

PUBLIC DISCLOSURE

August 26, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Crestar Bank MD

05240350

P. O. Box 30197

Bethesda, Maryland 20814

Federal Reserve Bank of Richmond

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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 Crestar Bank MD, Bethesda, Maryland, 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 August 26, 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 Outstanding 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

Outreach is an integral element of the CRA program and ongoing meaningful contact continues to be maintained with a full range of individuals and groups representing local community organizations. Primarily, outreach is conducted through a formal call program involving branch managers and other lending personnel who gather information concerning area credit needs. From January 1995 through June 1996, approximately 7,885 officer calls were performed throughout the local communities, with primary attention directed toward small businesses. All officer calls are documented and submitted to the regional CRA officer for review.

The types of organizations and individuals contacted by bank personnel include: local public officials, Federal and State Government agencies, community associations, affordable housing organizations, redevelopment and housing authorities, community development corporations, chambers of commerce, schools, churches and affiliated groups, realtors, developers, and civic and social organizations. Contacts made through these organizations appear to represent a wide range of interests and are considered valuable in ascertaining area credit needs and promoting bank services.

The bank continues to rely on the Crestar Community Reinvestment Advisory Group (CCRAG) to aid in the ascertainment of area credit needs. CCRAG meets several times a year to provide a formal forum for exchange between the bank and various community leaders. Membership in CCRAG consists of representatives from affordable housing groups, small business support groups, and consumer credit advocates. Additionally, surveys and questionnaires have been utilized by the bank to determine the public's views on community development needs and credit services.

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 comprehensive CRA program has been adopted by Crestar Financial Corporation, the bank's parent holding company, and CRA continues to be an integral component of the institution's overall management structure. On the corporate level, the CRA corporate steering committee, composed of executive and senior management from Crestar Bank MD, Crestar Financial Corporation, and other affiliated institutions, is responsible for

Conclusion/Support developing and implementing overall CRA policies and procedures. The corporate CRA director oversees the administration of the program and provides support to the various regional CRA officers. The CRA director reports regularly to the corporate steering committee, as well as to the Crestar Financial Corporation audit committee. The audit committee, which is composed of eight board members, insures technical compliance by approving the annual CRA Statement and CRA policy. Through these reporting mechanisms, the board remains informed of CRA activities throughout the delineated communities.

The Greater Washington Regional CRA officer is responsible for the coordination and implementation of the CRA program within Maryland, the District of Columbia, and adjacent communities in Virginia. The regional CRA officer provides quarterly self assessments to the Corporate CRA Director which are incorporated into the corporate CRA committee's overall self-evaluation. In addition, an expanded CRA Statement that describes the program structure and performance including various ascertainment efforts and CRA activities has been adopted.

Training and education remain a strong element of the CRA program. Officers and employees receive CRA training commensurate with their job responsibilities. Also, bank personnel routinely attend and/or assist with seminars, programs, and other educational forums that increase or communi-cate awareness of community reinvestment opportunities. Furthermore, senior management and branch staff provide technical assistance and guidance to various nonprofit community organizations, small businesses, and schools throughout the local communities.

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

Loan and deposit services are routinely marketed through various media sources designed to reach all segments of the delineated communities. The Marketing Services Department of Crestar Bank, headquartered in Richmond, Virginia, is responsible for the development of advertisements, promotions, and other marketing support for all Crestar subsidiaries.

Newspapers and radio stations throughout the region are used to promote a wide range of bank products including home improvement loans, residential mortgages, affordable housing loans, small business loans, consumer loans, and various deposit services. Other marketing media include direct mail, brochures, billboards, statement stuffers, television, and telemarketing. Publications that specifically target predominantly minority audiences are regularly included in marketing efforts and include, Washington Afro American, El Preconero, Pho Nho, Capitol Spotlight, Washington Hispanic, Eagle News, El Tiempo Latino, El Diario de la Nacion, and Asian Fortune.

Conclusion/Support--contd.

The outreach efforts previously discussed also serve as a valuable marketing tool. In addition, bank personnel routinely participate in various housing seminars, trade shows, and workshops. In particular, bank personnel participated in the Anne Arundel Bank Fair with the Anne Arundel Bankers Community Reinvestment Group. Classes were provided on home buying, managing credit, budgeting, basic banking, and mortgage financing. A similar seminar was also held in Charles County.

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 ratified on May 20, 1996, a variety of credit services is offered, including loans for home improvement, small business, commercial, consumer, agricultural, and educational purposes. Various residential mortgage products are available through Crestar Mortgage Corporation (CMC), a bank affiliate, including several affordable housing loans. These mortgage products are actively marketed through the media sources mentioned above.

Affordable housing products offered by CMC include the Unsecured Loan Program (down payment assistance), the HomeSTART Second Mortgage Program, the Affordable Gold Program, the Community Home Buyers Program, and the 2/3 Tier Review Program. These special mortgage programs generally offer some combination of less stringent down payment requirements, more flexible debt-to-income ratios, or lower interest rates. CMC also routinely participates in various loan programs insured, guaranteed, and/or subsidized by the Federal Government. During 1995, the mortgage corporation originated \$32.1 million in various affordable housing loans. Loans originated through these programs are either sold in the secondary market or held in the bank's loan portfolio and serviced by CMC.

The table below depicts the volume of residential mortgage lending during 1995 for the institution and CMC within the communities served by the bank.

Residential Mortgage Lending
Crestar Bank MD and CMC

	BANK		CMC	
	#	\$ (000's)	#	\$ (000's)
Home Purchase (Gov't sponsored)	0	\$ 0	182	\$ 21,621
Home Purchase	2	\$ 135	277	\$ 39,266
Refinance	8	\$ 281	158	\$ 22,852
Home Improvement	76	\$ 735	0	\$ 0
Totals	86	\$ 1,151	617	\$ 83,739

Conclusion/Support--contd.

When compared to 1994 data, these figures indicate an overall decrease in lending activity by both the bank and the mortgage corporation primarily due to the market decline in home refinancings.

The bank and CMC also actively solicit applications from low- and moderate-income (L/M) individuals. The following chart illustrates residential mortgage lending to individuals residing within the delineated communities and with incomes of less than 80% of the median-family incomes for the respective Metropolitan Statistical Areas (MSAs).

Lending to L/M Individuals

	BANK		CMC	
	1994	1995	1994	1995
# Applications from L/M	144	128	498	251
% of Total Applications	41.9%	52.0%	41.3%	33.7%
# L/M Originated	52	30	393	204
% of L/M Applications	36.1%	23.4%	78.9%	81.3%

As illustrated above, the bank has experienced an increase in the percentage of total applications received from L/M applicants. As mentioned previously, the overall decline in the number of applications received by CMC is the result of the market decline in home refinancings. The mortgage corporation has, however, consistently extended loans to the majority of applicants.

The bank continues to make efforts to maintain a strong presence in the small business lending market. Crestar's Small Business Banking Group, which includes specialized calling officers and underwriters, was created to underwrite credit to small businesses with annual revenues of \$2 million and less (except in the Metropolitan Washington market which uses \$5 million as its threshold). The Business Banking Group primarily operates through referrals from the retail branch network. Since January 1995, the bank has originated 221 small business loans totaling \$10.3 million throughout the local market.

Loans for a variety of consumer needs are also an integral component of the bank's total lending activities. During the first quarter of 1996, 367 consumer loans (excluding credit cards) were extended totaling approximately \$3.3 million. The loan products offered by the bank and its affiliates appear to address a significant portion of the communities' credit needs.

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

Conclusion/Support

CMC participates in a variety of Government sponsored loan programs including those available through the Federal Housing Administration (FHA), Veterans Administration (VA), HUD 203K Program, Maryland Community Development Authority, and bond financed mortgages for Montgomery and Prince George's Counties. These special 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. Crestar Bank MD also routinely purchases low-income housing tax credits through equity investments in multifamily housing projects being undertaken in Maryland. The following table illustrates CMC's volume of affordable mortgage loans within the bank's delineated communities since January 1995.

Affordable Mortgage Loans

	1995		1996 (1st Half)	
	# loans	\$(000's)	# loans	\$(000's)
FHA & VA	173	\$ 20,503	117	\$ 11,289
Maryland CDA	24	\$ 1,832	31	\$ 2,460
2/3 Tier Review	4	\$ 472	0	\$ 0
HUD 203K	19	\$ 1,382	0	\$ 0
Montgomery- HOC	88	\$ 7,387	31	\$ 2,623
P G County Bond	5	\$ 473	15	\$ 1,602
Comm. Homebuyers	34	\$ 4,333	5	\$ 610

Business loans guaranteed by the Small Business Administration (SBA), Rural Housing and Community Development Service (RHCD), and the Economic Development Administration (EDA) are offered by the bank. During 1995, two loans totaling \$130,000 were extended under these programs within the region.

Government guaranteed student loans are available through the following programs: Stafford, Parental Loans for Undergraduate Students (PLUS), and United Student Aid Funds (USAF). These programs provide market rate and subsidized educational loans with a variety of repayment and deferment options. During 1995, approximately 950 student loans were originated totaling \$3.6 million.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

Conclusion/Support

The institution has delineated five local communities which include Montgomery, Prince George's, and Anne Arundel Counties and portions of Charles and Baltimore Counties and the City of Baltimore. These delineations contain several modifications since the previous evaluation including the addition of two new communities and the deletion of one former community. The delineations appear 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

Information is compiled on an annual basis concerning the geographic distribution by census tract of outstanding consumer, commercial, mortgage, and credit card loans, as well as deposit accounts. These data indicated that as of December 1995, 91.7% of outstanding consumer loans and 88.6% of outstanding commercial loans were originated within the delineated communities. In addition, 32.3% of consumer loans and 35.8% of commercial loans were originated within L/M census tracts. On December 31, 1995, the bank had \$31.2 million (5,492 loans) in commercial and consumer loans outstanding within L/M neighborhoods.

An annual report that reflects all HMDA related credit applications is also prepared by management and includes information for applications received by all Crestar affiliates. The HMDA data is depicted on detailed maps for each community and contains information identifying all L/M and minority census tracts. An analysis of this information is routinely performed by the corporate CRA director to determine loan penetration within the various markets. The results of this analysis are periodically presented to the board for assessing the reasonableness of the delineated communities.

An analysis of the 1995 HMDA information submitted by Crestar Bank MD and CMC was performed to determine the distribution of loans throughout the bank's market. During 1995, Crestar Bank MD reported applications in 44.3% of its delineated census tracts and CMC reported applications in 63.5% of the same market. Furthermore, 34.4% and 44.1% of L/M census tracts had credit activity reported for the bank and mortgage corporation, respectively.

The following chart presents comparisons of applications received by the bank and the mortgage corporation to the aggregate HMDA activity in low- and moderate-income census tracts. All figures are presented as a percentage of total applications received by the institution from within the delineated communities.

Conclusion/Support--contd.

HMDA Applications In L/M Census Tracts

	1994	1995
Home Purchase & Refinance Loans Applications		
CMC	12.6%	9.3%
Aggregate	11.5%	12.1%
Home Improvement Loans Applicaitons		
Crestar Bank	16.7%	18.7%
Aggregate	16.0%	17.1%

As demonstrated by these tables, CMC's performance in L/M census tracts declined slightly during 1995. The bank's home improvement performance, however, exceeded the aggregate activity for both years. The percentages of applications from L/M census tracts closely parallels the percentages of originations in such areas with the exception of the bank's 1994 lending activity. During 1994, approximately 9% of the bank's loan originations were in L/M census tracts compared to the aggregate's 13.2% penetration into such areas. The bank's lending performance during 1995, however, demonstrated improvement with 14.5% of loans originating from L/M census tracts (aggregate, 13.7%). In addition, CMC declined relatively few applications during 1994 and 1995.

The following is a comparison of the bank's and mortgage corporation's market share of mortgage lending, according to census tract income level in the MSAs. The market share analysis uses home improvement loans for comparison purposes for the bank and home purchase and refinance loans for CMC.

Market Share Analysis

	Crestar Bank MD		CMC	
	1994	1995	1994	1995
L/M Tracts	.6%	1.0%	1.8%	1.0%
Non L/M Tracts	1.0%	.9%	1.5%	1.3%

This analysis demonstrates that both the bank and the mortgage corporation's market share in L/M census tracts closely mirrors its penetration into middle- and upper-income census tracts. Overall, both the bank and the mortgage corporation represent a relatively small share of the market.

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

Conclusion/Support

The bank's 28 offices are reasonably accessible to all segments of its communities, and the hours of operation are considered convenient (See Appendix). Eight of the branch offices are located in low- and moderate-income census tracts which account for 29% of the institution's total branch system. Many other offices, while not in such tracts or neighborhoods, are accessible to residents of these areas. Additionally, CMC has seven offices located within the Maryland Region.

A formal policy for branch closings 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. Since the previous evaluation, two new branch offices were opened and four locations were closed. Many of these branch offices were closed due to the close proximity of other offices and there appears to be no loss of service experienced by bank customers in connection with these offices.

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.

The minority population for the counties delineated by Crestar Bank MD ranges from a low of 15.4% in Anne Arundel County to a high of 58.4% in Prince George's County; the overall minority population for the delineated market is 35.9%. The bank's 1994 and 1995 HMDA information indicated that the percentage of home improvement applications from minorities (in Metropolitan Statistical Areas) was consistently above both their representation in the population and the proportion of lending to minorities reflected in the aggregate HMDA data. A review of the HMDA information for CMC revealed that the percentage of home purchase and refinance applications from minorities was also above their representation in the population. During 1995, the mortgage corporation's penetration into the minority community, however, was slightly lower than that of the aggregate market.

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 and credit counseling for potential mortgage applicants through seminars and housing

Conclusion/Support--contd.

fairs. Also, a second/third tier review system has been implemented for denied mortgage loan requests from L/M borrowers at CMC. Various self-testing methods are employed to insure the equal application of credit standards. In addition, participation in a multi-bank review agency in the Greater Washington Region known as the Capital Area Mortgage Partnership (CAMP), provides counseling and a third tier review for persons whose mortgage applications were denied.

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 and April 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

	Accepted Applications			
	Male	Female	Joint	Total
Instalment	9	4	9	22
Single Payment	0	0	0	0
Real Estate	2	0	11	13
Open End Credit	2	3	0	5
Business	N/A	N/A	N/A	10
Totals	13	7	20	50

	Denied Applications			
	Male	Female	Joint	Total
Instalment	2	1	46	49
Single Payment	0	0	0	0
Real Estate	0	0	0	0
Open End Credit	1	1	4	6
Business	N/A	N/A	N/A	13
Totals	3	2	50	68

Conclusion/Support--contd.

In conjunction with the comparison of these files, a review of credit policies and application procedures was conducted. In addition, five 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 1995 HMDA data evidences a denial rate for minorities that exceeds that for white applicants of 1.9 to 1. This ratio demonstrates a noted improvement over the 1994 HMDA data which had a minority denial rate of 2.6 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. As previously stated, the bank's policies and procedures supporting nondiscrimination in lending and credit activities are considered adequate. 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 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 have a diverse range of credit needs. Through its extensive outreach program, management is aware of community development opportunities throughout its delineated markets. Participation in such projects has included investments, direct lending, donations, and technical assistance. The following is a summary of special programs and activities that demonstrate the bank's involvement and commitment to its communities.

Crestar Bank MD, along with five local lending institutions, continues to participate in the Montgomery County Banker's Small Business Loan Fund. The fund offers credit and technical assistance to small businesses based in Montgomery County. Services are limited to those local businesses which are economically disadvantaged or which do not qualify for traditional credit products. Since January 1995, eight loans have been funded by the organization totaling \$331,000. In addition, a bank employee serves as a member of the board of directors which is responsible for all loan decisions.

Conclusion/Support--contd.

The Prince George's Revitalization Fund, established by 15 local financial institutions, is operated by the Prince George's County Financial Services Corporation. Crestar Bank MD provided \$250,000 towards the capitalization of

the loan fund, which offers loans to eligible businesses using the SBA 7A guaranty program. Loans are typically made for working capital, building improvements, or equipment purchases. During 1995, nine loans were approved for \$1.3 million.

The Anne Arundel Economic Development Corporation Incentive Fund was recently established to promote economic development in Anne Arundel County. This organization is active in the recruitment of new industry to the area and provides counseling services to small and start-up businesses. The Incentive Fund is a direct loan/loan guarantee program designed to provide financial assistance to eligible businesses that are unable to obtain credit through traditional sources. The Fund is a joint effort between the banking community, the Anne Arundel Economic Development Corporation, and the Anne Arundel County Government. Funds may be used for equipment purchases, property improvements and renovations, construction, and land acquisition. One job must be retained or created for every \$20,000 of funds issued. Fifteen local financial institutions participate in the fund, with an aggregate commitment of \$2.9 million. Crestar's portion of this commitment is \$200,000.

The Baltimore County Loan Pool, which is still in the formative stages, is a proposed partnership between the Baltimore County Department of Economic Development and the local banking community. The loan pool will be used to stimulate economic growth in the county by providing below-market-rate financing to eligible businesses for equipment purchase, working capital, and improvements. Also, the program will provide an additional source of funds to be used to attract commercial and industrial firms. All financing must either create or retain at least one job for each \$35,000 of loan proceeds, add to the county tax base, or be used for redevelopment in a designated revitalization area. To date, ten institutions have made commitments to the organization and four additional banks are in the approval process, including Crestar Bank MD.

Crestar Bank MD, through its affiliate CMC, continues to participate in the Montgomery County Bond Program sponsored by the Housing Opportunities Commission (HOC). The HOC Bond Program limits sales prices to \$165,000 for existing housing and \$195,000 for new construction. The eligible income range for the bonds issued during 1995 was at 90% of the Washington MSA median-family income. From January 1995 through June 1996, 119 loans were originated under this program by CMC totaling \$10 million. During this same period, CMC participated in a similar bond program in Prince George's County.

During January 1996, the Suburban Maryland Technology Fund was established to assist in the growth of technology based firms that cannot obtain sufficient traditional funding for development and job creation. Businesses eligible for financing must be located in Frederick, Montgomery, Prince George's, Howard, or Anne Arundel Counties. Funds may be used for working capital, equipment purchases, and leasehold improvements. Eight

Conclusion/Support--contd.

local financial institutions have agreed to participate in the fund in conjunction with the Maryland Industrial Development Financing Authority and the Suburban Maryland/Montgomery County Technology Council. Total capitalization of the fund is \$3.6 million of which Crestar's portion is \$250,000.

Capital Area Mortgage Partnership (CAMP) is a regional effort sponsored by area financial institutions and the Neighborhood Reinvestment Corporation. CAMP offers financing for home purchase loans, technical and financial assistance, and counseling for prospective home buyers. A bank officer serves on the organization's board of directors.

In addition, the bank has participated in the Business Consortium Fund (BCF). BCF is a minority business development company affiliated with the National Minority Supplier Development Council. The fund is capitalized by investments made by corporations, governments, and foundations. The BCF helps certified minority businesses obtain working capital loans and contract financing with local participating banks. During 1995, the bank also participated in the Minority and Women Owned Business Procurement Fair, along with 34 local businesses. As a result of the fair, several companies were placed on Crestar's bid list for future contracts. During 1995, two minority procurement contracts were awarded by the bank for over \$1 million.

Crestar Small Business Resource Center was created to better serve the needs of the business community in the Greater Washington Region. The Resource Center provides counseling, education and training, small business financing workshops, and technical assistance to local businesses and entrepreneurs. During 1995, representatives from the Small Business Resource Center provided 33 presentations/workshops and conducted 428 consultations/meetings for area business owners.

Crestar Bank MD has also extended several loans within the region which promote economic development. Some of the loans recently extended include:

A \$100,000 line of credit to a church in Prince George's County for improvements to the sanctuary.

A \$650,000 loan to a hospital in Bethesda for the purchase of equipment and leasehold improvements.

A \$2.8 million loan to acquire and renovate a 121-room motel in Prince George's County in an area currently undergoing redevelopment.

\$1.6 million in financing for the purchase of land and the construction of 29 condominium units in Montgomery County. These units, which qualify under the Montgomery County Moderately Priced Dwelling Unit Program, will provide affordable housing for low- and moderate-income families.

A \$3.2 million loan to acquire and renovate a commercial property in Bethesda. The business is located in the central business district of the city which is currently undergoing revitalization.

Conclusion/Support--contd.

A \$500,000 loan to refinance a 43-unit apartment building located in a low-income area of Prince George's County. Several of the occupants receive local government rental assistance.

A \$3.1 million loan to fund the acquisition of 94 condominium units and 25 townhomes in Montgomery County. Fifty-seven of these units will be placed under the Montgomery County Moderately Priced Dwelling Units Program for lower-income families.

A \$1.2 million loan for a multifamily property located in the City of Baltimore. This forty unit development serves low- and moderate-income families and is scheduled for renovation under the HUD Section 221 program.

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

Crestar Bank MD is a leader in developing specific projects promoting economic revitalization and growth consistent with its size, financial capacity, location, and current economic conditions. The bank operates 28 offices that serve five communities within the central portion of the State of Maryland. These communities represent a diversity of economies and needs and include portions of two MSAs. The area is primarily urban with local economies that include various industries, as well as numerous Federal, State, and local government agencies. Many of the industries located in the area involve high technology and include telecommunications, biotechnology, and a variety of Federal Government research and development facilities. Furthermore, many residents commute to the nearby Cities of Washington, D. C., and Baltimore, for employment opportunities. Unemployment rates range from a high of 5.7% for Baltimore County to a low of 2.9% for Montgomery County. While the bank's local communities include both affluent and low-income areas, affordable housing is a major concern throughout the market area.

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

Community development continues to be supported by charitable contributions and specific products offered by the institution. The bank has made financial donations throughout the State to organizations that address housing, job training, education, and human services. Securities held in the bank's investment portfolio have provided funding for numerous community development projects within the delineated communities. In particular, the bank purchased bonds to support the Baltimore County Metropolitan District valued at approximately \$170,000. Technical assistance and/or donations of financial resources have also been provided to the following organizations:

Conclusion/Support--contd.

Victory Housing
Christmas in April
Housing Initiative Partnership
Adopt a Shelter
Community Ministry of Prince George's County
Community Ministry of Montgomery County
Habitat for Humanity
Montgomery Housing Partnership
Anne Arundel Council of Community Services

Regression Program Usage Report

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

Institution Name: CRESTAR BANK MD

City, ST: BETHESDA, MARYLAND

Exam Date: AUGUST 26, 1996

Number of HMDA LAR records:

Year(s) of data considered: 1995

	FHA, VA, & FmHA HOME Purchase		Conventional Home Purchase		Refinancings		Home Improvement	
	Year	Year	Year	Year	Year	Year	Year	Year
White Approvals	0		3		2		54	
White Denials	0		0		1		28	
Minority Approvals	0		0		8		36	
Minority Denials	0		1		3		71	

Was Step 1 of regression program run? YES

if "N", why not? SINCE WE COULD NOT DETERMINE HOMOGENEOUS GROUP OF LOANS, (SECURED VS UNSECURED FOR EXAMPLE), RELIANCE ON STEP 1 WAS NOT CONSIDERED RELEVANT FOR ANY TYPE OF ANALYSIS. DISCUSSED WITH PAUL CALEM AT BOARD AND TONY KUPRIANOV AT RESERVE BANK.

What grouping(s) of data (i.e, loan type, location, year(s), etc.) were used?

MIN Pr > Chi Square Value

- (1) _____
- (2) _____
- (3) _____
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