

# **PUBLIC DISCLOSURE**

**June 1, 1998**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**SunTrust Bank, North Central Florida**  
**06121112**

**Ocala, Florida**

**FEDERAL RESERVE BANK OF ATLANTA  
104 MARIETTA STREET, N.W.  
ATLANTA, GEORGIA 30303**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of SunTrust Bank, North Central Florida prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of June 1, 1998. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

<b>INSTITUTION</b>
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**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory.

This examination of SunTrust, North Central Florida was the first examination of the bank using the performance tests for large banks under the revised Regulation BB – Community Reinvestment Act. The written evaluation contains separate discussions of Alachua and Marion Counties, which make up the bank's assessment areas. The evaluation addresses the extent of the bank's activities and lending opportunities in each area; the distribution of loans among different geographies and income levels; the demographic and economic characteristics of each area; and the extent of the bank's investments and services. General conclusions for each performance test are as follows:

- **Lending Test** – The substantial majority of the bank's HMDA, small business, and small farm loans is inside its assessment area. A review of the bank's lending activity between August 1996 and December 1997 showed lending in census tracts by income level was consistent with the demographics and lending opportunities in those tracts, particularly in relation to the number of families in each group of tracts, the family income levels in the tract groups, and housing characteristics. The bank has a satisfactory distribution of loans to borrowers of different income levels considering factors such as the percentages of families in each income category and poverty levels. The bank has originated loans through business and housing loan programs with innovative and flexible lending criteria. Since the previous examination, the bank has originated 11 community development loans totaling \$72.1 million.
- **Investment Test** - The bank made 5 qualified investments totaling \$177,569, a small percentage of the bank's investment portfolio. These investments provide community services to low- and moderate-income people and promote community development, especially affordable housing. Community contacts revealed that qualified investment opportunities are limited in the assessment areas; however, federal and state programs that offer qualified investments which benefit the assessment areas are available.

**INSTITUTION (Continued)**

- **Service Test** - The bank has no branch facilities in low-income census tracts and 1 branch in a moderate-income census tract. However, the bank has branches near the low- and moderate-income census tracts, which are conveniently accessible to residents in those tracts. This distribution of facilities is satisfactory relative to the number of families living in the low- and moderate-income census tracts in the assessment areas. The bank's services are accessible to all segments of the assessment areas. Branch hours and locations are convenient to the general public. Automated teller machines (ATMs) are located at all of the bank's 15 branches and at 5 remote locations. One of these is in a hospital and another is on a college campus. Banking services are available through nontraditional channels, such as by phone and through the Internet.

The following table indicates the performance level of SunTrust Bank, North Central Florida with respect to the lending, investment, and service tests

PERFORMANCE LEVELS	<u>SunTrust Bank, North Central Florida</u>		
	PERFORMANCE LEVELS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

\*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

**INSTITUTION (Continued)**

**DESCRIPTION OF INSTITUTION**

SunTrust Bank, North Central Florida is headquartered in Ocala, Florida. The bank is a wholly owned subsidiary of the holding company, SunTrust Banks, Inc. located in Atlanta, Georgia, which operates in Alabama, Florida, Georgia, and Tennessee. SunTrust Banks, Inc. had assets totaling \$55.5 billion as of December 31, 1996. SunTrust Bank, North Central Florida is a subsidiary of SunTrust, Florida, which is a subsidiary of the top tier holding company. As of the March 31, 1998, Consolidated Reports of Condition and Income, the bank had assets totaling \$916 million. The bank does not have any financial or legal impediments that would hinder its ability to meet community credit needs. The bank received an outstanding CRA rating at its last evaluation on July 8, 1996 using the 12 assessment factors.

The October 1994 merger of Sun Bank of Ocala with 10 branches and Sun Bank of Gainesville with 4 branches resulted in SunTrust Bank, North Central Florida. SunTrust Bank, North Central Florida currently operates 5 branches in Alachua County, Florida and 10 branches in Marion County, Florida. All Alachua County branches are located in Gainesville.

Loan products offered by SunTrust Bank, North Central Florida, as listed in the public file, include consumer, real estate, commercial, and agricultural loans. The following table shows a breakdown of the bank's loan portfolio for the years ending 1996 and 1997.<sup>1</sup>

<b>LOAN PORTFOLIO MIX</b>		
Loan Type	Percentage of 1997 Portfolio	Percentage of 1996 Portfolio
Construction and Development	2	3
Secured by 1-4 Family Dwellings	43	44
Farmland	4	3
Multifamily	1	1
Nonfarm Nonresidential	17	17
<b>TOTAL REAL ESTATE</b>	<b>67</b>	<b>68</b>
Agricultural Loans	3	3
Commercial & Industrial Loans	8	12
Loans to Individuals, including open-end credit	18	16
All Other Loans	4	1
<b>Total</b>	<b>100</b>	<b>100</b>

<sup>1</sup> Information was obtained from the December 31, 1997 Uniform Bank Performance Report.

<b>INSTITUTION (Continued)</b>
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**DESCRIPTION OF INSTITUTION (Continued)**

The bank's loan portfolio has remained stable for most loan types for the last two calendar years. The largest portion of the bank's portfolio at year-end 1997 was 1-4 family real estate secured loans followed by loans to individuals and nonfarm nonresidential real estate lending. The bank's lending priorities during this evaluation period were small business lending and residential real estate lending.

The bank experiences high competition from financial institutions in the assessment area. 17 banks operate in Alachua and Marion Counties with asset sizes ranging from \$37.3 million to \$216 billion. Several of the banks with branch offices in the bank's assessment areas are statewide or regional banks. The bank has types of products that are comparable to banks of similar size and structure in the assessment area. The bank also has the ability to meet community credit needs, but faces competition from numerous other banks and non-bank lenders such as insurance companies, finance companies, and credit unions.

**DESCRIPTION OF OVERALL ASSESSMENT AREA**

The bank defined its assessment areas as Alachua and Marion Counties, which constitute Metropolitan Statistical Areas (MSAs) 2900 and 5790. The main cities in each county are Gainesville in Alachua County and Ocala in Marion County. The assessment areas contain 74 census tracts of which 6 (8 percent) are low-income; 12 (16 percent) are moderate-income; 42 (57 percent) are middle-income; and 14 (19 percent) are upper-income. 11 tracts have demographic characteristics that would limit the origination of loans by the bank. 6 are low-income, 3 are moderate-income, 1 is middle-income, and 1 is upper-income. Because of certain demographic characteristics, the lowest level of loan originations is expected in low-income census tracts.

The total population of the bank's assessment area was 376,429 according to the 1990 census. Almost half of the population is between the ages of 25 to 64 and 16 percent of the population is over 65. A total of 99,209 families reside in the bank's assessment areas.

**Income Characteristics**

The following tables show the distribution of the four income groups of families; low, moderate, middle, and upper-income; among the four income categories of census tracts. The data in these tables are significant in relation to evaluating the bank's lending record in terms of the geographic distribution of its loans as well as the distribution of loans among various family income levels. The first table displays the data in numbers.

<b>DISTRIBUTION OF FAMILIES BY CENSUS TRACT INCOME LEVEL</b>					
<b>Census Tract Income Level</b>	<b>Total</b>	<b>Low-Income Families</b>	<b>Moderate-Income Families</b>	<b>Middle-Income Families</b>	<b>Upper-Income Families</b>
Low-Income	3,428	1,969	643	464	352
Moderate-Income	14,927	4,941	3,551	2,652	3,783
Middle-Income	61,948	11,307	12,098	15,591	22,952
Upper-Income	18,906	1,710	1,758	3,007	12,431
<b>Total</b>	<b>99,209</b>	<b>19,927</b>	<b>18,050</b>	<b>21,714</b>	<b>39,518</b>

The next table uses the same data, but displays the information in percentages:



**DESCRIPTION OF OVERALL ASSESSMENT AREA (Continued)**

<b>DISTRIBUTION OF FAMILIES BY CENSUS TRACT INCOME LEVEL</b>					
<b>Census Tract Income Level</b>	<b>Total</b>	<b>Low-Income Families</b>	<b>Moderate-Income Families</b>	<b>Middle-Income Families</b>	<b>Upper-Income Families</b>
Low-Income	3.5	9.9	3.6	2.1	.9
Moderate-Income	15.0	24.8	19.7	12.2	9.6
Middle-Income	62.4	56.7	67.0	71.2	58.1
Upper-Income	19.1	8.6	9.7	14.5	31.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Because 62.4 percent of families live in middle-income census tracts, it would be expected that a larger percentage of loans would be originated in these areas. Conversely, only 3.5 percent of total families live in the low-income census tracts, so low lending levels would be expected in those tracts. The tables show that the low- and moderate-income families are concentrated in the middle-income census tracts.

The next table shows the distribution of the total families in the combined assessment areas by numbers of families and percentages among the four income groups:

<b>DISTRIBUTION OF FAMILIES BY INCOME</b>		
<b>Income Category</b>	<b>Families in Each Income Category</b>	<b>Percentage of Total Families</b>
Low-Income	19,927	20.1
Moderate-Income	18,050	18.2
Middle-Income	21,714	21.9
Upper-Income	39,518	39.8
<b>Total</b>	<b>99,209</b>	<b>100.0</b>

The data show that, of the total families, 20 percent are low-income. 18.2 percent are moderate-income; 21.9 percent are middle-income; and 39.8 percent are upper-income. 12 percent of the total families are below the poverty level and the majority of these families live in middle-income census tracts. 44 percent of families in low-income census tracts and 21 percent of families in moderate-income census tracts are below the poverty level.

The median family income for the assessment area was \$27,861, which is lower than the state of Florida at \$32,212. The four median family income categories are defined in the following table:

**DESCRIPTION OF OVERALL ASSESSMENT AREA (Continued)**

<b>ASSESSMENT AREA INCOME CATEGORIES</b>				
<b>Median Family Income</b>	<b>Low-Income (&lt;50%)</b>	<b>Moderate-Income (50% to &lt;80%)</b>	<b>Middle-Income (80 % to &lt;120%)</b>	<b>Upper-Income (&gt;120%)</b>
\$27,861	<\$13,931	\$13,932 to \$22,288	\$22,289 to \$33,432	Over \$33,433

Because \$13,931 is considered to be very low income, financial institutions may find it difficult to originate mortgage loans to low-income borrowers.

**Economic Patterns**

According to the Research and Statistics Department of the Bureau of Labor Statistics, between 1992 and 1995, the labor force in the assessment areas increased 6 percent, from 94,819 in 1992 to 100,035 in 1995.

The following table depicts the unemployment rates for each of the counties included in the bank's two assessment areas along with the unemployment rates for the state of Florida:

<b>UNEMPLOYMENT RATES</b>				
<b>Assessment Area</b>	<b>March 1995</b>	<b>March 1996</b>	<b>March 1997</b>	<b>March 1998</b>
Alachua County	2.8%	2.7%	2.8%	2.7%
Marion County	5.2%	4.5%	4.8%	4.1%
State of Florida	5.1%	4.8%	4.5%	4.3%

Neither of the counties has experienced major fluctuations in unemployment rates. Unemployment rates for Alachua County have remained consistently lower than Marion County. According to the Department of Housing and Urban Development (HUD), while the prevalence of government jobs makes the unemployment rate lower in Alachua County, the unemployment rate is projected to move higher, particularly in Gainesville. This is because of the large number of low paying service jobs and a shortage of higher paying manufacturing employment opportunities. Low-income people are also in competition with students for these jobs because of Gainesville's high student population.

**DESCRIPTION OF OVERALL ASSESSMENT AREA (Continued)**

The 8 largest employers in the bank's assessment area according to the Ocala/Marion Area and Gainesville Chambers of Commerce are shown below.

<b>Employer</b>	<b>Number of Employees</b>
University of Florida	14,000
Shands Healthcare	4,272
School Board of Alachua County	3,850
Oak Mall Merchants Association	2,500
City of Gainesville	1,880
Monroe Regional Medical Center	1,600
Emergency One	1,600
Publix Supermarkets	1,200

The 5 major industries in the assessment area are as follows:

<b>Type of Industry</b>	<b>Number of Employees</b>	<b>Number of Establishments</b>
Services and Other	43,504	3,571
Retail Trade	34,618	2,572
Manufacturing	14,545	422
Finance, Insurance & Real Estate	7,022	935
Wholesale Trade	6,340	599

Census data show a total of 9,405 business establishments in the bank's assessment areas. 9,011 (96 percent) of the establishments had fewer than 50 employees. 68 percent of the establishments with fewer than 50 employees were in the service and retail trade industries.

**Housing Characteristics**

The bank's assessment areas contain 173,589 housing units. 56 percent are owner-occupied units; 30 percent are rental units; and 14 percent are vacant. Housing throughout the assessment area consists primarily of 1-4 family dwellings totaling 109,466 units followed by mobile homes totaling 39,069, and multifamily dwellings (5 or more units) totaling 23,778. The median age of housing stock is 25 years, however, the oldest homes are located in low-income tracts and the newest homes are in moderate-income tracts. The median age of homes in low-income tracts is 31 years. The median age in moderate-income tracts is 23 years.

**DESCRIPTION OF OVERALL ASSESSMENT AREA (Continued)**

The following table depicts the distribution of housing units by census tract income level:

<b>DISTRIBUTION OF HOUSING UNITS</b>				
<b>Census Tract Income Level</b>	<b>Total Units</b>	<b>Percentage Owner-Occupied</b>	<b>Percentage of Rental Units</b>	<b>Percentage Vacant</b>
Low-Income	7,049	25	64	11
Moderate-Income	36,046	36	49	15
Middle-Income	101,358	63	21	16
Upper-Income	29,136	65	28	7
<b>Total</b>	<b>173,589</b>	<b>56</b>	<b>30</b>	<b>14</b>

Middle- and upper-income tracts have the largest percentage of owner-occupied units. As a result, it is expected that the largest number of home loans would be originated in these tracts. Fewer opportunities exist for mortgage originations in low- and moderate-income tracts because of the high percentage of rental units. Vacant units are highest in the moderate- and middle-income census tracts.

The median housing value in the assessment area is \$63,256, which is lower than the state of Florida at \$76,487. The median housing value was \$34,346 in low-income tracts; \$45,671 in moderate-income tracts; \$58,867 in middle-income tracts; and \$88,066 in upper-income tracts. The largest number of homes are valued between \$60,000 to \$99,999, which is higher than the median housing value in middle-income tracts where the majority of the population resides. 5 percent of the homes are valued less than \$24,999, prices that are comparable to what low-income families could afford. According to the Consolidated Plan for 1995 Executive Summary for Ocala, Florida by HUD, the housing prices rank among the lowest in the metropolitan areas nationwide, attracting retirees and other people on fixed incomes to the area.

<b>INSTITUTION</b>
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## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **Lending Test**

The component rating for the lending test is based on the following criteria: (1) the number and amount of the bank's home mortgage, small business, and small farm loans in the bank's assessment area; (2) the geographic distribution of the bank's home mortgage, small business, and small farm loans; (3) the distribution in the bank's assessment area of the bank's home mortgage, small business, and small farm loans to borrowers of various incomes; (4) the complexity, dollar amount, innovativeness, and number of community development loans; and (5) the bank's use of innovative or flexible lending practices.

### Lending Activity

SunTrust Bank, North Central Florida's Home Mortgage Disclosure Act (HMDA), small business, and small farm loans were analyzed to evaluate its performance under the lending test. HMDA loan categories include home purchase, home refinance, multi-family, and home improvement loans. Small loans to businesses and farms are loans with original amounts of \$1 million or less. Unless noted otherwise, the time period for loan data is from August 1, 1996 to December 31, 1997.

Lending levels reflect good responsiveness to assessment area credit needs. SunTrust Bank offers a variety of loan products to meet the credit needs of its assessment areas. The bank offers agricultural loans, consumer purpose loans, fixed and adjustable rate residential mortgages, business loans, and loans to government entities. The bank's loans have been increasing steadily from December 31, 1994 to December 31, 1997. The increase in loans was caused by the increased focus on consumer lending. Total deposits increased 8 percent from December 31, 1995 to December 31, 1996. However, the core deposit base declined because of competition for deposits. SunTrust Bank, North Central Florida's average net loan-to-deposit ratio for the 6 quarters ended March 31, 1998 was 97 percent. The ratio increased 5 percent from 91 percent in March 31, 1997 to 96 percent in June 30, 1997. The ratio continued to rise from 96 percent in June 30, 1997 to 103 percent in September 30, 1997. After this quarter, the bank's net loan-to-deposit ratio has remained steady through March 31, 1998. 17 banks

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

operate in Alachua and Marion Counties with asset sizes ranging from \$37.3 million to several billion dollars. Several of the banks with branch offices in the bank's assessment areas are statewide or regional banks. Four of these banks are comparable to SunTrust Bank, North Central Florida. These 4 banks have smaller asset sizes, but have similar holding company structures. The loan-to-deposit ratios of these banks range from 97 percent to 126 percent. SunTrust Bank, North Central Florida's ratio is reasonable when compared with the similar financial institutions.

Assessment Area Concentration

A large majority of the bank's lending occurs inside its assessment areas. The table below shows, by product type, the number and percentage of loans reviewed that were located inside and outside of the bank's assessment areas:

<b>DISTRIBUTION OF LOANS INSIDE AND OUTSIDE OF ASSESSMENT AREA</b>						
<b>LOAN TYPE</b>	<b>INSIDE ASSESSMENT AREAS</b>				<b>OUTSIDE ASSESSMENT AREAS</b>	
	<b>Number</b>	<b>Percentage</b>	<b>Dollars (000s)</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>
FHA/VA	9	100	550	100	0	0
Home Purchase (Conventional)	875	96	86,831	96	38	4
Home Improvement	272	94	4,252	94	17	6
Multi-family	0	0	0	0	0	0
Refinancing	304	92	17,316	93	27	8
Small Business	1,206	91	118,351	94	123	9
Small Farm	389	77	31,515	80	113	23
<b>TOTAL</b>	<b>3,055</b>	<b>91</b>	<b>258,815</b>	<b>93</b>	<b>318</b>	<b>9</b>

95 percent of the HMDA loans, 91 percent of small business loans, and 77 percent of small farm loans are inside the bank's combined assessment areas. Overall, 91 percent of the loans by number and 93 percent by dollar amount are inside the bank's assessment areas, indicating the bank's willingness to originate loans that meet the credit needs of its assessment areas. The bank has not originated any

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

multi-family loans since the last examination. Insurance companies are financing many of these loans in the assessment areas.

Geographic Distribution

The geographic distribution of loans by census tract income reflects adequate penetration throughout the assessment areas although penetration in moderate-income census tracts seems low in relation to the number of housing units and families in these tracts. Factors taken into consideration in reviewing the bank's performance in this area include characteristics such as population demographics, poverty levels, and the percentage of 1-4 family housing units located in the census tracts by income level. In addition, the percentage of applications submitted from applicants residing in census tracts by income level was compared to aggregate market performance.

The following table shows the geographic distribution of HMDA loans as a percentage of the total number of loans by type of census tract. The distribution of housing units and families in each group of tracts is included as a basis for comparison.

<b>DISTRIBUTION OF HMDA LOANS, HOUSING, AND FAMILIES BY CENSUS TRACT INCOME LEVEL</b>						
<b>CENSUS TRACT INCOME LEVEL</b>	<b>OWNER-OCCUPIED UNITS</b>		<b>LOANS</b>		<b>FAMILIES</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low-Income	1,727	2	15	1	3,428	3
Moderate-Income	13,056	13	121	8	14,927	15
Middle-Income	64,159	66	893	61	61,948	62
Upper-Income	18,786	19	431	30	18,906	20
<b>TOTAL</b>	<b>97,728</b>	<b>100</b>	<b>1460</b>	<b>100</b>	<b>99,209</b>	<b>100</b>

Because there is a small percentage of owner-occupied housing units in low-income tracts and the smallest percentage of families reside in these tracts, few HMDA originations would be expected in those tracts. Also it is significant to note that of the 3,428 families in the low-income tracts, 44 percent are below poverty level. 21 percent of the 14,927 families in the moderate-income tracts are below poverty level. The median age of the housing stock is 31 years, which is older than that of the other census tracts.

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

The following table lists several low- and moderate-income tracts with no or low loan penetration and a brief description of each tract, which may be the cause of limited loan opportunities.

Tract Number	Tract Income Level	County	Description of Tract
1.00	Moderate	Alachua	Low number of housing units. Of the 278 housing units, 33 (12 percent) are owner-occupied.
2.00	Low	Alachua	Large student population in west half of the tract. 70 percent of the housing units are rental.
6.00	Low	Alachua	Majority of population employed by the government with access to credit union products. According to the bank, the majority of the residents who have applied for loans have been denied because of credit history. Also almost half of the housing units are rental.
8.00	Moderate	Alachua	High student population. 87 percent of the housing units are multi-family (5 or more).
9.00	Low	Alachua	Only 8 owner-occupied housing units. 98 percent of the units are rental.
14.00	Low	Marion	No population exists in this tract.
15.00	Moderate	Alachua	High student population with many apartment complexes. This tract is close to University of Florida.
18.00	Low	Marion	53 percent of the housing units are rental. The median family income is only \$12,000 and 46 percent of the households are below the poverty level.
19.02	Low	Alachua	The median family income is \$12,100 with only 348 families residing in this tract. 49 percent of the housing units are rental. 2 mobile home parks and a golf course are located in this tract.

Loan opportunities are somewhat limited in the low- and moderate-income tracts because of the demographic characteristics. Because of this it would be expected that a lower number of loans would be originated in these tracts in comparison to the middle- and upper-income tracts.

The next table shows the distribution of the bank's loans made in 1996 by tract category and compares it to the distribution of loans made by all HMDA reporters for 1996.



**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

<b>COMPARISON OF HMDA DATA FOR BANK VERSUS MARKET</b>		
	<b>Percentage of Loans</b>	
<b>Census Tract Income Level</b>	<b>Bank</b>	<b>Market</b>
Low-Income	1	1
Moderate-Income	6	11
Middle-Income	64	64
Upper-Income	29	24
<b>TOTAL</b>	<b>100</b>	<b>100</b>

The bank's lending distribution is similar to that of the total market in low, middle, and upper-income tracts. The bank's loan penetration is lower than the market's in moderate-income tracts, but is considered to be satisfactory overall.

The next table shows the geographic distribution of small business and small farm loans by type of census tract and compares it to the distribution of census tracts by income category:

<b>GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS</b>				
<b>CENSUS TRACT INCOME LEVEL</b>	<b>TRACTS</b>		<b>LOANS</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low-Income	6	8.1	17	1.0
Moderate-Income	12	16.2	235	14.2
Middle-Income	42	56.7	1,112	67.3
Upper-Income	14	19.0	289	17.5
<b>TOTAL</b>	<b>74</b>	<b>100</b>	<b>1653</b>	<b>100</b>

The bank performed reasonably well in extending small business loans in all geographies when compared with the distribution of the tracts in the assessment areas by income level. Penetration of business loans in low-income tracts is low in relation to the percentage of low-income tracts in the assessment area, however is reasonable in relation to the concentrations of business districts in the assessment areas and the bank's branch locations.

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

Borrower Characteristics

The analysis of the distribution of the bank's mortgage loans was conducted in relation to the distribution of the families in the assessment areas by income level. This distribution can be a general indicator of how the bank's loans should be distributed among borrowers of different incomes, although other factors must be considered and are discussed in more detail in this report.

The next table shows the distribution of the bank's HMDA loans by loan type and by the income level of the borrowers. The distribution of the families by income level is included in the first two columns as a basis for comparison.

<b>DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME LEVEL</b>										
<b>BORROWER INCOME LEVEL</b>	<b>PERCENTAGE OF TOTAL FAMILIES</b>		<b>PERCENTAGE OF LOANS</b>							
			<b>FHA/VA</b>		<b>CONVENTIONAL PURCHASE</b>		<b>REFINANCE</b>		<b>HOME IMPROVEMENT</b>	
			<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low-Income	19,927	20.1	1	11.1	40	4.7	12	4.0	38	14.1
Moderate-Income	18,050	18.2	1	11.1	104	12.2	54	18.1	41	15.2
Middle-Income	21,714	21.9	5	55.6	181	12.2	57	19.1	59	21.9
Upper-Income	39,518	39.8	2	22.2	529	61.9	176	58.8	131	48.8
Total	99,209	100	9	100	854	100	299	100	269	100

The bank's FHA, VA, and home improvement lending to low income borrowers is slightly lower than the percentage of low-income families in the assessment areas, which is 20.1 percent. However, assuming that the 12,192 families in the assessment areas that are below poverty level are also in the low-income category, the remaining 7,735 non-poverty, low-income families which may be viable candidates for loans represent only 7.8 percent of the total number of families. Considering this, the bank's record of lending, particularly for FHA, VA, and home improvement loans is very good. A high level of conventional purchase mortgages is not expected among low-income families.

HMDA lending overall to moderate-income borrowers is only slightly lower at 14 percent than the percentage of moderate-income families, which is 18.2 percent. Only 9 percent of HMDA applications

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

were received from moderate-income borrowers, which is half the percentage of the moderate-income families in the assessment area. Most moderate-income borrowers live in middle-income census tracts where the bank has the majority of its branches. Mortgage lending to middle-and upper-income borrowers is considered good. Poverty level families, most of which are assumed to be in the low-income category can reduce the pool of qualifiable low-income borrowers. Another major factor affecting the bank's ability to lend to low-income borrowers is the affordability of homes. Many low-income families in the assessment areas cannot afford to purchase homes considering the median values of homes. Another factor contributing to the low level of lending to low-income borrowers is the low number of loan applications received from this income group. While low-income families make up 20 percent of the population, low-income borrowers contributed only 10 percent of the applications. The fair lending analysis indicated that low-income borrowers denied for mortgage loans were treated fairly under the lending guidelines. This factor is discussed in more detail in the analyses for each assessment area regarding distribution of loans by family income.

Commercial and industrial loans, including nonfarm nonresidential, accounted for approximately 25 percent of the bank's loan portfolio as of December 31, 1997. The following table depicts, by loan size, the number and dollar volume of loans made to small businesses in the assessment areas. 75 percent of small business loans by number of loans were originated with amounts of less than \$100,000.

<b>SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE</b>					
<b>LOAN AMOUNT</b>	<b>TOTAL NUMBER OF LOANS</b>	<b>NUMBER TO SMALL BUSINESSES</b>	<b>PERCENT BY NUMBER</b>	<b>DOLLAR AMOUNT (000s)</b>	<b>PERCENT BY DOLLAR</b>
\$100,000 or less	975	732	75	22,326	71
\$100,001 - \$249,999	164	96	59	16,677	60
\$250,000 - \$1 million	125	61	49	27,939	47
<b>TOTAL</b>	1,264	<b>889</b>	<b>70</b>	<b>66,942</b>	<b>56</b>

The next table shows the number and dollar amount of the bank's commercial lending to businesses with different revenue sizes. Of the 1,264 small business loans for which business revenues were reported,

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

889 loans, or 70 percent by number, were extended to businesses with revenues of \$1 million or less, which indicates the bank's willingness to meet the needs of small businesses.

<b>BUSINESS LOAN ORIGINATIONS BY REVENUE OF BUSINESSES</b>				
<b>REVENUE SIZE</b>	<b>LOANS</b>		<b>DOLLARS (000s)</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
\$1 million and less	889	70	66,942	56
Greater than \$1 million	375	30	52,338	44
<b>TOTAL</b>	<b>1,264</b>	<b>100</b>	<b>119,280</b>	<b>100</b>

The bank has made a reasonable amount of loans to businesses with revenues less than or equal to \$1 million.

Loans secured by farmland account for approximately 4 percent of the bank's loan portfolio as of December 31, 1997. The following table depicts, by loan size, the number and dollar volume of loans made to small farms in the assessment areas.

<b>SMALL FARM LOAN ORIGINATIONS BY LOAN SIZE</b>				
<b>LOAN AMOUNT</b>	<b>NUMBER OF LOANS</b>	<b>PERCENTAGE OF LOANS</b>	<b>DOLLAR AMOUNT OF LOANS (000S)</b>	<b>PERCENTAGE OF DOLLARS</b>
\$100,000 or less	271	80	9,686	38
\$100,001- \$249,999	47	14	7,828	31
\$250,000-\$500,000	22	6	7,827	31
<b>TOTAL</b>	<b>340</b>	<b>100</b>	<b>25,341</b>	<b>100</b>

The next table shows the number and dollar amount of the bank's lending to farms with different revenue sizes. Of the 389 small farm loans for which business revenues were reported, 340 or 87 percent by number of loans were extended to farms with revenues of \$1 million or less, which indicates the bank's strong willingness to meet the needs of small farms.

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

<b>SMALL FARM ORIGINATIONS TO FARMS OF DIFFERENT REVENUES</b>				
<b>REVENUE SIZE</b>	<b>LOANS</b>		<b>DOLLARS (000s)</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
\$1 million and less	340	87	25,341	80
Greater than \$1 million	49	13	6,174	20
<b>TOTAL</b>	<b>389</b>	<b>100</b>	<b>31,515</b>	<b>100</b>

The bank originates an exceptional amount of small farm loans considering the level of opportunity for farm loans and the difficult nature of agricultural lending.

Community Development Lending

The bank has made a large number of community development loans. Since the previous examination, the bank has demonstrated a high level of commitment to improving the community by originating 11 qualified community development loans in many parts of the assessment areas totaling \$72.1 million.

The most significant loans were to the following types of organizations:

<b>COMMUNITY DEVELOPMENT LENDING</b>		
<b>Type of Organization</b>	<b>Purpose of Loan</b>	<b>Amount</b>
Health	Standby liquidity line of credit to support hospital in low-income tract.	\$65,000,000
County Government	Housing for low- and moderate-income families.	\$2,000,000
Housing Development	Construction of low-income apartments.	\$1,678,000
Child care	Acquire & renovate building for childcare and educational programs used mostly by low- and moderate-income people.	\$1,350,000
County Government	Housing for low- and moderate-income families.	\$1,000,000

Use of Innovative or Flexible Lending Practices

SunTrust Bank, North Central Florida offers and participates in many programs with flexible or innovative underwriting criteria. Both residential and business applicants who are unable to qualify under conventional programs may obtain loans through these programs. Many of these residential programs help applicants with down payment assistance and reduced loan costs, which is especially beneficial to

<b>INSTITUTION (Continued)</b>
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**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

low- and moderate-income applicants. Programs with flexible or innovative underwriting criteria are listed below. The number of originations for each program between August 1996 and December 1997 is provided if the information was readily available. The volume of originations through these programs has been low.

- Alachua County/City of Gainesville State Housing Initiative Partnership (SHIP) – 31 loans
- Escambia County Revenue Bond Program – no loans
- Federal Housing Authority (FHA) – 8 loans
- Greater Ocala Community Development Corporation (GOCDC) Micro-Loan Program – not available
- Marion County Low-Income Housing Coalition – not available
- Marion County/City of Ocala SHIP – 31 loans
- Neighborhood Housing and Development Corporation (NHDC) – 5 loans
- T.R.I.H.O. Homes, Inc. (Turning Renters Into Home Owners) – not available
- Rural Housing Service – not available
- Small Business Administration (SBA) LowDoc Program – not available
- SunTrust Bank, North Central Florida, SunCares Affordable Housing Program – 27 loans
- SunTrust Bank, North Central Florida, Special Refinancing and Home Improvement Program – not available
- USDA Farm Service Agency Guaranteed Loan Program – not available
- Veterans Administration (VA) – 1 loan

**Investment Test**

The component rating for the investment test is based on the following criteria: (1) the dollar amount of qualified investments; (2) the innovativeness or complexity of qualified investments; (3) the responsiveness of qualified investments to credit and community development needs; and (4) the degree to which the qualified investments are not routinely provided by private investors.

During the examination, a number of community contacts were asked to identify opportunities for the bank to participate in qualified investments. These contacts covered the government and private sectors

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

with a focus on community development organizations. The vast majority of contacts did not have a need for large dollar investments; however, one community development organization requested financial support. Given that qualified investment opportunities are limited in the assessment areas at the current time, federal and state investment programs that benefit the assessment area may be an alternative.

The opportunities for qualified investments were taken into account when evaluating the bank in this area. The following table depicts the composition of the bank's major qualified investments that benefit the assessment areas.

<b>QUALIFIED INVESTMENTS IN ASSESSMENT AREA</b>		
<b>TYPE</b>	<b>AMOUNT IN DOLLARS</b>	<b>PERCENTAGE</b>
Investment to affordable housing corporation	100,000	56
Community development grant	54,615	31
Community development grant	8,000	5
Community services grant	7,404	4
Community development grant	7,000	4
<b>TOTAL</b>	<b>177,019</b>	<b>100</b>

The qualified investments mentioned above are responsive to the needs of the community. The bank has several other qualified investment grants for community development purposes for individual amounts up to \$1,250.

**Service Test**

The component rating for the service test is derived using the following four factors: (1) the distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies; (2), the bank's record of opening and closing branches; (3) the availability and effectiveness of alternative systems for delivering retail banking services; and (4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

Retail Banking Services

A study of branch distribution was completed comparing the percentage of the bank's branches in each category of census tracts to the percentage of families residing in each census tract type in the assessment areas. The table on the next page shows the distribution of branches and families by census tract type.

<b>GEOGRAPHIC DISTRIBUTION OF BRANCHES AND FAMILIES</b>			
<b>CENSUS TRACT TYPE</b>	<b>BRANCH DISTRIBUTION</b>		<b>PERCENTAGE OF TOTAL FAMILIES</b>
	<b>Number</b>	<b>Percentage</b>	
Low-Income	0	0	3
Moderate-Income	1	7	15
Middle-Income	11	73	62
Upper-Income	3	20	20
<b>TOTAL</b>	<b>15</b>	<b>100</b>	<b>100</b>

Although the bank's branch distribution in low- and moderate-income tracts is not reflective of the percentage of total families residing in low- and moderate-income tracts, the majority of branches in middle- and upper-income census tracts are in close proximity to low- and moderate-income census tracts. Consequently, families living in low- and moderate-income census tracts have convenient access to the branches. The middle-income census tracts have a higher percentage of total branches than the percentage of total families in this category of census tract. The bank's branch distribution among the census tracts is reasonable when these factors are considered.

Record of Opening and Closing Branches

Since the previous examination, SunTrust Bank, North Central Florida has opened one office in Alachua County. This branch is located in an upper-income tract. No branches were closed since the last examination. SunTrust Bank, North Central Florida has adopted branch closing procedures that are in compliance with section 42 of the Federal Deposit Insurance Act.



<b>INSTITUTION (Continued)</b>
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**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

Alternative Delivery Systems

SunTrust Bank, North Central Florida offers various alternative delivery systems for providing retail-banking services to its assessment areas. These systems include ATMs, information through the Internet, telephone banking, and workplace banking. 20 ATMs are located throughout the bank's assessment areas. 15 are located at branches, 2 are located at the University of Florida campus, 2 are located at local hospitals and 1 is located at a Fina gas station. Of the 5 remote ATMs, 3 are in low-income census tracts, 1 is in a middle-income census tract, and 1 is in an upper-income census tract. All branches provide telephone banking services. All branches have drive-through facilities except the Haile Plantation branch located in Alachua County.

The SunTrust organization has a corporate Internet web-site which provides updated information available 24-hours a day about loan products, relocation services, investment services, and ATM locations. Loan applications can be obtained through the web address at [www.suntrust.com](http://www.suntrust.com).

Telephone banking or Telebanking was to provide customers with a convenient method of accessing account information and opening accounts by telephone 24-hours a day. Telebanking customers are able to obtain general account information, report lost or stolen checks, place stop payment orders, transfer funds, apply for loans, and obtain rate and product information. Since 1997, the bank has retained a total of 120 customers located in low-and moderate-income tracts under this program.

Workplace banking enables businesses to provide their employees with savings and attractive incentives on a wide range of banking products and services. The workplace banking program offers employees the choice of two package accounts that feature checking accounts with discounted or waived maintenance fees. Additionally, each package includes a variety of other services and benefits. Workplace banking reduces payroll expense and employees' time away from duties on payday through the direct deposit feature. This service provides employees with a convenient, quick, and secure way to deposit their paychecks. SunTrust Bank, North Central Florida has a total of 38 workplace-banking customers. 4 are located in low- and moderate-income census tracts.

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

Extent of Services by Geographies

The availability and extent of services by census tracts were reviewed. The bank's service delivery systems are accessible to census tracts and individuals of all income levels, and its services and business hours do not vary in a way that inconveniences any segments of its assessment areas. The level of branch services available to all census tracts is the same throughout the assessment areas. The availability of ATMs, extended hours, and Saturday banking hours across census tracts is considered adequate.

Community Development Services

27 bank personnel have used their financial expertise in various community development services to benefit the assessment areas. The purpose of most community development services is to promote affordable housing and small business economic development. The following table lists some of the most significant activities during the review period.

<b>COMMUNITY DEVELOPMENT SERVICES</b>	
<b>ORGANIZATION INVOLVED</b>	<b>SERVICE PROVIDED</b>
Temple in Alachua County	Six employees from the bank were presenters of a half-day seminar on budgeting and home loans.
Chamber of Commerce – Marion County	Business Development Committee. The committee helps small businesses grow.
Affordable Housing Coalition in Alachua County	Board of Director, Treasurer. Task force made up of agencies promoting affordable housing community services for low- and moderate-income families.
Housing Development Corporation – Alachua County	Lenders Consortium and Roundtable
SHIP – City of Gainesville and Alachua County	Finance Committee Chairman, Executive Board, & Rental Leveraging Task Force. The SHIP Executive Board is responsible for the management and oversight of the SHIP Program, which assists only the low- and moderate-income communities.

Compliance with Antidiscrimination Laws

SunTrust Bank, North Central Florida solicits applications from all segments of its communities, including low- and moderate-income areas. The bank's policies and internal control procedures are adequate to ensure that the evaluation of credit applications is based solely on financial and economic considerations. No evidence of prohibited discrimination or other illegal credit practices was noted during the

**INSTITUTION (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)**

examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations. Fair lending training has been provided to bank employees.

**METROPOLITAN AREAS**

**DESCRIPTION OF OPERATIONS IN THE GAINESVILLE ASSESSMENT AREA (ALACHUA COUNTY)**

The bank offers general commercial and full-service retail banking operations in 5 offices in Alachua County, Florida. All offices are located in Gainesville.

**DESCRIPTION OF THE GAINESVILLE ASSESSMENT AREA**

The Gainesville MSA is made up of Alachua County. Alachua County is located approximately 100 miles northwest of Orlando and is intersected by Interstate 75. Gainesville is the county seat for Alachua County and is the home of the University of Florida. The majority of low-income residents are concentrated in East Gainesville, while West Gainesville is more affluent. The population in the assessment area was 181,596 according to the 1990 census, which represents 1 percent of the state population. 22 percent of the population is aged 17 years or younger; 22 percent of the population is 18 to 24 years, 47 percent of the population is aged 25 to 64 years, and 9 percent of the population is aged 65 and over. The percentage of the population between 18 to 24 years at 22 percent is more than double the state percentage at 9 percent. This reflects the large number of college students at the University of Florida.

**Income Characteristics**

The median family income for the assessment area is \$31,403. This is slightly lower than the state median family income of \$32,212. The labor force is 63 percent of the population and the unemployment rate is 6 percent. These percentages are similar to the state overall.

The following two tables show the distribution of the four income categories of families among the income categories of census tracts. The first table displays the data in numbers:

<b>DISTRIBUTION OF FAMILIES BY CENSUS TRACT INCOME LEVEL</b>					
<b>Census Tract Income Level</b>	<b>Total</b>	<b>Low-Income Families</b>	<b>Moderate-Income Families</b>	<b>Middle-Income Families</b>	<b>Upper-Income Families</b>
Low-Income	2,742	1,602	511	329	300
Moderate-Income	10,211	3,435	2,452	1,739	2,585
Middle-Income	17,644	3,485	3,077	4,287	6,795
Upper-Income	10,842	1,053	878	1,499	7,412
<b>Total</b>	<b>41,439</b>	<b>9,575</b>	<b>6,918</b>	<b>7,854</b>	<b>17,092</b>

The next table uses the same data, but displays the information in percentages.

**METROPOLITAN AREAS (Continued)**

**DESCRIPTION OF THE GAINESVILLE ASSESSMENT AREA (Continued)**

<b>DISTRIBUTION OF FAMILIES BY CENSUS TRACT INCOME LEVEL</b>					
<b>Census Tract Income Level</b>	<b>Total</b>	<b>Low-Income Families</b>	<b>Moderate-Income Families</b>	<b>Middle-Income Families</b>	<b>Upper-Income Families</b>
Low-Income	6.6	16.7	7.4	4.2	1.8
Moderate-Income	24.6	35.9	35.4	22.1	15.1
Middle-Income	42.6	36.4	44.5	54.6	39.8
Upper-Income	26.2	11.2	12.7	19.1	43.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The data show that the vast majority (42.6 percent) of the families live in the middle-income census tracts. The upper-income families at 17,092 are by far the largest income group of families. The bank's assessment area consists of 4 low-income census tracts (14 percent), 8 moderate-income census tracts (29 percent), 9 middle-income census tracts (32 percent), and 7 upper-income census tracts (25 percent) totaling 28. Low-income census tracts have a median family income of less than \$15,701 or 50 percent of the median family income of the MSA. Moderate-income census tracts have a median family income between \$15,702 and \$25,121, which is equivalent to 50 to 79 percent of the median family income of the MSA. Middle-income census tracts have a median family income between \$25,122 to \$37,683, which equals 80 to 119 percent of the median family income of the MSA. Upper-income census tracts have a median family income of more than \$37,684 or greater than 120 percent of the median family income of the MSA.

41 percent of families in the assessment area are upper-income, which is the largest income group by a substantial percentage. 23 percent of families in the assessment area are low-income families, representing the second largest group. Additionally, 19 percent of families are middle-income and 17 percent of families are moderate-income. The income distribution of families generally mirrors the percentages of the state.

14 percent of the total number of families earn below the poverty level, which is higher than the state at 9 percent. 36 percent of the families with incomes below the poverty level reside in moderate-income census tracts. 4,339 or 6 percent of the households receive public assistance, 39 percent of which reside in the moderate-income census tracts.

**METROPOLITAN AREAS (Continued)**

**DESCRIPTION OF THE GAINESVILLE ASSESSMENT AREA (Continued)**

The distribution of families in various income tracts was analyzed to determine where the largest concentration of families existed. Most low- and moderate-income families reside in moderate- and middle-income census tracts. Most middle- and upper-income families reside in middle- and upper-income census tracts. 72.3 percent of low-income families reside in moderate- and middle-income census tracts. Only 16.7 percent of low-income families and 7.4 percent of moderate-income families reside in low-income tracts.

**Economic Patterns**

From 1990 to 1994, the manufacturing and services industries have shown the fastest employment growth in the county. Throughout this period, government and government enterprises, mostly associated with the University of Florida, have remained the largest industries in terms of number of employees. In 1993, 96 percent of business establishments had between 1 and 49 employees, indicating a large concentration of small businesses. The 5 largest employers in the Gainesville MSA according to the Gainesville Area Chamber of Commerce are shown below:

<b>LARGEST EMPLOYERS IN MSA</b>	
<b>EMPLOYER</b>	<b>NUMBER OF EMPLOYEES</b>
University of Florida	14,000
Shands HealthCare	4,272
School Board of Alachua County	3,850
Oaks Mall Merchants Association	2,500
City of Gainesville	1,880

**METROPOLITAN AREAS (Continued)**

**DESCRIPTION OF THE GAINESVILLE ASSESSMENT AREA (Continued)**

The 6 major industries in the Gainesville MSA are shown below:

<b>MAJOR INDUSTRIES IN MSA</b>		
<b>TYPE</b>	<b>NUMBER OF EMPLOYEES</b>	<b>NUMBER OF ESTABLISHMENTS</b>
Services & Other	26,808	1,982
Retail Trade	18,016	1,266
Manufacturing	5,110	173
Finance, Insurance & Real Estate	4,165	489
Construction	3,685	412
Wholesale Trade	2,097	264

Manufacturing increased by 17 percent between 1990 and 1994. 16 percent growth was shown in the service industry during the same period. In 1992, the total number of farms was 1,089, 98 percent of which had gross revenues of less than \$500,000. This shows that the most of the farms in the county are relatively small.

**Housing Characteristics**

Housing prices in the county are more affordable than those in the state overall. The median housing value for the assessment area at \$65,507 is substantially lower than the state at \$76,487. The median housing value in low-income tracts is \$39,451, which is \$25,000 less than the median housing value for the assessment area. The percentage of owner-occupied units is below that for the state, which is probably a result of the higher demand for rental housing by students. The percentage of vacant units at 10 percent is lower than the state at 16 percent. The next table shows the distribution of housing units by census tract income level and occupancy status.

**METROPOLITAN AREAS (Continued)**

**DESCRIPTION OF THE GAINESVILLE ASSESSMENT AREA (Continued)**

<b>DISTRIBUTION OF HOUSING UNITS</b>				
<b>Census Tract Income Level</b>	<b>Total Units</b>	<b>Percentage Owner-Occupied</b>	<b>Percentage of Rental Units</b>	<b>Percentage Vacant</b>
Low-Income	5,985	22.2	66.4	11.4
Moderate-Income	27,467	30.3	57.0	12.7
Middle-Income	27,915	64.8	26.4	8.8
Upper-Income	17,655	61.5	32.0	6.5
<b>TOTAL</b>	<b>79,022</b>	<b>48.9</b>	<b>41.3</b>	<b>9.8</b>

The median age of housing stock in the assessment area is 22 years, which is very similar to the median age of the housing stock for the state overall. Low-income tracts contain the oldest median age of housing stock at 30 years, which may indicate a greater demand for home improvement loans.

Single units are the most common type of housing at 48 percent followed by 5 or more units at 23 percent, 2-4 units at 15 percent, and mobile homes at 13 percent. These percentages are similar to those of the state. From 1991 to 1995, building permits for single units have remained stable; however, building permits for multi-family units have tripled from 305 in 1991 to 939 in 1995.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GAINESVILLE ASSESSMENT AREA**

SunTrust Bank, North Central Florida's performance in the Gainesville MSA, Florida under the lending, investment, and service tests is satisfactory and supports the institution's overall rating of satisfactory.

**Lending Test**

All loan data represent activity for HMDA, small business, and small farm loans for 1997 and the last five months of 1996. The bank originated 418 HMDA loans, 380 small business loans, and 14 small farm loans in the assessment area. Conventional home purchase loans accounted for the largest number of HMDA loans. 26 percent of the bank's total reportable lending for CRA was in the Gainesville MSA. This volume of lending is in proportion to the number of branches the bank has in the Gainesville MSA, although the bank's lending opportunities may be limited because the large student population at the University of Florida.



**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GAINESVILLE ASSESSMENT AREA (Continued)**

Geographic Distribution

The geographic distribution of HMDA loans by census tract income level reflects reasonable penetration considering the availability of owner-occupied housing, and the numbers of families in each category of tracts. Family incomes and poverty levels in the tract groups were considered as well. The following table shows the geographic distribution of HMDA loans as a percentage of the total number of loans by type of census tract. Information about the distribution of owner-occupied housing units and families among the census tract categories is included as a basis for comparison.

<b>DISTRIBUTION OF HMDA LOANS BY CENSUS TRACT INCOME LEVEL</b>						
<b>CENSUS TRACT INCOME LEVEL</b>	<b>OWNER-OCCUPIED UNITS</b>		<b>LOANS</b>		<b>FAMILIES</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low-Income	1,330	3	5	1	2,742	6
Moderate-Income	8,320	22	74	18	10,211	25
Middle-Income	18,105	47	120	29	17,644	43
Upper-Income	10,861	28	219	52	10,842	26
<b>TOTAL</b>	<b>38,616</b>	<b>100</b>	<b>418</b>	<b>100</b>	<b>41,439</b>	<b>100</b>

A large percentage of the bank's lending is in middle- and upper-income census tracts, which is expected because the majority of the owner-occupied units and families are located in these categories of tracts. Lending in low- and moderate-income census tracts is slightly low when compared to the percentage of total families and owner-occupied units located in these tracts. However, the number of owned houses (1,331) is very low and provides very limited opportunity for mortgage lending. Also, 1,212 (44.2 percent) of the 2,732 families in the low-income census tracts are below poverty level.

Additionally, families in low-income census tracts contributed only 6 (1percent) of the HMDA applications, which is minimal when compared with applications from middle- and upper-income census tracts, which were 30 percent and 48 percent. The remaining 21 percent were from the moderate-income tracts. While moderate-income census tracts have a higher percentage of families below the poverty level than the assessment area, many families in moderate-income census tracts may qualify for loans under the bank's affordable housing programs.

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GAINESVILLE ASSESSMENT AREA (Continued)**

The following table shows the geographic distribution of small business and small farm loans as a percentage of the total number of loans by type of census tract. The distribution of the census tracts by income level is included as a basis for comparison.

<b>GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS AND SMALL FARM LOANS</b>						
<b>CENSUS TRACT INCOME LEVEL</b>	<b>SMALL BUSINESS</b>		<b>SMALL FARM</b>		<b>CENSUS TRACTS</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low-Income	12	3	0	0	4	14
Moderate-Income	133	35	5	36	8	29
Middle-Income	130	34	5	36	9	32
Upper-Income	105	28	4	28	7	25
<b>TOTAL</b>	<b>380</b>	<b>100</b>	<b>14</b>	<b>100</b>	<b>28</b>	<b>100</b>

The bank performed reasonably well in extending small business and small farm loans in all geographies when compared with the number of census tracts in each geography. The low-income tracts are relatively small in area and in population in comparison to the other tracts, which may limit business loan opportunities. When reviewed in relation to the bank's branch locations and the concentrations of businesses in the area, the distribution of the business loans is very reasonable.

Borrower Characteristics

The table below shows the percentage distribution of the bank's HMDA loans by the income level of the borrowers as well as the percentage of families in each income category:

<b>DISTRIBUTION OF HMDA LOANS AND FAMILIES BY INCOME LEVEL</b>		
<b>BORROWER INCOME LEVEL</b>	<b>PERCENTAGE OF TOTAL FAMILIES</b>	<b>PERCENTAGE OF TOTAL LOANS</b>
Low-Income	23.1	5
Moderate-Income	16.7	10
Middle-Income	19.0	18
Upper-Income	41.2	67
<b>TOTAL</b>	<b>100</b>	<b>100</b>

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GAINESVILLE ASSESSMENT AREA (Continued)**

The distribution of HMDA loans by borrower income is adequate, although lending to low- and moderate-income borrowers appears low in relation to the percentage of these two income groups in the total number of families. The lower percentage of loans made to low-income families may be attributed to the fact that 5,981 or 14.4 percent of families in the assessment area live below the poverty level. Assuming that these families are also included in the low-income category, only 3,574 families or 8.7 percent of the low-income families may be viable candidates for loans. Considering this, the bank's lending, particularly its home-improvement lending, is satisfactory. In addition, the application rate among low-income families is 1 percent, which is relatively low.

The next table uses the same data and separates the loans by loan type. The distribution of the families by income is displayed in the first two columns as a basis for comparison.

<b>DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME LEVEL</b>										
<b>BORROWER INCOME LEVEL</b>	<b>PERCENTAGE OF TOTAL FAMILIES</b>		<b>PERCENTAGE OF LOANS</b>							
			<b>FHA/VA</b>		<b>CONVENTIONAL PURCHASE</b>		<b>REFINANCE</b>		<b>HOME IMPROVEMENT</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low-Income	9,575	23.1	0	0	10	3.6	3	4.8	9	12.3
Moderate-Income	6,918	16.7	1	50.1	29	10.6	1	1.6	12	16.4
Middle-Income	7,854	19.0	0	0	49	17.9	11	17.7	12	16.4
Upper-Income	17,092	41.2	1	50.0	186	67.9	47	75.9	40	54.9
Total	41,439	100	2	100	274	100	62	100	73	100

The percentage of home-improvement loans at 12.3 percent in relation to the non-poverty level, low-income families at 8.7 percent is very good. Home improvement lending to moderate-income borrowers is very good also. A low level of conventional purchase loans is generally expected in the low-income family category. The bank's FHA and VA lending is very low and not at a level which would allow a meaningful analysis. Additional opportunity for FHA and VA lending may be available to the low- and moderate-income families and may improve loan penetration to these two classes of borrowers.

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GAINESVILLE ASSESSMENT AREA (Continued)**

The following table depicts, by loan size, the number and dollar volume of loans made to small businesses in the assessment area.

<b>SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE</b>					
<b>LOAN AMOUNT</b>	<b>TOTAL NUMBER OF LOANS</b>	<b>NUMBER TO SMALL BUSINESSES</b>	<b>PERCENT BY NUMBER</b>	<b>DOLLAR AMOUNT TO SMALL BUSINESSES (000s)</b>	<b>PERCENT BY DOLLAR</b>
\$100,000 or less	295	219	74	6,588	70
\$100,001 - \$249,999	44	23	52	4,103	54
\$250,000 - \$1 million	41	20	49	10,022	50
<b>TOTAL</b>	<b>380</b>	<b>262</b>	<b>69</b>	<b>20,713</b>	<b>56</b>

380 business loans with revenue information were made in the assessment area in the review period. 262 (69 percent) were extended to businesses with revenues of \$1 million or less. Of the 262 loans originated to small businesses in the assessment area, 219 (83.6 percent) by number of loans were in amounts of \$100,000 or less. Of the total loans made in amounts of \$100,000 or less, 74 percent were to small businesses. Of the total \$36.9 million in small loans made to businesses, \$20.7 million (56 percent) were granted to small businesses. This record of business lending is satisfactory and indicates the bank's willingness to make loans to small businesses.

Alachua County contains approximately 1,089 farms. Of the 14 small farm loans originated, 12 (86 percent) were extended to farms with revenues of \$500,000 or less, which indicates the bank's willingness to meet the needs of small farms. The following table shows the bank's small farm lending volume, the percentage made to farms with revenues less than \$500,000, and the percentage in each loan size category made to small farms.

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GAINESVILLE ASSESSMENT AREA (Continued)**

<b>SMALL FARM LOAN ORIGINATIONS BY LOAN SIZE</b>					
<b>LOAN AMOUNT</b>	<b>TOTAL NUMBER OF LOANS</b>	<b>NUMBER TO SMALL FARMS</b>	<b>PERCENT BY NUMBER</b>	<b>DOLLAR AMOUNT TO SMALL FARMS (000s)</b>	<b>PERCENT BY DOLLAR</b>
\$100,000 or less	10	9	90	248	90
\$100,001 - \$249,999	4	3	75	501	71
\$250,000 - \$1 million	0	0	0	0	0
<b>TOTAL</b>	<b>14</b>	<b>12</b>	<b>86</b>	<b>749</b>	<b>77</b>

The data show that 90 percent of loans in amounts of \$100,000 and less were made to small farms and 3 of the 4 (75 percent) between \$100,000 and \$249,999 were to small farms. In terms of dollars, 90 percent of the loans \$100,000 or less were to small farms. Of the total \$974,000 small farm loans, \$749,000 (77 percent) were made to small farms. These data demonstrate the bank's willingness to make loans to farms including loans to small farms in relatively small amounts.

Since the previous examination, the bank originated 5 qualified community development loans in and around the Gainesville MSA totaling \$66,081,000. The most significant loans were to the following types of organizations.

<b>COMMUNITY DEVELOPMENT LENDING</b>		
<b>TYPE</b>	<b>PURPOSE OF LOAN</b>	<b>LOAN AMOUNT (000s)</b>
Community Hospital	Standby liquidity line of credit to support hospital in low-income tract.	\$65,000
Construction	Construction of homes that will be sold to low-and-moderate income families.	\$750
Construction	Construction of 16 apartments in moderate-income census tract.	\$220

The level of community development lending is consistent with the opportunities for this type of lending in the area and is considered to be satisfactory.

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GAINESVILLE ASSESSMENT AREA  
(Continued)**

**Investment Test**

During the examination, community contacts were asked to identify opportunities for the bank to participate in qualified investments. These contacts were from the government and private sectors with a focus on community development organizations. The vast majority of contacts did not have a need for large dollar investments; however, one community development organization requested financial support. Given that qualified investment opportunities are limited in the assessment area at the current time, federal and state investment programs that benefit the assessment area may be an alternative.

The opportunities for qualified investments were taken into account when evaluating the bank in this area. The main qualified investment was to the Neighborhood Housing and Development Corporation, which provides a variety of housing services and programs for lower income residents of the City of Gainesville and Alachua County. Services include housing development, residential lending, home ownership counseling, and community organizing. SunTrust Bank, North Central Florida made a \$100,000 initial investment to the organization and promised to provide technical assistance to qualify borrowers and market the program through its branch network. Another qualified investment grant for \$8,550 was made to an organization for community development purposes. The bank also has made financial contributions in amounts up to \$1000 each to other community development organizations.

**Service Test**

The bank's branches are reasonably accessible to all portions of the assessment area. SunTrust Bank, North Central Florida operates 5 branches and 10 ATMs in the assessment area. Each branch in Alachua County has an ATM. SunTrust Bank, North Central Florida has 1 branch that is located in a moderate-income census tract; 2 branches that are located in middle-income census tracts; and 2 branches that are located in upper-income census tracts. The bank has no branches located in low-income census tracts; however, 2 of the 5 branches are very close to low-income census tracts. Of the remote ATMs, 3 are located in low-income census tracts; 1 is located in a middle-income census tract; and 1 is located in an upper-income census tract.

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GAINESVILLE ASSESSMENT AREA (Continued)**

SunTrust Bank, North Central Florida's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies.

Since the previous examination, the bank has opened one branch in an upper-income census tract, which has increased accessibility and extended banking services to the assessment area by offering extended Saturday banking hours. Branch services and business hours do not vary in a manner that inconveniences portions of the assessment area.

The bank is active in various community development services. The next table lists some of the most significant activities during the review period for the Gainesville MSA.

<b>COMMUNITY DEVELOPMENT SERVICES</b>	
<b>ORGANIZATION INVOLVED</b>	<b>SERVICE PROVIDED</b>
Affordable Housing Coalition	Board of Directors, Treasurer
Alachua County SHIP	Executive Board, Finance Committee Chairperson, Rental Leveraging Task Force
Housing Development Corporation	Lenders Consortium and Roundtable
Local Temple	Six employees from the bank were presenters of a half-day seminar on budgeting and home loans.

**DESCRIPTION OF OPERATIONS IN THE OCALA ASSESSMENT AREA**

The bank offers general commercial and full-service retail banking operations in 10 offices in Marion County. 7 branches are located in Ocala; 1 is located in Anthony, 1 is located in Belleview, and 1 is located in Dunnellon.

**DESCRIPTION OF OCALA ASSESSMENT AREA**

Marion County, Florida constitutes the Ocala MSA. Marion County is located in the north central part of the state approximately 60 miles northwest of Orlando and is intersected by Interstate 75.

<b>METROPOLITAN AREAS (Continued)</b>
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**DESCRIPTION OF THE OCALA ASSESSMENT AREA (Continued)**

The population in the assessment area was 194,833 according to the 1990 census. This represents 1.5 percent of the state population. 22 percent of the population is aged 17 years or younger; 8 percent of the population is 18 to 24 years; 48 percent of the population is aged 25 to 64; and 22 percent of the population is aged 65 and over. The percentage of the population over age 65 is slightly higher than the state and the percentage of the population aged 17 years and younger is lower than the state.

**Income Characteristics**

The median family income for the assessment area is \$26,089. This is significantly lower than the state median family income of \$32,212. One factor contributing to this difference is that the assessment area has a lower percentage of the total population employed in the labor force at 51 percent, compared with 60 percent for the state. Additionally, the unemployment rate for the assessment area at 7 percent is higher than the state at 6 percent, although it has declined from 9 percent in 1992 to 5 percent during 1995.

The bank's assessment area consists of 2 low-income tracts (4 percent), 4 moderate-income tracts (9 percent), 33 middle-income tracts (72 percent), and 7 upper-income tracts (15 percent) totaling 46 tracts. Low-income tracts have median family incomes of less than \$13,044, or 50 percent of the median family income of the MSA. Moderate-income census tracts median family incomes between \$13,045 to \$20,870, which is equivalent to 50 to 79 percent of the median family income of the MSA. Middle-income census tracts median family incomes between \$20,871 to \$31,306, which is equivalent to 80 to 119 percent of the median family income of the MSA. Upper-income census tracts have median family incomes of more than \$31,307 or greater than 120 percent of the median family income of the MSA.

1 low-income tract (14.00) does not contain any families or owner-occupied housing units. 4,993 or 6.4 percent of the households receive public assistance. 11 percent of families are below the poverty level, which is higher than the state at 9 percent. Low-income census tracts have the highest percentage of households receiving public assistance (32 percent) and the highest percentage of families below the poverty level (41 percent). Moderate-income census tracts also have a large percentage of families



**METROPOLITAN AREAS (Continued)**

**DESCRIPTION OF THE OCALA ASSESSMENT AREA (Continued)**

below the poverty level (21 percent). Because of this, many individuals in low- and moderate-income census tracts may have difficulty qualifying for loans, especially mortgages.

Families are categorized into low-, moderate-, middle-, and upper-income groups by the same definitions used to categorize census tracts by income. 39 percent of families in the assessment area are upper-income, which is the largest income group by a substantial percentage. 24 percent of families in the assessment area are middle-income families. This represents the second largest income group. 19 percent of families are moderate-income and 18 percent of families are low-income. The income distribution of families is similar to the distribution in the state overall.

The following tables show the distribution of the 4 income groups of families; low, moderate, middle, and upper-income; among the 4 income categories of census tracts. The data in these tables are significant when evaluating the bank's lending record in terms of the geographic distribution of its loans, as well as the distribution of loans among various family income levels.

The first table shows the numbers of families by income level in each group of tracts in the assessment area:

<b>DISTRIBUTION OF FAMILIES BY CENSUS TRACT INCOME LEVEL</b>					
<b>Census Tract Income Level</b>	<b>Total</b>	<b>Low-Income Families</b>	<b>Moderate-Income Families</b>	<b>Middle-Income Families</b>	<b>Upper-Income Families</b>
Low-Income	686	367	132	135	52
Moderate-income	4,716	1,506	1,099	913	1,198
Middle-Income	44,304	7,822	9,021	11,304	16,157
Upper-Income	8,064	657	880	1,508	5,019
<b>57,770</b>	<b>57,770</b>	<b>10,352</b>	<b>11,132</b>	<b>13,860</b>	<b>22,426</b>

The next table uses the same data and displays the information as percentages.

**METROPOLITAN AREAS (Continued)**

**DESCRIPTION OF THE OCALA ASSESSMENT AREA (Continued)**

<b>DISTRIBUTION OF FAMILIES BY CENSUS TRACT INCOME LEVEL</b>					
<b>Census Tract Income Level</b>	<b>Total</b>	<b>Low-Income Families</b>	<b>Moderate-Income Families</b>	<b>Middle-Income Families</b>	<b>Upper-Income Families</b>
Low-Income	1.2	3.5	1.2	.9	.2
Moderate-Income	8.2	14.5	9.9	6.6	5.3
Middle-Income	76.7	75.6	81.0	81.5	72.0
Upper-Income	13.9	6.4	7.9	11.0	22.5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The tables indicate that the vast majority (76.7 percent) of the families in the assessment area reside in the middle-income tracts. The largest category of families is the upper-income families representing 38.8 percent of the total families. The low-income tracts are sparsely populated and contain only 1.2 percent of the total families in the assessment area.

**Economic Patterns**

The 5 largest employers in the Marion MSA, according to the Ocala/Marion Area Chamber of Commerce, are shown in the following table.

<b>LARGEST EMPLOYERS IN MSA</b>	
<b>EMPLOYER</b>	<b>NUMBER OF EMPLOYEES</b>
Monroe Regional Medical Center	1,600
Emergency One	1,600
Publix Supermarkets	1,200
Lockheed Martin	925
Columbia Ocala Regional Medical Center	850

From 1990 to 1994, the transportation/public utilities and retail trade industries have shown the fastest growth in the county. Transportation/public utilities increased 25 percent by numbers of employees during this period and retail trade increased 16 percent. Throughout this period, the service industry has remained the main employer by number of employees. In 1993, 96 percent of business establishments

**METROPOLITAN AREAS (Continued)**

**DESCRIPTION OF THE OCALA ASSESSMENT AREA (Continued)**

had between 1 and 49 employees, indicating a concentration of small businesses in the assessment area. The top 5 industries in the Marion MSA are shown on the next table:

<b>TOP FIVE INDUSTRIES IN MSA</b>		
<b>TYPE</b>	<b>NUMBER OF EMPLOYEES</b>	<b>NUMBER OF ESTABLISHMENTS</b>
Services	16,696	1,589
Retail Trade	16,602	1,306
Manufacturing	9,435	249
Wholesale Trade	4,243	335
Construction	3,833	547

Between 1990 and 1994, farm employment decreased 5 percent and may indicate that farming operations are decreasing in the assessment area. In 1993, the total number of farms was 1,233, of which 98 percent had gross revenues of less than \$500,000.

**Housing Characteristics**

Housing is generally more affordable in this assessment area than in the state overall. The median housing value for the assessment area at \$61,752 is substantially lower than the state at \$76,487. This fact may contribute to the higher percentage of owner-occupancy in the assessment area at 63 percent compared with the state at 57 percent. Households and families with lower incomes can generally find more affordable housing in low- and moderate-income tracts because the median housing values are lower. The next table shows the distribution of housing units by census tract income level:

<b>DISTRIBUTION OF HOUSING UNITS</b>				
<b>Census Tract Income Level</b>	<b>Total Units</b>	<b>Percentage Owner-Occupied</b>	<b>Percentage Rental</b>	<b>Percentage Vacant</b>
Low-Income	1,064	1	3	1
Moderate-Income	8,579	8	10	12
Middle-Income	73,443	78	73	82
Upper-Income	11,481	13	14	6
<b>TOTAL</b>	<b>94,567</b>	<b>100</b>	<b>100</b>	<b>100</b>

**METROPOLITAN AREAS (Continued)**

**DESCRIPTION OF THE OCALA ASSESSMENT AREA (Continued)**

The median age of housing stock in the assessment area is 27 years, which is older than the median age of housing stock for the state at 22 years. Housing in middle-income tracts is much newer when compared with other income tracts. This may indicate that more homes have been built in middle-income tracts in the last few years. Low-income tracts have the oldest median age of housing stock at 29 years and this may indicate a greater demand for home improvement loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE OCALA ASSESSMENT AREA**

SunTrust Bank, North Central Florida's performance in the Ocala MSA, Florida under the lending, investment, and service tests is satisfactory and supports the institution's overall rating of satisfactory.

### **Lending Test**

All loan data represent activity for HMDA, small business, and small farm loans for 1997 and the last five months of 1996. The bank originated 1,042 HMDA loans, 884 small business loans, and 375 Small farm loans in the assessment area. Conventional home purchase loans accounted for the largest number of HMDA loans. Overall, 74 percent of the bank's total reportable lending for CRA and HMDA was in the Ocala MSA. This volume of lending is in proportion to the number of branches the bank has in the Ocala MSA.

### Geographic Distribution

The geographic distribution of HMDA loans by census tract income level reflects reasonable penetration among all income tract levels. The following table shows the geographic distribution of HMDA loans as a percentage of the total number of loans by type of census tract. The distribution of the families by census tract income category is included as a basis for comparison.

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE OCALA ASSESSMENT AREA (Continued)**

<b>GEOGRAPHIC DISTRIBUTION OF HMDA LOANS</b>						
<b>CENSUS TRACT INCOME LEVEL</b>	<b>OWNER-OCCUPIED UNITS</b>		<b>LOANS</b>		<b>FAMILIES</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low-Income	397	1	10	1	686	1
Moderate-Income	4,736	8	47	5	4,716	8
Middle-Income	46,054	78	773	74	44,304	77
Upper-Income	7,925	13	212	20	8,064	14
<b>TOTAL</b>	<b>59,112</b>	<b>100</b>	<b>1,042</b>	<b>100</b>	<b>57,770</b>	<b>100</b>

A large percentage of the bank's lending is in middle- and upper-income census tracts, which is expected because the substantial majority of the owner-occupied units and families are located in these income level tracts. Lending in moderate-income census tracts is slightly lower than, but generally consistent with, the percentage of total families located in these tracts. The very low number of families and owner-occupied housing units in the low-income tracts limits lending opportunity in those areas. Also, 41 percent of the families in low-income census tracts are below the poverty level. Families in low-income census tracts contributed only 15 (1 percent) of the total HMDA applications.

The following table shows the geographic distribution of small loans to businesses and farms as a percentage of the total number of loans by type of census tract.

<b>GEOGRAPHIC DISTRIBUTION OF SMALL LOANS TO BUSINESSES AND FARMS</b>				
<b>CENSUS TRACT INCOME LEVEL</b>	<b>SMALL BUSINESS</b>		<b>SMALL FARM</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low-Income	5	1	0	0
Moderate-Income	71	8	26	7
Middle-Income	656	74	321	86
Upper-Income	152	17	28	7
<b>TOTAL</b>	<b>884</b>	<b>100</b>	<b>375</b>	<b>100</b>

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE OCALA ASSESSMENT AREA (Continued)**

The bank performed reasonably well in extending small business and small farm loans in all geographies when compared with the locations of business districts, the distribution of the bank's branches, and the concentrations of farmland in the assessment area.

Borrower Characteristics

The following table shows the percentage distribution of the bank's HMDA loans by the income level of the borrowers.

DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME LEVEL		
BORROWER INCOME LEVEL	PERCENTAGE OF TOTAL FAMILIES	PERCENTAGE OF TOTAL LOANS
Low-Income	17.9	7
Moderate-Income	19.3	15
Middle-Income	24.0	23
Upper-Income	38.8	55
<b>TOTAL</b>	<b>100</b>	<b>100</b>

The next table uses the same data and displays the loans by loan type. The distribution of families by income is show in the first column as a basis for comparison.

DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME										
BORROWER INCOME LEVEL	PERCENTAGE OF TOTAL FAMILIES		PERCENTAGE OF LOANS							
			FHA/VA		CONVENTIONAL PURCHASE		REFINANCE		HOME IMPROVEMENT	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Low-Income	10,352	17.9	1	14.3	30	5.2	9	3.8	29	14.8
Moderate-Income	11,132	19.3	0	0	75	12.9	53	22.4	29	14.8
Middle-Income	13,860	24.0	5	71.4	132	22.8	46	18.4	47	24.0
Upper-Income	22,426	38.8	1	14.3	343	59.1	129	54.4	91	46.4
Total	57,770	100	7	100	580	100	237	100	196	100

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE OCALA ASSESSMENT AREA (Continued)**

The percentage of purchase and refinance loans made to low-income applicants is low in relation to the percentage of low-income families in the assessment area. However, 6,211 or 10.8 percent of families in the assessment area are below the poverty level. Assuming that these poverty level families are also in the low-income category, 4,141 families, or 7.2 percent of the total families, may be viable candidates for loans. The bank's home improvement lending to low-income borrowers at 14.8 percent of the total far exceeds the percentage of non poverty, low-income families in the assessment area. Also, traditional underwriting guidelines limit a family at this income level to a loan amount of approximately \$36,200 based on a 30-year term at an interest rate of 7 percent. Only 5 percent of the specified owner-occupied housing units are valued at less than \$24,999 in the assessment area. 12 percent are between \$25,000 and \$39,999, and 69 percent are between \$40,000 and \$99,999. With an assessment area median housing value of \$61,752, mortgage loans are difficult to obtain for many low-income families. Also, the low lending level for this group of borrowers can be attributed to low loan application activity and a high denial rate. While low-income families represent 18 percent of total families, low-income applicants contributed only 10 percent of total HMDA applications. In addition, of the 147 applications received from low-income applicants, 78 (53 percent) were denied. A fair lending review revealed that the reasons for denial were appropriate because the borrowers could not qualify for the loan types and amounts requested. With the exception of FHA and VA loans, the distribution among borrowers of all income levels is satisfactory when the factors described are considered. The bank's FHA and VA originations are too low to make a meaningful analysis. Additional opportunities for FHA and VA lending may exist in the assessment area, particularly among the moderate-income families.

The following table depicts, by loan size, the number and dollar volume of loans made to small businesses in the assessment area.

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE OCALA ASSESSMENT AREA (Continued)**

<b>SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE</b>					
<b>LOAN AMOUNT</b>	<b>NUMBER OF LOANS</b>	<b>NUMBER TO SMALL BUSINESSES</b>	<b>PERCENT BY NUMBER</b>	<b>DOLLAR AMOUNT TO SMALL BUSINESSES (000s)</b>	<b>PERCENT BY DOLLAR</b>
\$100,000 or less	680	513	75	15,738	72
\$100,001 - \$249,999	120	73	61	12,574	62
\$250,000 - \$1 million	84	41	49	17,917	45
<b>TOTAL</b>	<b>884</b>	<b>627</b>	<b>71</b>	<b>46,229</b>	<b>56</b>

884 business loans with revenue information were made in the assessment area in the review period. 627 (71 percent) were extended to businesses with revenues of \$1 million or less. Of the 627 loans originated to small businesses in the assessment area, 513 (82 percent) by number of loans were in amounts of \$100,000 or less. Of the total \$82.3 million in small business loans made, \$46.2 million (56 percent) were granted to small businesses. This record of business lending is satisfactory and indicates the bank's willingness to make loans to small businesses.

Marion County contains approximately 1,233 farms. Of the 375 small farm loans originated, 328 (87 percent) were extended to farms with revenues of \$500,000 or less, which indicates the bank's willingness to meet the needs of small farms. The following table depicts, by loan size, the number and dollar volume of loans made to small farms in the assessment area:

<b>SMALL FARM LOAN ORIGINATIONS BY LOAN SIZE</b>					
<b>LOAN AMOUNT</b>	<b>TOTAL NUMBER OF LOANS</b>	<b>NUMBER TO SMALL FARMS</b>	<b>PERCENT BY NUMBER</b>	<b>DOLLAR AMOUNT TO SMALL FARMS (000s)</b>	<b>PERCENT BY DOLLAR</b>
\$100,000 or less	293	262	67	9,438	88
\$100,001 - \$249,999	51	44	86	7,327	85
\$250,000 - \$1 million	31	22	71	7,827	70
<b>TOTAL</b>	<b>375</b>	<b>328</b>	<b>87</b>	<b>24,592</b>	<b>81</b>

The data show that 67 percent of the number of loans in amounts of \$100,000 and less were to small farms. In dollars, 88 percent of the loans of \$100,000 or less were made to small farms. 262 of the



**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE OCALA ASSESSMENT AREA (Continued)**

total 328 loans to small farms were \$100,000 or less. Of the total \$30.5 million in small farm loans made, \$24.6 million (81 percent) were made to small farms. These data indicate a good record of farm lending, including loans to small farms in relatively small amounts.

Since the previous examination, the bank originated 6 qualified community development loans in and around the Ocala MSA totaling \$6,063,812. The most significant loans were to the following types of organizations.

<b>COMMUNITY DEVELOPMENT LENDING</b>		
<b>TYPE</b>	<b>PURPOSE OF LOAN</b>	<b>LOAN AMOUNT (000s)</b>
County Government	Housing for low- and moderate-income families.	\$2,000
Construction	Construction of low-income housing.	\$1,678
Childcare	Acquire and renovate building for childcare and educational programs used mostly by low- and moderate people.	\$1,350

The bank's community development lending is responsive to the need for this type of lending in the assessment area and is consistent with the level of opportunity for this type of lending.

**Investment Test**

During the examination, a number of community contacts were asked to identify opportunities for the bank to participate in qualified investments. These contacts covered both government and private sectors with a focus on community development organizations. The vast majority of contacts did not have a need for large dollar investments; however, one community development organization requested financial support. Given that qualified investment opportunities are limited in the assessment area at the current time, federal and state investment programs that benefit the assessment area may be an alternative. The opportunities for qualified investments were taken into account when evaluating the bank in this area. A qualified investment grant for \$7,404 was made to an organization that provides community services to low- and moderate-income people. Another qualified investment grant for \$7,000 was made to a community development organization. The bank has also made other qualified

**METROPOLITAN AREAS (Continued)**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE OCALA ASSESSMENT AREA (Continued)**

investment grants in amounts up to \$1,000 each to community development organizations. The bank has demonstrated a satisfactory record of being aware of investment opportunities and, in the absence of actual investments available, has made grants to assist organizations.

**Service Test**

The bank's branches are reasonably accessible to all portions of the assessment area. SunTrust Bank, North Central Florida operates 10 branches and 10 ATMs in the assessment area. Each branch in the Ocala MSA has an ATM. SunTrust Bank, North Central Florida has 9 branches that are located in middle-income census tracts; and 1 branch located in an upper-income census tract. The bank has no branches located in low-and moderate-income census tracts; however, several branches border low-income census tracts. Since the previous examination, the bank has not opened any branches in the Ocala MSA. Branch services and business hours do not vary in a manner that inconveniences portions of the assessment area.

The bank is active in various community development services. The following table lists some of the most significant activities during the review period for the Ocala MSA.

<b>COMMUNITY DEVELOPMENT SERVICES</b>	
<b>ORGANIZATION INVOLVED</b>	<b>SERVICE PROVIDED</b>
Chamber of Commerce	A bank employee serves on the Membership Relations Committee. The committee supports the economic growth of small businesses.
Housing Coalition	Meeting attended to help coalition apply for affordable housing funding through a housing finance corporation.
Neighborhood Revitalization Council	A bank employee is a committee member. The committee assists with the construction and improvement of existing housing in West Ocala.
Ocala Community Development Corporation	A bank employee is a board member. The organization provides small business loans targeted to low- and moderate-income people.

The bank's community development services are responsive to initiatives in the community and add financial expertise to these organizations. The bank's level of service is considered to be satisfactory.

**APPENDIX A**

**SCOPE OF EXAMINATION**

<b>TIME PERIOD REVIEWED</b>			
August 1, 1996 to December 31, 1997			
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
SunTrust Bank, North Central Florida		HMDA, Small Business, and Small Farm Loans	
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
Bank Card N.A. Orlando, Florida	Affiliated, but not a subsidiary of SunTrust Bank, North Central Florida  Subsidiary of SunTrust Bank, Atlanta, Georgia	Small Business Loans (Commercial Credit Cards)	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
<b>MSA 5790 – Ocala MSA Marion County, Florida</b>	<b>On-site</b>	<b>Ocala Main Office</b>	<b>N/A</b>
<b>MSA 2900 – Gainesville MSA Alachua County, Florida</b>	<b>On-Site</b>	<b>Main Street Office Millhopper Office West University Office</b>	<b>N/A</b>