

PUBLIC DISCLOSURE

April 29, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Centura Bank

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Rocky Mount, North Carolina

Federal Reserve Bank of Richmond

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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 Centura Bank, Rocky Mount, North Carolina prepared by the Federal Reserve Bank of Richmond, 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 April 29, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with 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 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.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

This institution is rated Satisfactory based on the findings presented below.

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.

Conclusion/Support

The bank continues to maintain ongoing meaningful contact with a full range of individuals and groups. Primarily, outreach is conducted through a formal call program involving city executives and lending personnel from each community who gather information concerning the local credit needs. Group market managers or financial service officers (FSOs) are also responsible for outreach and needs assessment in each of the communities for which they are responsible. The FSOs are assisted by community enrichment specialists who are appointed by the bank's community enrichment officer. This officer is responsible for identifying and developing various community development projects and improving relationships with the minority community.

During 1995, 602 outreach calls were documented throughout the local communities which included 47 calls to local government, 178 calls to realtors, 231 calls to minority businesses or organizations, and 146 calls to nonprofit organizations. Organizations and businesses contacted on a regular basis to assess credit needs include chambers of commerce, economic development committees, governmental boards and committees including local housing authorities, planning and community development departments, city and town managers, county commissioners, builders, realtors and developers, churches, housing and community organizations and other civic and social organizations.

The organizations contacted appear to represent a wide range of interests and are considered valuable in ascertaining area credit needs and promoting bank services. These contacts have resulted in productive relationships with financial intermediaries resulting in public/private partnership 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.

Conclusion/Support

Despite continued growth and entry into new markets, its CRA program structure has allowed for the bank to adapt its efforts to respond to the credit needs of diverse communities in North Carolina. Personnel throughout the institution have received CRA training conducted by the CRA and community enrichment officers. These officers represent the corporation at many seminars and have attended numerous conferences to insure that the institution remains informed on current CRA issues.

A Public Policy/CRA Committee, consisting of directors and senior management, meets quarterly to oversee the development of Centura's CRA goals and review CRA activities. The Public Policy/CRA Committee and the CRA officer report to the board of directors on a regular basis. Additionally, local advisory boards meet quarterly to aid management in determining the needs of the community.

To assess the bank's record of meeting its CRA responsibilities, a comprehensive internal audit of the CRA program is regularly conducted and an annual self-evaluation is performed by the CRA officer. Results from the audit and self-evaluation are considered in the development of the annual Community Enrichment Plan. Marketing, investment, and contribution components are all included in the plan. The results of the activities implemented under the CRA program are incorporated annually into expanded CRA Statements adopted by the board of directors.

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.

Conclusion/Support

The marketing program is directed from the corporate level. Each local community has a discretionary advertising budget and is responsible for promoting products contained in an approved advertising package. Media sources used to promote financial services throughout the bank's market include: local newspapers, radio, service publications, direct mail, and statement stuffers. Marketing efforts also incorporate extensive use of media directed towards predominately minority audiences.

In addition to institutional advertisements, specific credit products have been extensively marketed including the Affordable Housing Loan program. Other services including Home Equity Lines of Credit, Home Conversion Mortgages, Small Business Administration (SBA) loans and "Simple Checking," a low-cost deposit program, have been advertised on a limited basis. A loan officer from the Rocky Mount area continues to participate in a weekly educational radio show, "Spotlight on Finance," and has discussed such topics as credit counseling, reverse mortgages, Small Business Administration loan programs, and residential mortgage loans. This radio station is targeted to a predominately minority audience.

Conclusion/Support--contd.

Information has been obtained from a geographic market analysis company that details the demographics of each of the communities served by the bank. These data are shared with local and senior management as a tool for formulating products and marketing strategies and to identify potential markets for specific products and services. The marketing department also employs the services of

an advertising agency to develop publicity for major promotions and campaigns.

As previously mentioned, outreach efforts, as well as the ongoing business call program, also serve as valuable marketing tools. Furthermore, bank officers provide technical assistance and guidance to various nonprofit community organizations and schools throughout the local communities to assist in the promotion of bank services. In particular, management has developed the Centura Home Buyer's Program through which seminars are conducted that explain various aspects of home ownership.

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.

Conclusion/Support

As identified in the CRA Statement approved on March 25, 1996, a variety of credit products is offered including residential mortgages, residential construction, home improvement, small business, commercial, consumer, agricultural, and community development loans. The products offered are considered responsive to the significant credit needs within the various communities and all types have been extended.

To monitor its success in serving the credit needs of low- and moderate-income persons in the communities served, the bank records consumer loans to borrowers with incomes below 80% of the median for a county or Metropolitan Statistical Area (MSA) as appropriate. During 1995, approximately 11,779 consumer loans were made to low- and moderate-income individuals totaling over \$127.2 million.

Meeting the need for mortgage credit throughout its communities is a principal bank undertaking. The table below depicts the volume of residential mortgage applications and lending in each of the portions of the MSA's served by the bank for 1994 and 1995. Lending in these markets represented a significant part, though not a majority, of the institution's total mortgage lending. In 1995, for example, 2,653 (40%) of the 6,636 mortgage loans reported were in these delineated communities. The total dollar volume of lending in these markets increased from \$194 million in 1994 to \$197 million in 1995, increasing slightly in some metropolitan areas and decreasing somewhat in others.

Conclusion/Support--contd.

Residential Mortgage Lending

	<u>1994</u>			<u>1995</u>		
	<u>#Appl.</u>	<u>#Orig.</u>	<u>\$(000)</u>	<u>#Appl.</u>	<u>#Orig.</u>	<u>\$(000)</u>
<u>Asheville MSA</u>						
Home Purchase	26	21	1,623	53	52	4,313
Refinance	18	12	1,139	43	41	3,420
Home Improvement	<u>2</u>	<u>0</u>	<u>000</u>	<u>2</u>	<u>2</u>	<u>8</u>
Total Mortgages	<u>46</u>	<u>33</u>	<u>2,762</u>	<u>98</u>	<u>95</u>	<u>7,741</u>
<u>Charlotte MSA</u>						
Home Purchase	133	85	9,306	123	99	13,981
Refinance	17	13	759	34	25	3,654
Home Improvement	<u>2</u>	<u>0</u>	<u>000</u>	<u>2</u>	<u>0</u>	<u>000</u>
Total Mortgages	<u>152</u>	<u>98</u>	<u>10,065</u>	<u>159</u>	<u>124</u>	<u>17,635</u>
<u>Fayetteville MSA</u>						
Home Purchase	105	89	7,460	79	65	4,854
Refinance	116	82	5,118	85	64	4,727
Home Improvement	<u>19</u>	<u>12</u>	<u>278</u>	<u>36</u>	<u>29</u>	<u>387</u>
Total Mortgages	<u>240</u>	<u>183</u>	<u>12,856</u>	<u>200</u>	<u>158</u>	<u>9,968</u>
<u>Goldsboro MSA</u>						
Home Purchase	36	30	2,558	30	23	1,738
Refinance	17	11	500	8	3	300
Home Improvement	<u>1</u>	<u>0</u>	<u>000</u>	<u>2</u>	<u>2</u>	<u>6</u>
Total Mortgages	<u>54</u>	<u>41</u>	<u>3,058</u>	<u>40</u>	<u>28</u>	<u>2,044</u>
<u>Greensboro MSA</u>						
Home Purchase	203	176	16,262	250	215	21,132
Refinance	124	102	7,585	129	104	7,486
Home Improvement	<u>7</u>	<u>4</u>	<u>246</u>	<u>27</u>	<u>22</u>	<u>196</u>
Total Mortgages	<u>334</u>	<u>282</u>	<u>24,093</u>	<u>406</u>	<u>341</u>	<u>28,814</u>
<u>Greenville MSA</u>						
Home Purchase	104	92	7,110	95	88	6,781
Refinance	32	31	2,032	17	13	871
Home Improvement	<u>14</u>	<u>9</u>	<u>312</u>	<u>25</u>	<u>22</u>	<u>177</u>
Total Mortgages	<u>150</u>	<u>132</u>	<u>9,454</u>	<u>137</u>	<u>123</u>	<u>7,829</u>

Conclusion/Support--contd.

Residential Mortgage Lending

Hickory MSA

Home Purchase	17	17	876	42	30	1,639
Refinance	33	27	1,126	19	12	768
Home Improvement	<u>7</u>	<u>4</u>	<u>85</u>	<u>7</u>	<u>6</u>	<u>113</u>
Total Mortgages	<u>57</u>	<u>48</u>	<u>2,087</u>	<u>68</u>	<u>48</u>	<u>2,520</u>

Jacksonville MSA

Home Purchase	59	46	3,176	92	68	5,626
Refinance	44	31	1,747	36	24	1,669
Home Improvement	<u>6</u>	<u>2</u>	<u>52</u>	<u>9</u>	<u>6</u>	<u>110</u>
Total Mortgages	<u>109</u>	<u>79</u>	<u>4,975</u>	<u>137</u>	<u>98</u>	<u>7,405</u>

Raleigh MSA

Home Purchase	430	373	40,168	593	498	57,716
Refinance	275	236	21,904	262	230	21,835
Home Improvement	<u>44</u>	<u>27</u>	<u>944</u>	<u>61</u>	<u>46</u>	<u>675</u>
Total Mortgages	<u>749</u>	<u>636</u>	<u>63,016</u>	<u>916</u>	<u>774</u>	<u>80,226</u>

Rocky Mount MSA

Home Purchase	265	248	19,029	201	174	12,153
Refinance	148	134	9,760	97	89	5,632
Home Improvement	<u>41</u>	<u>31</u>	<u>1,544</u>	<u>90</u>	<u>78</u>	<u>990</u>
Total Mortgages	<u>454</u>	<u>413</u>	<u>30,333</u>	<u>388</u>	<u>341</u>	<u>18,775</u>

Wilmington MSA

Home Purchase	209	183	23,797	153	129	14,912
Refinance	91	70	7,393	64	55	6,615
Home Improvement	<u>13</u>	<u>10</u>	<u>649</u>	<u>17</u>	<u>15</u>	<u>694</u>
Total Mortgages	<u>313</u>	<u>263</u>	<u>31,839</u>	<u>234</u>	<u>199</u>	<u>22,221</u>

The slight increase in the dollar volume of lending in metropolitan markets has generally been accompanied by modest decreases in the number of applications received from low- and moderate-income applicants. The table below shows the percentage of applications from such borrowers for both 1994 and 1995.

Conclusion/Support--contd.

Percentage of Low- and Moderate-Income Applicants

MSA	1994	1995
Asheville	28%	23%
Charlotte	34%	18%
Fayetteville	22%	17%
Goldsboro	20%	19%
Greensboro	30%	27%
Greenville	32%	29%
Hickory	40%	31%
Jacksonville	27%	17%
Raleigh	34%	31%
Rocky Mount	22%	22%
Wilmington	31%	20%

Overall, the percentage to total applications within these metropolitan markets received by the bank from low- and moderate-income individuals during 1995 was 25% compared to 29% in 1994.

A majority of the mortgage loans originated by the bank are sold in the secondary market to maintain funds for future mortgage lending. The bank's 1994 and 1995 loan sales totaled approximately \$254 million and \$407 million, respectively.

Some borrowers that cannot qualify for loans that meet the underwriting criteria for secondary market sale may qualify for Centura's Affordable Housing Program (AHP). This program offers home purchase loans with up to 97% financing to families whose income does not exceed 80% of the county median income. Many of the borrowers under this program do not have the required down payment or meet the ratio requirements of secondary market loan programs. Loans originated under this program are maintained in the loan portfolio for at least one year, at which time the loan can possibly be sold at a discount. In 1995, the bank closed 118 AHP loans totaling \$6.5 million. To date, the Bank has closed loans under this program in excess of \$20 million. Additionally, an agreement is in place to purchase loans that conform to the bank's AHP standards originated by Mechanics and Farmers Bank, a minority-owned institution in Durham, North Carolina. These loans totaled \$369,825 in 1995.

Conclusion/Support--contd.

Forty-nine reverse mortgage loans totaling \$2.0 million were originated in 1995. The Federal National Mortgage Association and the U. S. Department of Housing and Urban Development (HUD) have approved in North Carolina only Centura and four other lenders to offer "Home Equity Conversion Mortgages." These loans are available to homeowners who are at least 62 years old and who desire to borrow against the equity in their home to create a source of income. This program has been advertised extensively in newspapers, radio, and television throughout North Carolina.

Business credit is also available. In 1995, the bank originated 4,338 commercial loans to small businesses for over \$247 million. Included in the commercial funding were 160 loans totaling more than \$18 million relating to low-and moderate-income housing and 758 loans totaling over \$39 million to farmers. The bank also originated 104 loans totaling \$11.8 million to nonprofit organizations in 1995. A line of credit remains outstanding to a

minority-owned finance company in Charlotte that extends low- and moderate-income individuals financing for consumer loans.

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

Conclusion/Support

Loans guaranteed by the Small Business Administration (SBA) are routinely originated. In 1995, Centura made 90 SBA loans totaling more than \$13 million and was recognized as the number one SBA lender in North Carolina. This lending represents a 450% increase since 1993 in the number of such loans extended.

Mortgage personnel, during 1995, continued to conduct numerous educational seminars regarding the availability and terms for affordable housing programs offered in the bank's communities. Loans insured or guaranteed by the Federal Housing Administration (FHA), the Veterans Administration (VA), and the Rural Housing and Community Development Service (formerly the Farmers Home Administration (FmHA)) are available through the institution. Additionally, a number of such loans have been purchased by Centura. These mortgage programs generally offer some combination of less stringent down payment requirements, more flexible debt ratios, or lower interest rates. In addition, the bank is involved in several programs offered by the North Carolina Housing Finance Authority (NCHFA) for low- and moderate-income residents, particularly the mortgage revenue bond program and the Mortgage Credit Certificate (MCC) program. Below is a table depicting the bank's volume of Government-sponsored loans, originated and purchased, during 1995. Many of these loans are included in the previous table depicting total mortgage volume in metropolitan markets.

Conclusion/Support--contd.

Affordable Housing Loans for 1995

	#	\$(000)
NCHFA (Revenue Bonds)	101	6,000
NCHFA (MCC)	41	2,668
FmHA/VA/FHA - purchase money only	733	54,431
VA (Bank Purchased)	401	34,364
FHA (Bank Purchased)	160	10,944

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

Conclusion/Support

Fifty-seven local communities listed below have been delineated; they include the following whole counties and cities within North Carolina as indicated:

Ashe - West Jefferson
Avery - Newland
Bertie - Colerain
Buncombe - Candler, Asheville, Weaverville
Carteret - Morehead City, Atlantic Beach, Cape Carteret
Chowan - Edenton
Cleveland - Shelby
Craven - New Bern
Cumberland - Fayetteville/Spring Lake
Dare - Manteo, Buxton, Duck, Kitty Hawk, Nags Head
Durham - Durham
Edgecombe - Rocky Mount, Tarboro, and Pinetops
Forsyth - Winston-Salem, Kernersville
Gates - Hobbsville
Granville - Oxford
Guilford - Greensboro
Halifax - Enfield and Roanoke Rapids
Harnett - Anderson Creek, Lillington
Henderson - Hendersonville
Hertford - Murfreesboro, Ahoskie, Harrellsville
Johnston - Smithfield, Clayton
Lee - Broadway and Sanford
Macon - Franklin and Highlands
Mecklenburg - Charlotte
Moore - Carthage, Pinehurst, Southern Pines
Nash - Rocky Mount and Nashville
New Hanover - Wilmington, Wrightsville Beach
Northampton - Jackson, Woodland, Rich Square, and Gaston
Onslow - Jacksonville

Conclusion/Support--contd.

Orange - Chapel Hill, Carrboro
Pasquotank - Elizabeth City
Perquimans - Hertford
Pitt - Greenville and Ayden
Randolph - Asheboro, Archdale
Richmond - Hamlet
Rutherford - Rutherfordton and Forest City
Scotland - Laurinburg
Transylvania - Brevard and Lake Toxaway
Vance - Henderson
Wake - Raleigh, Cary, and Zebulon
Warren - Norlina
Watauga - Boone
Wilson - Wilson
City of Canton
City of Cashiers
Cities of Granite Falls/Hudson
Cities of Pilot Mountain/Mount Airy
City of Siler City
City of Plymouth
City of Goldsboro
City of Hampstead
City of Kinston
City of Statesville
City of Lumberton
City of Spruce Pine
City of Bakersville
City of Burnsville

Modifications have been made to several of the delineated communities since the previous evaluation based on the bank's analysis of its geocoding information. Each of these delineations meets the purpose of the regulation and does not exclude low- and moderate-income neighborhoods.

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

Conclusion/Support

Management retains an outside firm to compile data about the geographic distribution of all outstanding loan and deposit activity as well as adverse action information for major product types. This information is integrated with demographic characteristics, based on the 1990 census, of each of the communities served by the bank. Management reviews this compilation of data to ascertain whether all segments of the delineated communities are being reasonably served and to identify potential markets for specific products and services. This geocoding analysis, along with a peer group analysis utilizing loans reported as required by the Home Mortgage Disclosure Act (HMDA), is conducted on an annual basis.

Conclusion/Support--contd.

The bank's 1994 and 1995 HMDA information was reviewed during the examination to determine penetration into low- and moderate-income portions of the delineated MSA communities. The following table compares 1994 and 1995 applications received to several factors used to approximate the level of demand for mortgage credit in these geographic regions, including population and owner-occupied units. For 1994, the total of all HMDA reported applications in these census tracts is reported. These data are not currently available for 1995. It should be noted that less than 100 applications each were received from the Asheville and Goldsboro MSAs for both years. There are no low- and moderate-income census tracts in the Hickory MSA and it is not included.

**Characteristics of and Application
Activity in Low- and Moderate-Income Census Tracts**

MSA	Population	Owner-Occupied Units	Applications		
			1994		1995
			Aggregate	Bank	Bank
Asheville	14%	9.8%	15.5%	17.4%	4.9%
Charlotte	20%	11.2%	9.9%	4.8%	6.6%
Fayetteville	28%	11.0%	14.30%	13.2%	16.1%
Goldsboro	18%	16.1%	14.0%	6.2%	19.6%
Greensboro	18%	11.1%	12.4%	6.3%	10.1%
Greenville	28%	21.9%	20.1%	12.0%	20.0%
Jacksonville	11%	3.5%	5.0%	1.5%	2.1%
Raleigh	27%	19.7%	15.6%	22.6%	24.3%
Rocky Mount	15%	11.5%	13.9%	9.0%	8.7%
Wilmington	24%	16.8%	14.9%	8.3%	10.4%

For 1994, the proportion of mortgage applications that the bank received from low- and moderate-income census tracts was less than percentage of aggregate applications received from such tracts in all but Asheville and Raleigh. Additionally, only in Fayetteville, for both 1994 and 1995, and Goldsboro, in 1995, did the bank's proportion of applications from low- and moderate-income tracts exceed the percentage of population or owner-occupied units in such tracts. The proportion of loans from low- and moderate-income tracts did increase in all but two MSAs from 1994 to 1995. Overall, the percentage of total applications within these metropolitan markets received from low- and moderate-income census tracts during 1995 increased slightly to 14% compared to 12% in 1994.

The following charts show the total loan applications received from low- and moderate-income (L-M) census tracts, the origination rates, and the amount approved with in such tracts in the portions of the MSAs delineated by Centura Bank during 1994 and 1995. The overall origination rates for HMDA loans reported by the bank were 81% during 1994 and 82% for 1995.

Conclusion/Support--contd.

Origination Rates in Low- and Moderate-Income Tracts

Asheville MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	8	5	63%	400
1995	5	4	80%	366

Charlotte MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	13	6	46%	354
1995	11	8	73%	560

Fayetteville MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	41	26	63%	1,270
1995	38	33	87%	1,135

Goldsboro MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	5	2	40%	121
1995	8	5	63%	148

Greensboro MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	24	21	88%	1,450
1995	48	39	81%	2,046

Greenville MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	23	14	61%	891
1995	32	28	88%	988

Jacksonville MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	3	2	67%	67
1995	5	3	60%	125

Raleigh MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	189	144	76%	10,098
1995	255	211	83%	15,015

Rocky Mount MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	49	41	84%	1,643
1995	39	30	77%	816

Conclusion/Support--contd.

Origination Rates in Low- and Moderate-Income Tracts--contd.

Wilmington MSA

	<u># Applications</u>	<u># Originated</u>	<u>Rate</u>	<u>\$(000)</u>
1994	34	21	62%	2,007
1995	28	23	82%	1,175

Origination rates fluctuated modestly from 1994 to 1995 and were often lower than the overall origination rates, although generally higher in 1995. The success in serving low- and moderate-income areas, relative to other markets, can be observed through analysis of market share. Following is a comparison of the bank's 1994 market share of home purchase and refinance mortgage loan originations, according to census tract income level, in these delineated MSA communities. The bank did not originate a significant number of home improvement loans in most of its markets and this lending has not been included. Because aggregate HMDA data for 1995 was not available at this examination, market share for this year could not be computed. Only markets in which the bank accounted for at least one percent of originations for either tract category are included.

Percent of Market Share by Income Level of Census Tract

MSA	Income Level of Tracts	Market Share
Fayetteville	Low- and Moderate	3.33%
	Non-Low- and Moderate	3.22%
Goldsboro	Low- and Moderate	2.67%
	Non-Low- and Moderate	8.42%
Greensboro	Low- and Moderate	1.13%
	Non-Low- and Moderate	1.65%
Greenville	Low- and Moderate	3.32%
	Non-Low- and Moderate	6.87%
Jacksonville	Low- and Moderate	0.87%
	Non-Low- and Moderate	5.11%
Rocky Mount	Low- and Moderate	15.58%
	Non-Low- and Moderate	19.79%
Raleigh	Low- and Moderate	3.87%
	Non-Low- and Moderate	2.17%
Wilmington	Low- and Moderate	3.70%
	Non-Low- and Moderate	6.80%

Conclusion/Support--contd.

Generally, the bank's market share is somewhat higher in non-low- and moderate-income tracts. Of the four MSAs evidencing the greatest disparities, Greenville, Goldsboro, Jacksonville, and Wilmington, the bank extended less than 150 total loans in each except for Wilmington. The small number of originations in these markets may have exacerbated the disparities in the ratios.

The HMDA analyses described, a review of recently accepted and denied credit applications for other types of loans, and the bank's geographic distribution analysis revealed that a majority of applications were from residents within the local communities. These data further demonstrate a reasonable penetration of various loan products into all segments of the delineated communities.

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

Conclusion/Support

Centura Bank has a branch network of 154 offices throughout the State of North Carolina. The maps in the Appendix depict the locations of the bank's branches. Thirty of the metropolitan branch offices are located in low- and moderate-income census tracts. Many other offices, while not in such tracts or neighborhoods, are accessible to residents of these areas. Regardless of location, the institution's hours of operation are considered convenient and offices are reasonably accessible to all segments of the bank's communities.

Since the previous CRA evaluation, ten new branches were obtained through acquisitions, ten branches were closed and consolidated into other Centura Bank locations, six branch locations were sold to other lending institutions, six branches were opened and one office was closed. Due to the close proximity of other offices, there appears to be no loss of service experienced by bank customers in connection with the branches that were either consolidated or closed. All closing were consistent with the institution's formal branch closing policy adopted as required by the Federal Deposit Insurance Corporation Improvement Act of 1991. The policy additionally incorporates elements the Board of Governors of the Federal Reserve System considers responsive to the bank's CRA obligations.

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).

Conclusion/Support

The minority population for the communities delineated by Centura range from a low of 2.1% to a high of 42.6%. The 1994 and 1995 HMDA information indicated that the percentage of applications from minorities (in MSA delineations) was consistently

Conclusion/Support--contd.

below both their representation in the population and, for 1994, the proportion of lending to minorities reflected in the aggregate HMDA data. Exceptions were the Charlotte and Jacksonville MSAs in 1994 and, for population only, the Goldsboro and Jacksonville MSAs in 1995.

As previously noted, marketing efforts have included regular calls on minority individuals and businesses and the development of relationships with community development organizations that serve predominantly minority areas. Fair lending efforts undertaken by management include training for all bank employees regarding fair lending laws and regulations. Also, various self-testing methods are employed to insure the equal application of credit standards. Some second party reviews are conducted, and credit counseling is also provided to potential mortgage applicants through seminars and housing fairs. More flexibility continues to be incorporated into underwriting criteria regarding work history and income, debt-to-income ratios, and credit history. The policies and procedures supporting nondiscrimination in lending and credit activities are considered adequate.

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

Conclusion/Support

The table below depicts the number and types of loans reviewed as part of the examination for fair lending. Accepted and denied loan applicants from March 1996 were compared to determine consistent application of loan criteria. Information on applicant race is generally not available for these loans as the majority are not subject to the collection of Government monitoring information.

Fair Lending File Review by Loan Type

	<u>Male</u>	<u>Female</u>	<u>Joint</u>	<u>Total</u>
Instalment:				
Accepted	11	7	9	27
Denied	12	9	4	25
Single Payment:				
Accepted	8	5	3	16
Denied	1	0	0	1
Real Estate:				
Accepted	0	1	10	11
Denied	2	3	5	10
Open-end Credit:				
Accepted	2	1	3	6
Denied	9	7	4	20
Business				
Accepted	-	-	6	6
Denied	-	-	0	0
Total:				
Accepted	21	14	31	66
Denied	24	19	13	56

Conclusion/Support--contd.

In conjunction with the comparison of these files, a review of credit policies and application procedures was conducted. In addition, 15 branch managers were interviewed regarding procedures for taking and processing credit applications. No discriminatory practices were identified; however, violations of the technical

aspects of the Home Mortgage Disclosure Act and the Equal Credit Opportunity Act were noted. Corrective procedures for the violations were instituted by management during the examination.

Information from the bank's Loan Application Registers (LARs) for 1994 and 1995 was used to specifically conduct an analysis of mortgage lending since information regarding race is reported for these loans. The HMDA data evidence denial rates for minorities that exceed those for white applicants; the ratios demonstrated a slight increase for 1995, increasing from 2.8 to 1 for 1994 to 3.3 to 1. Using information about applicant income and loan amount reported on the LARS, matched pairs of accepted white applicants and denied minority applicants were selected and compared to evaluate consistency of the bank's credit decision process.

Based on the review of 30 files, the overall denial rates appear to have been caused by economic and/or credit-related factors that prevented many applicants from meeting the underwriting requirements of the bank and/or secondary market. As previously stated, the bank's own policies and procedures supporting nondiscrimination in lending and credit activities are considered adequate. The majority of the loans originated by the institution are sold in the secondary market and are subject to guidelines for the underwriting issued by the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. The specific underwriting criteria are too extensive and complex to include in this report. Some of the underwriting factors considered include: information concerning the applicant's credit history, ability to repay the debt, loan-to-value ratio, and length of employment. Denials were the result of applicant weaknesses and decisions appeared consistent with bank and/or secondary market guidelines.

V. COMMUNITY DEVELOPMENT

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

Conclusion/Support

The various communities served by the bank throughout the State of North Carolina have a diverse range of credit needs. Through its outreach efforts, the bank is aware of community development and redevelopment programs within its local communities and appears willing to participate in such programs. Good working relationships have been developed with many Government and local private-sector representatives to identify opportunities for the bank's involvement in addressing community development needs.

Conclusion/Support--contd.

Centura's participation in various projects has been in form of direct lending, investments, donations, and technical assistance. The following is a summary of some of the special programs and activities that demonstrate the bank's involvement and commitment to each of its communities. While the summary is not a complete listing of activities in which the bank is involved, it is representative of the types of community development projects to which bank resources have been devoted.

Centura continues to participate in the Community Investment Corporation of North Carolina (CIC-NC), an affordable housing consortium whose purpose is to provide long-term financing for the development of low-income housing. Centura committed \$351,000 in 1994 and an additional \$280,000 in 1995 to this organization. Centura has committed over \$2.0 million since joining the consortium

in 1993, which amounts to approximately 55% of the total committed by CIC-NC members. Since its incorporation in 1990, CIC-NC has provided over \$47 million for fifty-two developments. Approximately one-third of the units house the elderly. Through CIC-NC, the bank has invested in several low-income housing projects within its delineated community since joining the consortium including:

Deer Run Apartments, Warrenton
Lovett Square Apartment, Durham
Carolina Terrace Apartment, Raleigh
Carmel Ridge Development, Henderson
Walnut Woods Apartments, Raleigh
Willow Pond Apartments, Wilmington
Brewer Street Apartments, Raleigh

Centura Bank uses the North Carolina Housing Finance Agency as its primary source of funds for originating loans to low- and moderate-income borrowers. The institution has consistently been one of the largest producers of loans under this program. The Bank continues its active participation in the agency's Mortgage Revenue Bond Program and the Mortgage Credit Certificate Program (MCC) which entitles qualified first-time home buyers to a Federal income tax credit of their annual mortgage interest. Various loan products mentioned previously, including the Affordable Housing Program loan product and a Home Equity Conversion Mortgage (HECM), have also been developed to help meet credit needs in the delineated communities.

The Bank continues to take a leadership role in providing financial support and technical assistance to the Rocky Mount/Edgecombe Community Development Corporation(RMECDC). Centura, as a limited partner, invested in RMECDC's Washington Street Project. Completed in 1994, the project provided retail space, low-income housing for the elderly, and office space for community and social service organizations. Currently, the RMECDC is developing the Heritage Park affordable housing subdivision, as well as rehabilitating the Bassett School to become housing for the elderly. The bank has also supported the work of the North Carolina Association of Community Development Corporations by providing funds for operating expenses

Conclusion/Support--contd.

and a revolving loan pool. This organization's purpose is to stimulate economic development in distressed and underdeveloped neighborhoods throughout North Carolina.

Direct lending continues to be a major vehicle for community reinvestment by the bank and includes outstanding loan commitments for a number of residential projects for either low- and moderate-income areas or made in conjunction with Federal, State, or local loan programs. In particular, the bank continues its involvement in the Wilmington Home Ownership Pool Program in conjunction with the City of Wilmington, 14 local lending institutions, and Wilmington Housing, Finance, and Development, Inc. The purpose of this program is to help people purchase homes in established neighborhoods of the city by providing low-interest loans. In Winston-Salem, the bank continues to participate in the Tandem Loan Program with 12 other financial institutions. Through this program, a loan pool is used to provide funds for rehabilitating homes in low-income neighborhoods in the city. Other lending activities that address low- and moderate-income housing needs include the following:

Raleigh - Construction financing for an affordable housing project being developed by Carolina Community Development Corporation consisting of six buildings with a total of 48 two- and three-bedroom units.

Henderson - Construction loan for affordable housing in

Spring Meadows Subdivision.

Durham - Construction financing as well as the permanent financing will be provided for the development of an affordable housing project located in Old North Five Points. Project goals are to make housing available to low-income households by constructing six new single family homes.

Fayetteville - Loan to construct 12 low-income single-family houses located in the Fairley Estate Sub Division.

Sanford - Financing to construct the Apple Tree Apartment complex, a 40-unit affordable housing project.

Additionally, Centura has invested \$1 million in the North Carolina Equity Fund. The fund is used to develop multi-family rental housing for low-income families by taking advantage of Federal Low-Income Housing Tax Credits.

Several small business assistance programs receive support from Centura. The bank participates in the North Carolina Rural Initiative Program, created by the State to stimulate the development of businesses in rural communities. Centura also supports a program established in conjunction with the Rural Economic Development Center called the Carolina Capital Access Program. Under this program, Centura, along with several other lenders, provides loans to small businesses that would not qualify

Conclusion/Support--contd.

for credit using customary lending standards. The bank is also funding a program called MicroLoans (\$100,000 as of July, 1995). These loans help to establish businesses through the small business incubator located in Wilmington, North Carolina. A maximum loan of \$5,000 will be made available to small or start-up businesses, with an emphasis placed on woman and minority-owned businesses. Currently, four loans have been funded under this program, and the bank is processing a fifth.

In conjunction with the Rural Economic Development Center of North Carolina, the bank continues its participation in the Rural Day Care Guarantee Fund, which was established to help insure that adequate child care is available in rural areas. The fund provides a partial loan guarantee to qualified child care providers who are starting or expanding a child care operation. To date, Centura has guaranteed six loans totaling \$240,000 under this program.

The Bank maintains its participation in a consortium of lending institutions in the Charlotte area called the City Within a City Loan/Equity Pool. The Pool is designed to create jobs in a 60-square mile area around Uptown. Under this program, 80% of the total financing is originated by the lending institutions and the remainder comes from a city fund. The loans provided by the city are interest free and the bank loans are priced at prime rate plus 1%. The institution recently closed two loans through this program.

Other lending activities that promote economic revitalization and growth have included the following:

Chapel Hill - Loan to construct a new child care center facility in Chapel Hill. The facility is a nonprofit organization operating on a church premises.

Greensboro - A participation loan to finance the Greensboro Business Center, a small business incubator. The incubator houses over 20 small businesses that use the incubator for

a home during their early stages of growth and existence.

Morehead City - A rehabilitation loan for a local downtown restaurant. The loan enabled an experienced restaurant operator to purchase the restaurant, improve the building, and retain 28 jobs.

Local governments throughout the State are supported through investments from Centura as evidenced by the \$42.0 million in local bond issues presently in the bank's portfolio.

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

Conclusion/Support

Centura Bank has provided support for projects promoting economic growth consistent with its size, financial capacity, current local conditions, and location. The bank has 154 offices throughout the State of North Carolina. These branches serve diverse communities ranging from rural to urban areas and include 11 Metropolitan Statistical Areas (MSAs) in North Carolina. The minority populations within the eleven MSAs vary from a high of 42.6% (Rocky Mount and Goldsboro) to a low of 2.1% in the Hickory MSA. Throughout the bank's communities, employment is provided by a wide range of industry including agriculture, forestry products, textiles, furniture, chemicals, education, and printing. Government agencies, including military facilities, afford additional employment opportunities. North Carolina's current unemployment rate is 4.4% compared with the national average of 5.6%.

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

Conclusion/Support

The bank also provides donations as well as human resources to a variety of community organizations. Time and financial resources have been donated to the North Carolina Association of Minority Businesses. This group acts as a trade association and advocate for minority businesses across North Carolina. Centura was a sponsor and participant in a conference that conducted workshops to assist small businesses. The workshops addressed government contract opportunities and financing for small businesses. Other contributions which have benefited low-income housing or economic revitalization in various communities throughout the State and include: Habitat for Humanity, Downtown Durham, Consumer Credit Counseling, and the Fayetteville Minority Business Development Center. Additionally, bank personnel have made numerous presentations to local schools and community organizations on credit related products and procedures.

Appendix

Map A	Centura Bank Delineated Communities with Branch Totals in Non MSA Areas
Map B	North Carolina Counties and Centura Bank Branch Locations - West
Map C	North Carolina Counties and Centura Bank Branch Locations - Central
Map D	North Carolina Counties and Centura Bank Branch Locations - East

Regression Program Usage Report

(This form should be filled out for each examination conducted involving a HMDA reporter.)

Institution Name: Centura Bank

City, ST: Rocky Mount, North Carolina

Exam Date: April 29, 1996

Number of HMDA LAR records

Year(s) of data considered: 1995

	FHA, VA, & FmHA HOME Purchase	Conventional Home Purchase	Refinancings	Home Improvement
White Approvals	598	3252	1508	429
White Denials	114	228	117	52
Minority Approvals	136	295	131	129
Minority Denials	80	98	29	44

Was Step 1 of regression program run? (Y) N

if "N", why not? _____

What grouping(s) of data (i.e, loan type, location, year(s), etc.) were used? MIN Pr > Chi Square Value

(1) Board of Governors ran step 1 using "new"

(2) Step 1 regression procehures. A determinatiø

(3) was made by Board staff not to run step 2.

(4) all printouts were kept by Board staff and no

(5) copies were forwardard to the Reserve Bank.

(6) _____

Results from Regression Step 2

(Fill this page out for each grouping on which step 2 was run.)

Standard Variables which were not needed for Step 2:

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Judgmental Variables which were collected for Step 2:

_____	Cash Available for Closing	_____	Special Loan Program
_____	Refi from Same Lender	_____	Cash Out vs No Cash Out
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Value of MIN Pr > Chi-Square: _____

Number of Minority Rejections: _____

Number of "Dominant Pairs": _____

Explain which files pair analysis used: _____

What additional factors explained away pairs? _____

Were pairs of loan files given to bank for explanation? Y N
Examiner hours spent specifically on regression: _____