. As of 12/31/96, FUHEB reports total assets of \$882 million. The bank specializes in home equity based lending and offers loans for home improvements, refinancings and, to a very limited degree, home purchases. One-to-four family residential real estate loans account for 89% of the bank's total assets. The bank has reasonably delineated Mecklenburg County as its primary community for purposes of the Community Reinvestment Act (CRA). At the same time, FUHEB helps its affiliates serve the needs of their communities since it provides home equity financing in 35 states.

Lending by affiliates helps FUHEB identify and address community credit needs in Mecklenburg County. 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. In addition, **First Union National Bank of North Carolina (FUNB-NC)** offers a host of traditional, innovative and flexible products and services to the community; refer to the FUNB-NC CRA Performance Evaluation.

**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** - This represents the first CRA Performance Evaluation prepared about FUHEB. This Performance Evaluation reflects the bank's performance assessed over the last couple years, 1995 and 1996.

22559

### **Community Profile**

The delineated community of Mecklenburg County is located in south central North Carolina, adjacent to the northern border of South Carolina. Mecklenburg County is part of the Charlotte Metropolitan Statistical Area (MSA). Charlotte is the county's largest city and includes approximately 80% of the county population. Major industries in Mecklenburg County are banking, textiles, trucking, and governmental services. Food products, machinery and metal goods are also major employers in the area. The county is an educational center with four colleges/universities; and it serves as a transportation hub with a major airport and two principal interstate highways intersecting in Charlotte. In the 1990's, Mecklenburg County experienced significant economic and population growth.

Based upon the 1990 census, the county population equals 511,433 residents. The city of Charlotte has 395,934 residents while the seven county Charlotte MSA encompasses 1,162,093. With its high growth, Mecklenburg County presently has a low unemployment rate. Overall, the county income distribution is higher than the North Carolina average with 31% of families in the low- and moderate-income range and 45% of families in the upper-income category. The number of families below the poverty level is also lower in the county. More than 85% of county households have wages/salaries as their primary incomes.

The county's housing stock is slightly older than state average and 55% of it is owner-occupied. Vacant housing units are low at 7% of total units. Accordingly, the median rental cost is higher. Multi-family units are significant at 25% of the total housing stock. Overall housing costs are slightly greater in Mecklenburg County than in other parts of the state.

The Charlotte-Mecklenburg Consolidated Plan to the Housing and Urban Development Department found the following needs in the housing market:

- expand the affordable housing supply;
- more strict housing code enforcement;
- loans to lower income homeowners for repairs;
- encourage absentee-owners of single-family residences to sell to low- and moderate-income home dwellers; and
- assist public housing tenants move into home ownership positions.

### **Charlotte**

The Charlotte MSA is a multi-state MSA. It consists of six North Carolina counties plus York County in South Carolina; and has a total population of 1,162,093 residents comprising 319,242 families. The MSA median family income is \$45,400 with the following distribution: low-income 19%; moderate-income 18%; middle-income 25%; and upper-income - 38%. There is a total of 440,458 households with 44,930 or 10% below the poverty level.

22559

The Charlotte MSA consists of 264 census tracts with 15 low-income, 59 moderate-income, 137 middle-income, 48 upper-income and five unpopulated. The bank's delineation of Mecklenburg County covers a large portion (88%) of the MSA population.

Charlotte is the third largest banking center in the nation behind New York and San Francisco.

### **SUMMARY OF INSTITUTION'S PERFORMANCE**

#### **Institution's Rating:**

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

#### **Performance Highlights:**

- o FUHEB has taken actions over the period to identify ways it can help meet community credit needs and comply with the guidelines of its charter. In particular, the bank has made several contacts with community representatives to distinguish its services from those of its full service affiliate, FUNB-NC.
- o FUHEB offers home equity based products; thus, in compliance with its charter, the bank does not offer direct and government guaranteed small business and small farm loans.
- o The bank has demonstrated good advertising and marketing efforts to help community members understand the services available and further differentiate it from the local affiliate, FUNB-NC. Several products were advertised during this evaluation period, including home improvement and refinance loans.
- o In 1996, FUHEB developed a loan product to help meet the need for affordable home improvement loans. By year-end 1996, one loan for \$10 thousand was made.
- o FUHEB reflects reasonable lending levels. During 1995 and 1996, FUHEB originated \$2.5 million in home improvement and \$12.3 in refinance loans in Mecklenburg County.
- o FUHEB lending activity in LMI census tracts and to LMI individuals is good. Of all loans made by FUHEB during this evaluation period, 24% were extended in LMI census tracts and 27% were extended to LMI individuals. Based upon census information, approximately 31% of the census tracts and families in Mecklenburg County are designated as LMI.

## **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.**

To determine the credit needs of the community, representatives from FUHEB conduct ascertainment calls. During 1996, 22 calls were made to community groups, community development corporations, city/county government agencies and other business representatives to determine the needs of the community. The information obtained from the calls were used to identify potential service or investment opportunities within the community and to determine if new products are needed to address an identified need. In addition to the calls or interviews, the bank used surveys to assess community credit needs and ways in which it could help address them.

**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 a part of the Board's planning process and banking philosophy.**
- **The Board and senior management is involved in the bank's CRA program.**

For 1996, FUHEB developed a CRA action plan. The plan includes marketing, lending, investment and training strategies and is designed to improve the bank's overall effectiveness in low- and moderate-income communities. The administration of the plan is the responsibility of the CRA Management Committee. The Committee is comprised of representatives from the branch, marketing, underwriting, compliance, and risk assessment areas. Also, CRA officers are represented on the committee. Quarterly, the CRA Management Committee receives summary reports on the bank's lending activity. In addition to the management committee, an Executive CRA Committee has been established. The committee is comprised of the FUHEB leadership team and is responsible for reviewing CRA initiatives and lending activity.



22559

## II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

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

- **The bank has implemented a good marketing and advertising program given the charter and operations of FUHEB.**
- **This program is designed to inform all segments of the bank's delineated community of available loan products, including those developed to meet identified credit needs.**

The primary marketing strategy of this bank is for sales managers to develop referrals from mortgage brokers, home improvement contractors, swimming pool dealers, and financial planners. This source-to-source approach helps FUHEB more effectively reach the community members that need the services this bank has to offer. Other efforts to market the bank's services are done indirectly by or in partnership with an affiliate, FUNB-NC.

During 1996, FUHEB advertised home improvement and affordable home improvement loans in the local newspaper. One advertisement was placed in a minority newspaper with readership of 60 thousand. Also, a products brochure was distributed at a *Black Expo* exhibit and at a Charlotte Housing Coalition meeting. Complete marketing and advertising records are maintained and reviewed for compliance with applicable laws and regulations.

FUHEB offers fixed-rate, adjustable-rate and prime equity products. These products include revolving lines of credit and prime equity lines.

In response to an identified need, FUHEB introduced an affordable home improvement loan. The loan is geared toward low- and moderate-income individuals who live in a low- and moderate-income areas. The loan requires no origination or appraisal fees. In addition, no equity is required for loans of \$10 thousand or less and allows 100% of the value of the improvement added to the property. As of 12/31/96, FUHEB originated one loan for \$10 thousand under this new service.

**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.**

- **Lending levels reflect a satisfactory response to community credit needs.**

During 1995, its first full year in operation, FUHEB originated 344 loans totaling \$12 million in Mecklenburg County. The loans were for a variety of purposes including second mortgages, home improvement, refinances, and debt consolidation. FUHEB's lending activity in Mecklenburg County

22559

decreased slightly in 1996 to 334 loans totaling \$11 million. The majority of FUHEB’s loans are prime equity lines for debt consolidation which the bank chooses not to report on HMDA. FUHEB also originates home purchase, home improvement and refinances which are HMDA reportable. Table 1 presents data on FUHEB’s HMDA lending activity during this evaluation period.

**HMDA Loans**

<b>Table 1 - Loan Originations</b>		
<b>Loan Type</b>	<b>#</b>	<b>\$ (000s)</b>
<b>Home Purchase</b>	11	\$ 379
<b>Home Improvement</b>	84	2,500
<b>Refinancing</b>	242	12,321
<b>Total</b>	337	\$ 15,200

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

- FUHEB only offers home equity based products. As a result, the bank does not make government-insured or guaranteed loans for small businesses and small farms. In addition, two affiliates (FUNB-NC and FUMC) have a well-developed expertise to provide government related housing financing in the community.

22559

**III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Reasonableness of Delineated Community**

FUHEB has delineated Mecklenburg County as its primary service area. This delineation is reasonable and does not exclude any low- and moderate-income neighborhoods.

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

- **FUHEB reasonably extends loans to all segments of their community, including low- and moderate-income census tracts.**

Table 2 illustrates FUHEB lending in LMI census tracts. The bank’s residential lending in low- and moderate-income census tracts within its assessment area is satisfactory. Residential lending includes home purchase, home improvement and refinance loans.

**Mecklenburg County**

<b>Table 2 - HMDA RESIDENTIAL LENDING by Income Level of CT - 1995 and 1996</b>				
Census Tract (CT) Designation:	% of Owner-Occupied Units	# Census Tracts/ Total Census Tracts	% Loans #	% of Loans \$(000s)
Low-	17%	11%	4%	3%
Moderate-	38	20	20	16
Middle-	53	37	46	48
Upper-	70	32	30	33
Total	55%	100%	100%	100%

During this evaluation period, 24% of all loans made by FUHEB in Mecklenburg County were made in LMI census tracts. The lending distribution appear reasonable as 31% of the tracts in Mecklenburg County are designated as low or moderate income. Furthermore, approximately 60% the housing

22559

units in LMI census tracts are rental. Therefore, lending opportunities are somewhat limited in these areas.

Table 3 illustrates the bank’s lending to LMI individuals. During this evaluation period, 27% of FUHEB loans were made to LMI borrowers. This lending activity is good as 31% of the population is designated as LMI.

<b>Table 3 - HMDA RESIDENTIAL LENDING by Income Level of Applicant - 1995 and 1996 (Mecklenburg County)</b>			
<b>Applicant Income Level:</b>	<b>% Families</b>	<b>% of Loans #</b>	<b>% of Loans \$(000s)</b>
Low	16%	13%	10%
Moderate	15	14	13
Middle	23	26	23
Upper	46	39	45
Total	100%	92%*	91%*

\*Percentages do not equal 100. Income information was not available on all applicants.

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

- **FUHEB has a satisfactory record of opening and closing offices.**

During this evaluation period, FUHEB closed one of two loan production offices in Charlotte. Closure of that office did not have a significant impact upon the community since the bank works, almost exclusively, through third parties to reach consumers.

FUHEB continues to operate two offices in Charlotte, a main office and a loan production office. The bank’s loan products are offered in all segments of the Mecklenburg County community.

Note: The bank’s charter does not allow it to take consumer deposits.

22559

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

FUHEB solicits applications from all segments of its delineated community, including LMI areas. First Union and FUHEB have developed programs to ensure compliance with fair lending laws and provide equal access to credit. The bank has formed management committees to oversee fair lending initiatives.

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.

First Union 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

22559

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 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 represented American Indian, African American, and Hispanic applicants, selected for purposes of comparison.

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. While automobile lending is not directly applicable to FUHEB, this type of lending is related to First Union activity in Mecklenburg County.

## V. COMMUNITY DEVELOPMENT

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

- o FUHEB has taken steps, including those that leverage from the FUNB-NC affiliate, to become aware of development and redevelopment programs within its Mecklenburg County community.**
- o The bank has also participated in some community programs.**

During 1996, FUHEB invested \$8 thousand in three Community Development Corporations (CDCs). These CDCs in Mecklenburg County were: Belmont CDC, Northwest Corridor CDC, and Reid Park CDC. FUHEB funds were provided to help with the marketing of bank products. These CDCs provide credit counseling and other financial services to individuals who reside in LMI neighborhoods.

The bank has made contributions, totaling about one thousand dollars, which help address other needs in the community. These contributions were provided to help fund the operations of a school and an emergency housing facility.

22559

**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.**

- o FUHEB has initiated actions to identify projects that promote economic revitalization and growth in the community, consistent with its size, financial capacity, location, and current local conditions.**

FUHEB is financially capable of helping to meet the credit needs in its delineated community. The bank demonstrates actions that help respond to community credit needs and, at the same time, comply with the guidelines of its charter.

**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.**

- o The bank portrays a willingness to explore other activities that allow it to help meet community credit needs which may not be covered in other performance categories.**

FUHEB has used the needs ascertainment process as one means to identify other options for consideration. We have attempted to address the activities by FUHEB in the other sections of this CRA Performance Evaluation. We also recognize that the FUNB-NC affiliate serves Mecklenburg County; therefore, we encourage readers to refer to that bank's most recent CRA Performance Evaluation (dated May 31, 1997).

## ADDITIONAL INFORMATION

### **Corporate and Local CRA Programs**

FUHEB 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. Since several aspects of the bank's CRA activities have been influenced by the parent company, the remainder of this section summarizes basic components of the corporate CRA 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 is designed to provide overall guidance to the Corporation, its Directors, management and all employees. It helps to continually renew the First Union dedication and commitment to serve credit needs of all communities. Administration of the policy remains a corporate-wide responsibility under the overall direction of the Board of Directors for First Union and each bank.

#### **CRA Organization Structure**

The Board of Directors has 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 Board of Directors. The Vice Chairman of the corporation chairs the committee which includes executive officers from major departments 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.

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



**22559**

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 CRA committee to implement the policy in each state or bank. The state coordinators receive support from the various local area coordinators that may be part of the organization structure.

**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.

**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 (no longer required with the latest regulatory revision) and the local community delineations. The Board also approves the CRA plan which contains policies and procedures for implementing CRA.

**CRA Plans**

The bank updates the formal CRA Plan that directs its CRA activities and includes changes to reflect the revised regulation. The plan serves to affirm the company's commitment to help meet the needs of low- and moderate-income individuals in communities serviced by the First Union banking operations. The plan also highlights the overall process to implement the Community Reinvestment Policy.

**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 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**

Board of Directors and senior management have actively 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.

**22559**

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 is in process of being updated to reflect regulatory revisions; it 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.