

**PUBLIC DISCLOSURE**

January 15, 1996

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Signet Bank

05512345

800 East Main Street

Richmond, Virginia 23219

**Federal Reserve Bank of Richmond  
P. O. Box 27622  
Richmond, Virginia 23261**

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 Signet Bank, Richmond, Virginia, 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 January 15, 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:

The institution maintains branches in the Commonwealth of Virginia and the State of Maryland. For institutions with interstate branches, the Community Reinvestment Act requires the appropriate Federal financial supervisory agency to rate the institution's CRA performance in each state in which the institution maintains one or more branches. The bank also maintains branches in portions of Virginia and Maryland located in the Washington, D. C. Metropolitan Statistical Area (MSA). For institutions with branches in two or more states located in a multistate MSA the supervisory agency is required to rate the institution's performance within the multistate MSA.

Signet Bank's CRA performance in Virginia is Satisfactory. The evaluation is based on the bank's performance in five MSAs and in nonmetropolitan areas throughout the Commonwealth delineated by the institution. Within Virginia the following branches were visited:

Beaufont Mall  
7202 Midlothian Turnpike  
Richmond, Virginia

Belt Trade Center  
141 East Belt Boulevard  
Richmond, Virginia

Bon Air  
2810 Buford Road  
Richmond, Virginia

Oyster Point  
11742 Jefferson Avenue  
Newport News, Virginia

Denbigh Boulevard  
618 Denbigh Boulevard  
Newport News, Virginia

Mercury Boulevard  
4100 West Mercury Boulevard  
Hampton, Virginia

Lynnhaven  
675 Lynnhaven Parkway  
Virginia Beach, Virginia

ODU Webb Center  
Old Dominion University  
Norfolk, Virginia

Roanoke Main  
110 Church Avenue  
Roanoke, Virginia

Townside  
3615 Franklin Road, S. W.  
Roanoke, Virginia

Vinton  
901 Hardy Road  
Vinton, Virginia

Euclid Avenue  
1700 Euclid Avenue  
Bristol, Virginia

Walnut Grove  
3000 Lee Highway  
Bristol, Virginia

Pulaski Main  
1 Main Street  
Pulaski, Virginia

Signet Bank's CRA performance in Maryland is Satisfactory. The evaluation is based on the bank's performance in the Baltimore MSA and in nonmetropolitan areas throughout the State delineated by the institution. Within Maryland the following branches were visited:

Main Office 7 St. Paul Street Baltimore, Maryland	Preston Street 1228 North Charles Street Baltimore, Maryland
Charles & Fayette Blaustein Building 1 North Charles Street Baltimore, Maryland	Rolling Road 860 North Rolling Road Baltimore, Maryland
South Charles 36 South Charles Street Baltimore, Maryland	Chatham Mall 9200 Baltimore National Pike Ellicott City, Maryland

Signet Bank's CRA performance in the Washington, D. C. Metropolitan Statistical Area is Satisfactory. The evaluation is based on the bank's performance in those portions of Virginia and Maryland in the Washington, D. C. MSA delineated by the institution. Within this multistate MSA the following branches were visited:

Courthouse 2200 Clarendon Boulevard Arlington, Virginia	Old Town 133 North Fairfax Street Alexandria, Virginia
Penn Daw 6300 Richmond Highway Alexandria, Virginia	Rosslyn 1815 North Fort Myer Drive Arlington, Virginia

Signet Bank's CRA performance overall is Satisfactory. The institution's ratings are based on the findings presented on the following pages. Information concerning the bank's performance in Virginia, Maryland, and the Washington, D. C. Multistate MSA, including metropolitan and nonmetropolitan areas, is presented separately for each pertinent assessment factor. The overall assessment of Signet Bank's CRA performance takes into account activities conducted at all branch locations and appropriate subsidiary locations.

## **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

Outreach continues to be an important component of the institution's CRA program. Officers and employees responsible for conducting formal outreach activities have received training in effective needs assessment. All contacts with individuals and groups are documented using an automated outreach tracking system. A variety of mechanisms to identify community credit needs are utilized by the bank and include: consultations, meetings with community groups, task and focus groups, outreach liaisons, market research and analysis, and employee activities.

The institution's outreach network includes over 300 community groups and agencies located within Virginia, the portion of the Washington, D. C. Metropolitan Statistical Area (MSA) served by the bank, and Maryland. Regular contact/participation is maintained with those organizations that have continuing needs while relationships with other groups are maintained on an as needed basis. The types of organizations and/or individuals contacted include: local public officials, Federal and State Government agencies, community associations, economic development organizations, neighborhood improvement associations, churches and affiliated groups, affordable housing organizations, community development organizations, realtors, developers, chambers of commerce, and other business associations. Contact and/or participation with these types of contacts provide the bank with meaningful information relating to credit and other banking needs of the communities.

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

A formal CRA program exists consistent with the CRA regulatory policy of Signet Banking Corporation, Signet Bank's parent holding company. A corporate CRA committee composed of senior management, regional executives, managers of each line of business, and the heads of the various corporate support functions including corporate counsel, marketing, regulatory management, public affairs, and the corporate CRA officer, continue to be responsible for overall policy.

CRA committees were established in 1995 headed by regional executives and officers in charge of each business line. These representatives serve as Community Reinvestment Specialists. Market subcommittees have been established for the Capital, Central, Hampton Roads, Roanoke, Southern, and Southwest regions of Virginia to assist in accomplishing CRA goals and objectives for these areas. The corporate committee prepares a CRA Strategy and work plan for each year. Self-evaluations are performed by the corporate CRA committee as well as bank and market subcommittees. Activities of bank and market subcommittees are regularly reported to the corporate CRA committee. The activities of the corporate CRA committee as well as bank and market subcommittees are in turn reviewed by the board of directors of the bank and the holding company. In addition, an expanded CRA Statement for each community has been adopted by the board of directors that describes efforts to ascertain and meet community credit needs at both the corporate and bank levels.

CRA training and education is ongoing and is an integral component of the corporation's CRA program. Bank officers, including the Community Reinvestment Officer, attend and/or participate in workshops, conferences, seminars, programs, and other educational forums that increase CRA awareness and knowledge and assist in identifying community reinvestment opportunities.

## 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

Bank services are marketed through various means developed to reach identified markets. Generally, data based marketing, primarily in the form of direct mail campaigns, has replaced other mass media sources such as television, radio, newspapers, and other printed media to promote bank products. Bank services, however, continue to be advertised on a limited basis on radio stations and newspapers throughout Virginia, the metropolitan Washington, D. C. area, and Maryland. Publications that specifically target minorities include the El Sol, The Hispanic Voice, and El Pregonero, circulated in the Richmond and Washington, D. C. areas, and the Baltimore Afro-American and The Rooster, circulated in the Baltimore area. Other advertising methods include brochures, lobby boards, and statement stuffers.

Direct contact with community groups and sponsorship or participation in various seminars and conferences concerning affordable housing and small business needs continue to be an effective means of advertising bank services and products. Standardized promotional materials, including those publicizing the availability of affordable housing products, are available at each branch location. Affordable housing materials are also regularly used in connection with seminars and conferences throughout the bank's trade areas as well as in connection with housing programs and organizations. Records of all advertising are maintained.

Recently, Signet has developed internal task groups to assist in ascertaining the needs of minority communities and identifying workable responses to their needs. During the previous 18 months, the Multi-Cultural Task Force and the Minority Owned Bank Task Group worked with minorities and minority-owned financial institutions to identify specific needs and develop ongoing relationships where appropriate. Regional staff continue to assess the needs of residents served by their branch facility and are responsible for helping to establish and attain goals and objectives in these areas.

Marketing efforts designed to promote affordable mortgage loan products offered by Signet Mortgage Company (SMC) primarily involve direct customer contact by mortgage company loan originators and community business development officers. Currently, SMC employs three community development officers with offices in Virginia and Maryland serving Richmond, the Metro-politan D. C. area, and Baltimore. The compensation for these officers is designed to eliminate any disincentive to make the smaller loans typically sought by low- and moderate-income borrowers. In addition, SMC recently developed a comprehensive guide for first time home buyers entitled "Opening the Door to Home Ownership." The guide provides the prospective first time buyer with information regarding the application process, availability of home ownership counseling, and loan products available through SMC. This publication is available at all Signet Bank and SMC offices throughout Virginia, Maryland, and the Multi-State MSA.

Marketing for business credit has included a series of "small business minute" radio advertisements broadcast in Virginia, the Washington, D. C. - Multi-State MSA, and Maryland. This series provides information on different topics concerning small business needs on a weekly basis. Recently, the series has focused on products available in connection with the Small Business Administration (SBA) and the bank's Government Loan Center. Additionally, an information package entitled "Big Help for Small Business" is available to small business owners that specifically identifies and explains the various small business loan, lease, and cash management products and services available as well as employee retirement programs. Also, 3,376 mailers in both English and Spanish were mailed to business prospects in the Washington, D. C. - Multi-State MSA served by the bank. These letters provided information regarding the SBA's Low-Documentation Small Business Loan Program.

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 Community Reinvestment Act Statement ratified January 23, 1996, a variety of credit services is offered including agricultural, business, community development, credit card, home equity, home improvement, instalment, and student loans. Signet Mortgage Company (SMC) continues to offer a variety of mortgage loan products. The following tables depict SMC conventional and Government sponsored mortgage lending (home purchase and refinance



loans) in portions of each MSA served by the bank in the Virginia regions for 1994 and 1995.

	<u>1994</u>		<u>1995</u>	
	<u>Number</u>	<u>Amount \$000's</u>	<u>Number</u>	<u>Amount \$000's</u>
<u>Richmond</u>				
Home Purchase	648	73,363	671	76,542
Refinance	310	29,739	186	18,088
<u>Bristol</u>				
Home Purchase	59	3,780	65	5,189
Refinance	27	1,587	5	268
<u>Norfolk</u>				
Home Purchase	491	43,622	319	30,674
Refinance	227	18,593	60	7,023
<u>Danville</u>				
Home Purchase	118	9,276	101	7,766
Refinance	57	3,967	20	1,880
<u>Roanoke</u>				
Home Purchase	237	22,806	99	8,577
Refinance	107	8,922	20	1,893

The following table shows the volume of SMC lending for the portion of the Washington, D. C. - Multi-State MSA served by the bank.

	<u>1994</u>		<u>1995</u>	
	<u>Number</u>	<u>Amount \$000's</u>	<u>Number</u>	<u>Amount \$000's</u>
Home Purchase	667	102,215	915	138,992
Refinance	505	71,681	268	41,211

The following table shows the volume of SMC lending for the portion of the Baltimore MSA served by the bank.

	<u>1994</u>		<u>1995</u>	
	<u>Number</u>	<u>Amount \$000's</u>	<u>Number</u>	<u>Amount \$000's</u>
Home Purchase	1,065	125,084	1,270	164,277
Refinance	883	93,283	332	43,915

For the rural counties in Virginia served by the bank, SMC extended 98 loans for \$7.5 million during 1994 and 104 loans for \$9.5 million during 1995. For rural counties in Maryland, SMC originated 181 loans for \$14.9 million during 1994 and 104 loans for \$9.6 million during 1995.

Home improvement loans are made through the bank. These loans are generally unsecured. During 1994, 409 home improvement loans for \$2.1 million were originated in Virginia; 150 for \$1.1 million were made in the Washington, D. C. - Multi-State MSA; and 267 for \$1.7 million were funded in Maryland.

Consumer loans continue to be an integral component of the bank's total lending activities. The following tables illustrate consumer lending by type for Virginia, Maryland, and the portions of the Washington, D. C. - Multi-State MSA served by the bank.

	<u>1994</u>		<u>1995</u>	
	<u>Number</u>	<u>Amount \$000's</u>	<u>Number</u>	<u>Amount \$000's</u>
<u>Virginia:</u>				
Instalment	12,043	67,325	8,849	59,579
Home Equity	2,403	41,872	2,044	35,179
Credit Card	5,632	7,465	8,715	15,381
<u>Maryland:</u>				
Instalment	5,692	34,996	4,134	30,702
Home Equity	1,812	28,152	1,489	27,602
Credit Card	4,053	5,139	5,829	11,260
<u>Multi-State MSA:</u>				
Instalment	6,968	44,972	4,604	35,713
Home Equity	1,090	19,316	1,092	23,041
Credit Card	5,024	6,022	9,847	20,934

Furthermore, the development of information based product design and marketing by the institution has resulted in various preapproved consumer loan products including "loan by check." These types of loan products provide instant credit to the customer without going through an application process. In these instances, customers receive a negotiable check for a predetermined amount that the customer may either cash or deposit. All customers receiving the check are provided credit in the predetermined amount.

The volume of lending of all types evidences a responsiveness to the most pressing credit needs throughout the delineated communities.

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

Conclusion/Support

Government sponsored and affordable housing loans offered by SMC include: Federal Housing Administration (FHA), Veterans Administration (VA), Community Home Buyers (CHB), Montgomery County Housing Opportunities Commission (MCHOC), Maryland Community Development Administration (CDA), Settlement Expense Loan Program (SELP), Housing Acquisition Rehabilitation Program (HARP), and the Virginia Housing and Development Authority (VHDA). These affordable mortgage programs generally involve less stringent credit criteria than conventional financing and may include some combination of the following: more lenient debt ratios, lower or flexible down payment requirements, lower interest rates, and/or income limitations on applicants. The following table illustrates SMC's volume of loans for Government sponsored and affordable housing loans within the bank's delineated communities for each MSA served.

	<u>1994</u>		<u>1995</u>	
	<u>Number</u>	<u>Amount \$000'S</u>	<u>Number</u>	<u>Amount \$000'S</u>
<u>Richmond</u>				
FHA and VA	131	11,596	160	15,333
CHB	2	165	1	49
VHDA	65	5,043	57	4,298
<u>Bristol</u>				
FHA and VA	23	1,389	22	1,305
VHDA	10	467	4	209
<u>Norfolk</u>				
FHA and VA	232	20,028	167	15,422
VHDA	79	5,296	59	4,044
<u>Danville</u>				
FHA and VA	17	1,073	18	1,062
VHDA	27	1,631	27	1,633
<u>Roanoke</u>				
FHA and VA	76	5,696	41	3,129
CHB	5	223	0	0
VHDA	11	701	5	330
<u>Washington D. C.</u>				
<u>- Multi-State MSA</u>				
FHA and VA	154	18,563	392	48,348
CDA	1	89	4	317
CHB	11	1,447	10	1,236
MCHOC	50	4,274	41	3,599
VHDA	28	3,139	25	2,748

	<u>1994</u>		<u>1995</u>	
	<u>Number</u>	<u>Amount \$000'S</u>	<u>Number</u>	<u>Amount \$000'S</u>
<u>Baltimore</u>				
FHA and VA	319	26,893	524	55,166
HARP*	4	127	10	390
CDA	138	9,724	124	8,417
CHB	6	521	4	155

\* Available in Baltimore City only.

The increase in the volume of lending in the Richmond, Baltimore, and D.C. markets suggest that outreach by the community development officers at SMC has been effective.

During 1994 and 1995 the bank's presence continued to expand in the small business lending markets throughout Virginia, Maryland, and the portions of the Washington, D. C. - Multi-State MSA served by the bank. Small businesses are considered as those with sales of less than \$5 million for each of the last three years. The efforts to penetrate the small business markets throughout the delineated communities are evidenced by the expansion of the bank's Small Business Administration (SBA) guaranteed loan portfolio. From December 1994 through December 1995, the SBA portfolio expanded from 51 loans totaling \$4.7 million to 96 loans for \$10.2 million.

In September 1994, the bank opened a Government Loan Center in partnership with the SBA, the Virginia Small Business Financing Authority (VSBFA), and other Government lending sponsors throughout Virginia including: U. S. Department of Agriculture, FHA Business, Industrial Loan Guarantees, Business Guardian Loan Fund (Norfolk), City of Richmond Bank Loan Participation Program (BPLP), and the Business Consortium Fund, Inc. The purpose of the Government Loan Center is to streamline the process for obtaining start-up, working, and growth capital loans from Government sources. As previously noted, seminars and conferences concerned with small business needs are routinely conducted, often in conjunction with Small Business Development Centers. Currently, there are five such centers in the Washington, D. C. - Multi-State MSA, ten in Virginia and three in Maryland. In Maryland the bank participates in the small business lending programs of the Prince George's County Revitalization Loan Fund (PGRLF) and Montgomery County Small Business (MCSB). Small business Government loans outstanding in the communities served by the bank in 1995 are shown in the following table:

Small Business Government Lending Programs

	<u>Number</u>	<u>Amount \$000's</u>
<u>Virginia:</u>		
SBA	35	3,746
BPLP	2	340
VSBFA	10	1,475

	<u>Number</u>	<u>Amount \$000's</u>
<u>Maryland:</u>		
SBA	42	3,656
Washington D. C. -		
<u>Multi-State MSA:</u>		
SBA	19	2,858
PGRLF	4	230
MCBS	8	331

Through its lending efforts, the institution addresses a significant portion of identified credit needs throughout each of the delineated communities.

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

#### Reasonableness of Delineated Community

##### Conclusion/Support

Effective November 1, 1995 Signet Bank/Virginia and Signet Bank/Maryland were merged to form Signet Bank. The institution has delineated 18 communities in nine areas in Virginia, Maryland, and the Washington, D. C. Multi-State MSA as follows:

##### Central Area

Northern Neck Community - Lancaster, Northumberland, Richmond, and Westmoreland Counties.

##### Eastern Shore Area

Accomack Community - Accomack County, Virginia.

##### Hampton Roads Area

Hampton Roads Community - Cities of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach. York County, Virginia.

##### Metropolitan Richmond Area

Petersburg Community - Cities of Colonial Heights, Hopewell, and Petersburg. Prince George and Dinwiddie Counties, Virginia.

Richmond Community - Chesterfield, Goochland, Hanover, Henrico, and New Kent Counties. City of Richmond, Virginia.

##### Roanoke Area

Roanoke Community - Roanoke County. Cities of Roanoke and Salem, Virginia.

##### Southern Virginia Area

Danville Community - Pittsylvania County. City of Danville,

Virginia.

Mecklenburg Community - Mecklenburg County, Virginia.

#### Southwest Virginia Area

Bristol Community - Washington County, Virginia, and Sullivan County, Tennessee. City of Bristol, Virginia.

Galax Community - Carroll and Grayson Counties, Virginia. City of Galax, Virginia.

Gate City/Weber City Community - Scott County, Virginia.

Honaker/Lebanon Community - Russell County, Virginia.

Pulaski/Dublin Community - Pulaski County, Virginia.

Saint Paul Community - Wise County, Virginia.

#### Metropolitan Washington Area - Multi-State MSA

Suburban Maryland Community - Montgomery and Prince George's Counties, Maryland.

Suburban Virginia Community - Arlington, Fairfax, Loudoun, and Prince William Counties, Virginia. Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, Virginia.

#### State of Maryland

Baltimore Community - City of Baltimore and the Counties of Anne Arundel, Baltimore, and Howard, as well as portions of Carroll and Harford Counties, Maryland.

Eastern Shore Community - Counties of Dorchester, Kent, and Talbot, and portions of Caroline, Queen Anne's and Wicomico Counties, Maryland.

Modifications to some of the delineated communities have been made since the previous evaluation. These changes involved inclusion of whole counties where only a portion of these areas were previously delineated. The delineations are considered reasonable, meet the purpose of the regulation, and do 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

Geocoding of all lending is compiled by the bank according to census tract or block numbering areas. Quarterly reports are generated and used in establishing lending programs in each business unit. Lending in low- and moderate-income tracts is specifically monitored. Loan distribution and penetration into all delineated communities is

analyzed on a business line or product basis. In conjunction with demographic and market data acquired, an assessment of the needs within the market according to particular product penetration is made by the institution. A review of this information evidenced a reasonable distribution of loans throughout the delineated communities.

Home Mortgage Disclosure Act information reported by Signet Bank and Signet Mortgage Corporation for 1993 and 1994 was analyzed to determine the distribution of loans throughout the bank's delineated communities.

The following chart presents comparisons of lending by the bank and mortgage company to aggregate HMDA lending in low- and moderate-income census tracts (all amounts shown are percentages). As illustrated, with the exception of the Baltimore and Norfolk areas for 1994, SMC's lending performance within the low- and moderate-income census tracts was lower than the aggregate market during 1993 and 1994. The bank's lending performance within the low- and moderate-income census tracts generally met or exceeded the aggregate market for both years with the exception of the Roanoke and Richmond areas for 1994.

HMDA Loans in Low- and Moderate-income Census Tracts

	<u>1993</u>	<u>1994</u>
<u>Richmond MSA</u>		
Home Purchase and Refinance		
SMC	3.34	6.20
Aggregate	7.59	11.90
Home Improvement		
Signet Bank	24.40	16.00
Aggregate	20.34	19.90
<u>Bristol MSA</u>		
Home Purchase and Refinance		
SMC	5.50	12.80
Aggregate	9.70	19.80
Home Improvement		
Signet Bank	25.00	71.90
Aggregate	16.82	35.60
<u>Norfolk MSA</u>		
Home Purchase and Refinance		
SMC	8.05	14.20
Aggregate	9.30	10.90
Home Improvement		
Signet Bank	21.05	29.00
Aggregate	12.84	11.90

	<u>1993</u>	<u>1994</u>
<u>Danville MSA</u>		
Home Purchase and Refinance		
SMC	10.92	13.10
Aggregate	15.97	19.40
Home Improvement		
Signet Bank	33.33	20.00
Aggregate	22.39	20.30

<u>Roanoke MSA</u>		
Home Purchase and Refinance		
SMC	5.45	6.40
Aggregate	7.72	10.2
Home Improvement		
Signet Bank	28.57	7.40
Aggregate	19.31	14.10

	<u>1993</u>	<u>1994</u>
<u>Washington, D. C. Multi-State MSA</u>		
Home Purchase and Refinance		
SMC	7.4	10.10
Aggregate	9.0	12.20
Home Improvement		
Signet Bank	19.5	20.70
Aggregate	13.2	15.60

	<u>1993</u>	<u>1994</u>
<u>Baltimore MSA</u>		
Home Purchase and Refinance		
SMC	6.08	10.63
Aggregate	6.60	10.11
Home Improvement		
Signet Bank	38.12	24.00
Aggregate	23.29	20.90

It should be noted that, in all seven markets, SMC's percentage of loans from L/M tracts increased from 1993 to 1994. This trend is consistent with the aggregate percentages for these two years. For home improvement lending, the percentage of loans from L/M tracts generally declined for the bank and the aggregate.



The following chart represents the market share of the institution's lending in low- and moderate-income census tracts and middle- and upper-income census tracts (all amounts shown are percentages). Market share is generally lower in low- and moderate-income census tracts for SMC while it is generally higher for the bank with the exception of the Richmond and Roanoke areas for 1994.

HMDA Loans by Type of Census Tract - Market Share

Low- and moderate-income tracts are identified as "L/M tracts." All tracts not low- and moderate-income are identified as "Non L/M tracts" (All figures represented are percentages).

	<u>1993</u>	<u>1994</u>
<u>Richmond MSA</u>		
SMC		
L/M tracts	2.48	2.10
Non L/M tracts	5.90	4.42
Signet Bank		
L/M tracts	11.20	6.70
Non L/M tracts	8.87	8.75
<u>Bristol MSA</u>		
SMC		
L/M tracts	4.28	3.30
Non L/M tracts	7.90	5.50
Signet Bank		
L/M tracts	4.00	12.30
Non L/M tracts	2.43	2.65
<u>Norfolk MSA</u>		
SMC		
L/M tracts	2.36	2.90
Non L/M tracts	2.78	2.13
Signet Bank		
L/M tracts	4.81	5.60
Non L/M tracts	2.66	1.84
<u>Danville MSA</u>		
SMC		
L/M tracts	12.87	7.10
Non L/M tracts	19.95	11.30
Signet Bank		
L/M tracts	6.67	5.30
Non L/M tracts	3.85	5.35

	<u>1993</u>	<u>1994</u>
<u>Roanoke MSA</u>		
SMC		
L/M tracts	7.27	4.60
Non L/M tracts	10.54	7.59
Signet Bank		
L/M tracts	3.96	2.10
Non L/M tracts	2.37	4.24
<u>Washington D. C. Multi-State MSA</u>		
SMC		
L/M tracts	.87	1.00
Non L/M tracts	1.08	1.18
Signet Bank		
L/M tracts	1.79	2.00
Non L/M tracts	1.12	1.41
<u>Baltimore MSA</u>		
SMC		
L/M tracts	4.60	3.61
Non-L/M tracts	5.03	3.41
Signet Bank		
L/M tracts	5.36	4.10
Non-L/M tracts	2.66	3.42

Comparing 1993 to 1994 in the seven markets, SMC's market share in L/M tracts decreased in five while for non L/M tracts the share decreased in six. For the bank, market share decreased in L/M tracts in four markets at the same time that market shares in non L/M tracts decreased in only two markets. As previously noted the percentage of loans from L/M tracts typically increased from year to year for SMC but generally declined for the bank.

An analysis of the bank's consumer lending including instalment, home equity, and credit cards indicates that approximately 17% of the loans extended within the communities of the Virginia, Maryland and the Washington, D. C. - Multi-State MSA are to residents of low- and moderate-income census tracts. Further analysis of the lending shows that approximately 74% of all consumer loans are made to residents of the delineated communities.

The lending activities for both the bank and SMC represent a reasonable distribution of loans.

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

Conclusion/Support

Signet Bank's 108 branch offices throughout Virginia, 72 branch offices in Maryland, and its 48 branch offices within the Washington, D. C. - Multi-State MSA are considered to be reasonably accessible to all segments of the communities. There are 27 branch offices located within low- and moderate-income census tracts in Virginia, 17 in Maryland, and eight within low- and moderate-income census tracts in the Multi - State MSA. The institution's hours of operation are considered convenient.

Since the previous evaluation, one branch office has been opened in Tysons Corner, Virginia, which is located within the Multi-State MSA; and one office in Montpelier, Virginia has also been opened. Also, one branch office located within the Multi-State MSA, one branch office in Maryland and four branch offices located in Virginia were closed. A formal branch closing policy has been adopted as required by the Federal Deposit Insurance Corporation Improvement Act of 1991. The policy also incorporates all aspects that 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

Adequate policies and procedures supporting nondiscrimination in all lending and credit activities have been developed and the institution is in compliance with the substantive provisions of antidiscrimination laws and regulations. Applications are solicited from all segments of the delineated communities, including low- and moderate-income neighborhoods.

A second tier review system has been implemented for denied mortgage loan requests at SMC. Adherence to secondary market guidelines and bank policy is closely monitored to insure that laws and regulations governing fair lending are adhered to and emphasized in all credit decisions. In addition, participation in a multi-bank review agency in Metro Washington known as the Capital Area Mortgage Partnership (CAMP), provides counseling and a third tier review for persons whose mortgage applications were denied.

A review of the HMDA information revealed that the percentage of applications from minorities is generally less than their representation in the populations of the various delineated communities with the exception of the Baltimore MSA. For the bank, the percentage of applications from minorities (in the delineated portion of the Baltimore MSA) continues to exceed both their representation in the population and the percentage of lending to minorities depicted in the aggregate HMDA data. The results for SMC in this market, as in previous years, were generally the opposite. As previously noted, marketing efforts for the bank and mortgage company have included advertising and other marketing and outreach efforts that target minority residents.

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

Conclusion/Support

A review was made of lending policies, forms, procedures, and 150 accepted and 187 denied loan applications for consumer and business credit during the examination to determine compliance with the fair housing and fair lending laws and regulations. Accepted and denied loan applications were compared to determine consistent application of loan criteria. In addition, interviews with two Signet Bank and two SMC loan underwriters were conducted to discuss procedures for taking and processing credit applications. All credit decisions for Signet Bank and SMC are made by underwriters in a central location.

HMDA information for Signet Bank/Virginia, Signet Bank/Maryland, and SMC were used to conduct an analysis of mortgage lending in regard to race since this information is reported for these loans. Both the bank and the mortgage company evidence denial ratios for minorities that exceed those for white applicants. The denial ratios for minorities as compared to white applicants in 1993 and 1994 are illustrated in the following table:

	<u>1993</u>	<u>1994</u>
SMC	2.1 to 1	2 to 1
Signet Bank - Virginia	1.9 to 1	1.7 to 1
Signet Bank - Maryland	1.4 to 1	1.9 to 1

A regression program, an empirically derived statistical analysis, was used to determine if race was a statistically significant factor in the outcome of the credit decision. Additional information, not reported on the LAR, was entered into the regression program relating to income, credit histories, employment stability, and current debt obligations for a random sample of files including 208 bank files and 213 SMC files. With this additional information, the program identified and matched minority rejected loan applications with several similarly situated accepted majority applicants. A review of these loan files did not reveal evidence of discriminatory practices regarding the credit decisions.

The table below indicates the number and types of loans reviewed as part of the examination for fair lending. Accepted and denied loan applications from December 1995 were compared to determine consistent application of credit 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>Female</u>	<u>Male</u>	<u>Joint</u>	<u>Total</u>
Instalment:				
Accepted	16	31	17	64
Denied	53	52	5	110
Single Payment:				
Accepted	-	3	3	6
Denied	-	-	-	-

	<u>Female</u>	<u>Male</u>	<u>Joint</u>	<u>Total</u>
Real Estate:				
Accepted	7	4	16	27
Denied	6	6	13	25
Open-End Credit:				
Accepted	8	10	12	30
Denied	12	8	15	35
Business:				
Accepted	-	-	23	23
Denied	-	-	17	17
Total:				
Accepted	31	48	71	150
Denied	71	66	50	187

Technical and nonsubstantive violations of the Home Mortgage Disclosure Act (HMDA) and the Equal Credit Opportunity Act were noted. Management implemented corrective procedures to address these deficiencies during the examination.

#### 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 have a diverse range of equity investment and credit needs. Through its outreach program, management is aware of community development opportunities throughout its delineated communities. Signet Bank occasionally played a leadership role in developing specific projects promoting economic revitalization and growth consistent with its size, location, and current economic local conditions. Participation in such projects has included: direct lending, loans through intermediaries, donations, investments, and technical assistance. The following is a summary of special programs and activities that demonstrate the institution's involvement and commitment to its communities throughout Virginia, Maryland, and the Washington, D. C. Multi-state MSA.

##### Virginia

##### Metropolitan Richmond Area

Signet invested \$2 million in the National Equity Fund (NEF), an affiliate of the Local Initiatives Support Corporation (LISC). NEF is the nation's largest syndicator of Federal low-income housing tax credits in the country. Richmond LISC is providing financial and technical assistance to numerous nonprofit groups developing affordable housing in low- and moderate-income areas of Richmond. NEF is currently supporting nine projects within the City of Richmond which will result in the development of 319 affordable housing units. Signet provides a yearly donation to LISC and is represented on the organization's Corporate Advisory Committee.

The bank participates in the City of Richmond Industrial Development Authority Bank Participation Loan Program (BPLP). This \$5,000,000 bank loan pool program was created in 1994 in conjunction with the authority in an effort to provide a readily available source of funds for small business located in the City of Richmond for working capital and expansion loans. Signet has taken a leadership role in this program through its \$900,000 commitment. The bank has directly provided three loans, as previously mentioned, and participated in 15 others since the program's inception.

Interfaith Housing is a nonprofit affordable housing developer and provider of counseling services established in 1989. During 1995 and 1996 Signet extended two mortgage loans totaling \$113,900 for construction and rehabilitation of housing units and made donations of office space and money. Signet is represented on its board of directors.

Southside Community Development and Housing Corporation (SCDHC) is a nonprofit community development corporation dedicated to the improvement of substandard housing in the Old South District area of Richmond. Other SCDHC objectives in this area include special housing programs for the elderly, a community center, a jobs program, commercial revitalization, and jobs development. In 1996, Signet made a donation and extended two mortgage loans for \$107,000 in connection with this community development corporation. A bank officer is a member of its board of directors.

Signet continues to support the Richmond Neighborhood Housing Services (NHS). Four loans for \$240,650 were provided in connection with the Neighborhood Housing Services of America (NHSA) loan program. This program provides below market interest rates for home purchase and rehabilitation. Loans originated under this program are sold to NHSA. Signet made contributions to NHS during 1995 and 1996.

The home ownership counseling service provided by Housing Opportunities Made Equal (H.O.M.E) continues to be funded by Signet. For 1995 and 1996, the bank made contributions to this organization. H.O.M.E. also handles housing discrimination complaints and provides mortgage default counseling.

Petersburg Community Development Corporation (PCDC) was established in 1989 to address the housing needs of the city's low- and moderate-income residents. The bank provided four home purchase loans for \$137,830 to PCDC clients in 1995. Signet is represented on the PCDC board of directors and supports its activities through financial assistance and client counseling.

Technical assistance and/or donation of financial resources have also been provided to the following organizations:

The Task Force  
Church Hill Neighborhood, Inc.  
Crater Development Corporation  
Christmas in April  
Historic Petersburg Foundation

Downtown Petersburg, Inc.  
Your Neighbors Uptown Association

Hampton Roads Area

Eastern Virginia Small Business Investment Corporation (EVASBIC) is a for-profit investment company licensed under the auspices of the SBA to provide equity and/or debt financing to small businesses. This corporation operates primarily in the Hampton Roads area of the Commonwealth and provides capital for various purposes including business startup. The bank made a \$100,000 equity investment to help support EVASBIC activities.

Signet continues its relationship with Old Huntersville Development Corporation (OHDC). The corporation is an active developer of low- and moderate-income housing located primarily in the Olde Huntersville section of Norfolk. Since the previous evaluation, Signet has extended \$1.2 million in loans for home purchase and lot acquisition. Contributions are made annually by the bank. Equipment has also been provided to OHDC. Signet is represented on the board of directors.

PlumbLine Ministries, Inc., has received \$41,000 in construction financing from Signet during 1995 and an annual donation. PlumbLine is a nonprofit housing developer that has targeted the Brambleton neighborhood in Norfolk. PlumbLine also provides credit counseling. Signet has a long standing relationship with PlumbLine and a bank officer serves on the board of directors.

Through a line of credit with Signet, the Portsmouth Community Development Group (PCDG) received loans totaling \$269,000 during 1995. A nonprofit affordable housing developer working in the Prentis Park neighborhood of Portsmouth, PCDG develops or rehabilitates low- and moderate-income housing units. Signet sponsors Community Home Buyers Seminars in conjunction with the group. In addition, Signet contributes money annually to the organization and is represented on the board of directors.

Park Place Community Development Corporation (PPCDC) is a nonprofit development organization engaged in revitalization of low- and moderate-income houses in the Park Place neighborhood of Norfolk. Signet provided a loan for \$50,500 and sponsors Community Home Buyers Seminars in conjunction with PPCDC. A bank officer is a member of the board of directors.

Technical assistance and/or donation of financial resources have also been provided to the following organizations:

Norfolk Redevelopment and Housing Authority  
Home base of the Virginia Peninsula  
Virginia Peninsula Economic Development Council  
Virginia Beach Vision, Inc.  
Virginia Mountain Housing

Central Area

Signet supports the Westmoreland Housing Coalition through donations and technical assistance. A Signet board member serves as Treasurer.

Most of the community development activities for the Central Area are included in the Washington, D. C. - Multi-State MSA.

#### Southern Virginia Area

The Danville Community Development Corporation (DCDC) received a \$13,700 investment from Signet Bank. The purpose of the DCDC is to develop and renovate housing for low- and moderate-income residents. To date, six houses have been purchased, renovated and sold. A bank officer is a member of the board of directors.

The Danville Development Council promotes economic development through the acquisition, development, and marketing of sites for industrial development. Signet makes an annual contribution to the organization and has provided financing to support the organization's activities.

Signet provided a \$114,000 loan to the Danville Industrial Development Authority (DIDA) for construction of an industrial park shell building.

Technical assistance and/or donation of financial resources have also been provided to the following organizations:

John H. Northington Sheltered Workshop  
Danville-Pittsylvania Habitat for Humanity

#### Roanoke Area

The Greater Roanoke Valley Development Foundation (GRVDF) is an \$800,000 loan pool that was formed to finance the construction of a shell building in an industrial area of Botetourt County in participation with the Roanoke Valley Economic Development Partnership (RVEDP) to help stimulate economic development. The bank contributed to this fund for the shell building project and contributes money each year to support the RVEDP.

Signet continues involvement with Downtown Roanoke, Inc. and its Upper Story Housing Low-Interest Loan Pool. The pool provides loans for the development of affordable housing in upper story space in commercial properties. The organization's focus is promoting commercial and housing development in the downtown area of Roanoke.

Since 1994, Signet has extended \$24,000 in loans through the Upper Story loan pool.

Northwest Neighborhood Environmental Organization develops affordable housing in the northwest neighborhood of the City of Roanoke. Construction financing has been extended by Signet for three homes for a total of \$215,000. In addition, contributions have been provided by the bank since the previous evaluation. Referrals for permanent financing are made to SMC. Signet is represented on its board of directors.



Signet continues to participate in a loan pool managed by the Roanoke Redevelopment and Housing Authority (RRHA). The pool provides financing for low- and moderate-income home buyers and redevelopment projects. Signet contributes money each year to the pool and is represented on its board of directors.

Total Action Against Poverty (TAP) has provided a wide array of educational, housing, employment, economic development, crime prevention, family, and health services to economically disadvantaged persons. TAP acts as an adviser for over 39 organizations and programs. Signet and other area financial institutions funded a \$75,000 small business startup loan pool in connection with a Virginia Micro enterprise Initiative Grant that was provided to TAP. Signet's portion of the pool was extended through a \$15,000 line of credit. In addition, money has been directly contributed by the bank to support TAP activities. Bank officers are members of this organization's home-buyers club advisory board and its small business entrepreneur program.

Technical assistance and/or donation of financial resources have also been provided to the following organizations:

Roanoke Community Development Corporation  
Habitat for Humanity - Roanoke  
National Association of Women Business Owners  
Horizon Program

#### Southwest Virginia Area

A loan for \$3.2 million was extended to the Pulaski County Industrial Development Authority for facility expansion of a major local employer. A Signet board member is treasurer.

Signet contributes money annually to the New River Valley Economic Development Alliance, a regional economic development organization that serves several rural communities in the New River area of the Commonwealth. The purpose of the Alliance is to promote the region and especially attract and retain employers. A bank officer is a member of its board of directors.

Technical assistance and/or donation of financial resources have also been provided to the following organizations:

Southwest Virginia Small Business Development Center  
People, Inc. - Abingdon  
Pulaski Main Street, Inc.  
Galax Foundation Association  
Main Street Bristol  
New River Valley Habitat for Humanity  
Russell County Industrial Development Authority  
Virginia Mountain Housing

#### Eastern Shore Area

Signet supports the Eastern Shore of Virginia Economic Development Commission and the Eastern Shore Habitat for Humanity through monetary donations and technical assistance.

## Maryland

### Baltimore Area

The bank continues its ongoing relationship with St. Ambrose Housing Aid Center. This Baltimore-based organization operates nine distinct housing programs that provide housing aid to people in Baltimore, including homeless people, people with severe illnesses, low- and moderate-income people, and senior citizens on fixed incomes who cannot maintain their homes alone. During 1995, Signet renewed its \$500,000 loan to this organization to fund costs associated with the acquisition and construction of affordable housing, as well as operating and administrative expenses.

Signet supports the development activities of the Baltimore Housing Corporation for Housing Partnerships and its subsidiary, the Baltimore Housing Partnership, through direct lending. These organizations provide affordable housing opportunities through home ownership programs and rental projects. During 1995, a \$250,000 line of credit for the acquisition/rehabilitation of properties and for operating expenses was renewed. Also, a \$265,000 loan to fund the acquisition, development and construction of five townhouses in the City of Baltimore was extended.

Signet has provided over \$638,000 to People Encouraging People (PEP) to fund its various operations. This organization provides a variety of vocational programs and services, including housing, day care and counseling. All programs and services are designed to reintegrate people with chronic mental illness into the community. A small business representative is in contact with this organization on a weekly basis. Signet has extended an \$85,000 loan to the organization to help fund its activities since the previous evaluation.

A \$1,000,000 commitment from Signet to the Baltimore Regional Community Development Corporation (BRCDC) remains outstanding. The loan replaced a \$1.2 million loan which had been provided to this organization through a four-bank consortium to fund community projects in the City of Baltimore, as well as the counties of Anne Arundel, Baltimore, Carroll, Howard, and Hartford. The consortium was discontinued with Signet being the only lender.

An \$80,000 commitment was made in 1994 to the Downtown Partnership's \$300,000 loan pool to fund projects that will encourage existing businesses to remain in downtown Baltimore, as well as stimulate commercial growth. Signet is still a member of this loan pool, and under the program, a total of nine loans have been made to date.

Signet continues to be involved with the Baltimore Neighborhood Collaborative, a consortium of locally based corporations, financial institutions, and private foundations that participate in a loan pool to provide an additional source of funding and technical expertise to development corporations. Signet has committed \$45,000 to the loan pool.

Baltimore Community Development Financing Corporation (BCDFC)

provides preferred interest rate loans to developers of low- and moderate-income housing. Signet committed \$5 million to a \$25 million loan pool which is administered by the BCDFC. As of January 31, 1995, the loan pool has financed 23 development projects resulting in 226 single family residences, 164 rental units, and three commercial properties.

Anne Arundel Economic Development Corporation (AAEDC) promotes economic development through administration of a \$3 million loan pool known as the Anne Arundel County Revolving Loan Program. The loan program provides guaranteed small business loans. Signet has committed \$300,000 to the pool.

Technical assistance and/or donations of financial resources have also been provided to the following organizations:

- Neighborhood Housing Services
- Affordable Housing Alliance
- Arundel Habitat for Humanity
- Baltimore County Housing Coalition
- Banner Neighborhoods Community Corporation
- Christmas in April
- Citizens Planning and Housing Association
- Habitat for Humanity - Harford County
- Maryland Alliance for Responsible Investment
- Maryland Low Income Housing Coalition
- Community Assistance Network
- Community-Based Enterprise Network

#### Eastern Shore Area

Technical assistance and/or donation of financial resources have also been provided to the following organizations:

- Chesapeake Habitat for Humanity
- Chester Habitat for Humanity
- Harriet Tubman Coalition
- Interfaith Housing Development Corporation
- Talbot Partnership
- Upper Shore SCORE

#### Washington D. C. - Multi-State MSA

Signet has made a \$42,000 initial equity investment to the Montgomery County Bankers Small Business Loan Fund and provides an operating grant annually. The fund provides loans from \$2,500 to \$50,000 targeting minority and disadvantaged businesses in Montgomery County, Maryland.

Signet has renewed a \$50,000 line of credit to Prince George's County Banker's Inner Beltway Revitalization Loan Fund. The fund, designed to promote small business development, will provide loans guaranteed by the Small Business Administration.

The Community Enterprise Fund/SFBRC provides small business loans in Fairfax County, Virginia. Signet Bank approved a \$450,000 line of

credit in 1995 to this fund. Other sources of revenue for the fund include grants from the Virginia Enterprise Initiative and HUD.

The Suburban Maryland Technology Development Loan Fund (SMTDLF) was recently developed to provide funds for financing the initial working capital and equipment needs of new technology

based small businesses. Eight banks have contributed \$3.5 million to the fund for working capital/equipment business startup loans of \$50,000 to \$250,000 in an effort to expand the presence of high technology companies in Maryland. Signet's portion of the fund is \$750,000. Officers of the bank participate on the loan committee.

A consortium of eight area banks provides small business loans on a revolving basis for startup or expansion purposes in conjunction with the Rappahannock Region Economic Development Corporation and the Fredericksburg Area Micro Enterprise Loan Program. Signet invested \$25,000 which represented the largest involvement by the participating banks.

Signet recently approved a \$450,000 line of credit to the South Fairfax Business Resource Center as part of Virginia's Micro Enterprise Initiative. Signet is the only bank investor in this fund.

Signet has underwritten a rental housing directory for the Warren County Housing Coalition and provided operating assistance to the Coalition.

Technical assistance and/or donation of financial resources have also been provided to the following organizations:

- Warren County Habitat for Humanity
- Regional Housing Consortium
- Flory Small Business Development Center
- Central Virginia Housing Coalition
- Anacostia Economic Development Corporation
- Arlington Community Foundation
- Arlington Housing Corporation
- Arlington Home Ownership Made Easier, Inc.
- Falls Church Housing Corporation, Inc.
- Housing Opportunities Commission of Montgomery County

Community Development throughout Virginia and Maryland

Signet has invested \$1.2 million in two limited partnerships, Housing Equity Fund of Virginia I, L.P. and Housing Equity Fund of Virginia II, L. P. These partnerships were developed under authority of the Virginia Department of Housing and Community Development and provide a pool of capital to take advantage of affordable housing tax credits for the development of rental housing. Since the previous evaluation, approximately \$500,000 of Signet's original investment has been used

to help finance several affordable housing projects throughout the Commonwealth. Recently, Signet committed an additional investment of \$500,000 in Housing Equity of Virginia III, L. P.

A \$500,000 investment in the Maryland Housing Equity Fund II limited partnership was made in 1993. This investment is a low-income housing tax credit partnership, offered through the Enterprise Social Investment Corporation, to provide funding for low- and moderate-income housing projects throughout Maryland.

In addition, during 1995, community development officer relationships with community development organizations resulted in five loans totaling \$14.2 million in the Washington, D. C. - Multi-State MSA, ten loans for \$10.5 million in Maryland, and 16 loans in Virginia totaling \$12.6 million. These loans primarily financed low- and moderate-income housing projects.

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

In each state, and the multi-state MSA, described below, the institution supports the development of projects promoting economic development, and growth consistent with its size, financial capacity, locations, and current economic conditions.

Signet Bank operates 108 offices that serve 14 communities throughout the Commonwealth of Virginia excluding those counties that are within the Washington, D. C. Metropolitan Statistical Area (MSA). These communities represent a diversity of economies and needs and include five MSAs. The local communities range from urban communities in northern, southeastern, and central Virginia, to rural communities in southwestern and eastern Virginia. The economies of the local communities located in or near the major metropolitan areas are considered generally strong, while the nonurban communities primarily located in southwestern and eastern Virginia experience higher unemployment. Weak economies in the southwestern and eastern areas have resulted from a continuing deterioration in traditionally relied upon industries, such as coal mining in southwestern Virginia and fishing and other related activities in eastern Virginia. Many communities continue to evidence the need for affordable housing and economic revitalization. The unemployment rate for the Commonwealth is 4.2%.

Signet Bank also operates 48 offices that serve two counties in the State of Maryland as well as eight counties and six independent cities in the Commonwealth of Virginia. These areas constitute the two local communities that include the portions of Maryland and Virginia served in the Washington, D. C. - Multi-State MSA. These counties and cities have a combined population of 3.4 million and offer a wide range of employment opportunities. Federal Government agencies provide a significant number of jobs, as well as support employment at many firms that rely on Government contracts. Service, tourism, light manufacturing, and residential and commercial construction industries provide additional jobs in these regions. Credit needs in this metropolitan area include small business development and commercial and residential construction financing. Affordable housing continues to be a major concern in these areas.

The unemployment rate for the entire MSA is 4.1%.

Seventy-two Signet Bank offices are located throughout the central and eastern portion of Maryland, excluding those branches located within the Washington, D. C. - Multi-State MSA. These offices serve diverse local communities ranging from the rural counties of Maryland's Eastern Shore to the City of Baltimore and the surrounding suburban counties. The central region of the community has a combined population of 2.4 million. These

communities are primarily urban with local economies that include both heavy and light industries, as well as numerous Federal, State, and local government agencies. Additional employment opportunities are provided by the many retail and service-related businesses located in the region. Both affluent and low-income neighborhoods are included in these areas. The City of Baltimore displays many of the problems associated with older urban communities, such as the need for commercial and residential revitalization. The institution also serves a portion of Maryland's rural Eastern Shore, with a population of approximately 200,000 in its services area. The primary sources of employment in this region of the State are tourism, agriculture, and fishing. Economic development activities for the Eastern Shore focus on attracting new industries and developing affordable housing for local residents. The unemployment rate for the Baltimore Metropolitan Statistical Area (MSA) is 5%, while unemployment in the Eastern Shore region of the State ranges from 4.7% to 9.1%. The State of Maryland reports an unemployment rate of 4.5%.

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

During 1995, Government sponsored student loans for \$38.7 million were funded in Virginia, while \$65.3 million were made in Maryland. Community development is also assisted by charitable contributions and specific products offered by the bank. In particular, the Econosaver, a low-cost savings account that provides low- and moderate-income individuals a means for maintaining an affordable banking account, is available. Charitable contributions continue to be targeted toward efforts that are directly related to CRA. During 1995, Signet revised its contribution process and set an ongoing goal of 50% of contributions to be directly related to low- and moderate-income residents. In addition to monetary contributions, the bank donates office space to a variety of nonprofit organizations throughout its communities.