

Public Disclosure

October 3, 1996

Community Reinvestment Act Performance Evaluation

**PNC Mortgage Bank, National Association
Charter Number 22670**

**One PNC Plaza
Pittsburgh, Pennsylvania 15265**

Office of Comptroller of the Currency

**1114 Avenue of the Americas, Suite 3900
New York, New York 10036**

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

General Information

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 CRA performance of **PNC Mortgage Bank, N.A.** prepared by **Office of the Comptroller of the Currency**, as of **October 3, 1996**. 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 the 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 25.

Institution's CRA Rating: This institution is rated Satisfactory.

The rating is based on PNC Mortgage Bank's community development loans, investments, and services provided to Allegheny County low and moderate income families.

Evaluation Period: The bank's previous Public Disclosure is dated February 17, 1995. The current disclosure contains an evaluation of the bank's performance from February 17, 1995 to October 3, 1996.

Description of Institution

PNC Mortgage Bank, N.A.¹ (PNCMB) is headquartered in Pittsburgh, Pennsylvania. PNCMB is a wholly-owned subsidiary of PNC Bancorp, a financial service holding company with total assets of \$69 billion as of September 30, 1996. The bank does not operate any branches, originate consumer loans or accept retail deposits. However, the bank's wholly owned subsidiary PNC Mortgage Corporation of America originates residential mortgage loans. Residential mortgage loans originated by the mortgage corporation are credited to the lead bank of the holding company (PNC Bank, N.A.) and evaluated in that institution's CRA examination. In 1995 PNC Mortgage Corporation of America originated more than \$5 billion in residential mortgages of which \$729 million were originated within the assessment area/delineated communities of PNC Bank, N.A.. In Allegheny County which is part of both PNC Bank, N.A. and PNC Mortgage Bank, N.A.'s assessment area \$158 million in residential mortgages were originated.

Description of Assessment Area

PNCMB assessment area consists of Allegheny County, Pennsylvania, located in Metropolitan Statistical Area (MSA) 6280. The assessment area is reasonable given the bank's location and limited purpose and does not arbitrarily exclude low- or moderate-income geographies. Additionally, Allegheny County receives financial services of an affiliate institution PNC Bank, N.A.. The banks work together to meet the credit needs of Allegheny County residents. This coordinated effort enhances the ability of the bank to identify and help meet special needs in the community.

PNCMB designated Allegheny County as its assessment area because the county contains the greatest concentration of individuals and families with special credit needs within the Pittsburgh MSA. Allegheny County median family income is \$32,787. Forty-six percent of low and moderate income families in the Pittsburgh MSA are located in Allegheny County. The assessment area has 499 census tracts. Six percent of the tracts are low income, 20% are moderate-income, 40% are middle-income, 26% are upper-income, and 8% are undesignated. Median housing value for the area is \$47 thousand and median age of the housing stock is 52 years. Owner occupied housing comprises 61% of

¹PNC Mortgage Bank N.A. has been designated a wholesale bank for purposes of the revised Community Reinvestment Act regulation.

the housing stock while rental occupied housing is 31%. The remaining housing stock consists of vacant buildings. PNCMB has identified the community credit needs for Allegheny County as affordable housing and neighborhood revitalization. The bank also recognized a need to provide funding for community development organizations.

Conclusions with Respect to Performance

- **PNCMB has provided a good level of support to community development programs and services and is responsive to community credit needs.**

In response to the community credit needs identified the bank has awarded grants, contributed funds, and participated in various community development programs within its assessment area. The bank's involvement in the programs has resulted in the rehabilitation and construction of affordable housing, home ownership training programs, and improved access to financial services. Additionally, PNCMB contributed to a loan pool that finances affordable housing projects and small business development. The bank's community development activities are done in conjunction with its affiliate PNC Bank, N.A.. The bank assists PNCMB with gap financing or providing funds for pre-development costs. These efforts enhance both banks' ability to meet community credit needs.

Community Development Investments

PNCMB provided \$48 thousand in equity to the Manchester HOPE VI + Redevelopment project. The project entails constructing 52 new public housing units and 45 single family homes, and the rehabilitation of 94 apartments. The bank's grant coupled with the construction loan provided by PNC Bank, N.A. enables the entire Manchester neighborhood to be revitalized.

PNCMB awarded an additional \$39 thousand in grants to the following community development organizations: Bloomfield-Garfield Corporation, Central North Side Neighborhood Council, East Allegheny Community Council, Mt. Washington Development Fund, Neighborhood Housing Services, and Oakland Planning and Development Corporation. These organizations help revitalize the community by rehabilitating and constructing homes for low and moderate income families. In addition to providing funds to organizations for housing rehabilitation the bank awarded \$10 thousand to the Northside Leadership Conference (NLC). NLC provides technical assistance on housing development to neighborhood organizations. The grant monies awarded to these

organizations were provided in addition to funds provided by PNC Bank, N.A. for projects and programs in the community.

Community Development Loans

PNCMB participates in the Mon Valley Initiative Community Investment Fund (CIF) a lending consortia. The loan pool provides gap financing for Community Development Corporation projects that are not viable for financial institutions to finance solely for various reasons, i.e., appraisal value, weak market, or cash flow issues. The CIF provides a second mortgage or an unsecured loan which reduces the amount of funds borrowed from financial institutions. During this assessment period PNC Mortgage Bank's share of community development loans made by the lending consortia is \$46 thousand.

Community Development Services

The bank participates in several community organizations that are involved in community development services, (i.e., educating low and moderate income families on financial issues and home buyer seminars). Through these programs families within the assessment area have become more knowledgeable about personal finances and home ownership responsibilities. Below is an example of the type of activity the bank is involved in.

- A series of educational programs was developed by the bank and its affiliate PNC Bank for the residents of Arlington Heights Public Housing. The program was designed to educate residents on financial planning, budgeting, saving, and home ownership responsibilities. The goal of the program was to increase a tenant's knowledge of housing and finance options and motivate residents to strive for home ownership. It resulted in two residential mortgages and two applications in process.

The bank through its subsidiary PNC Mortgage Corporation of America supports community development activities outside its assessment area (i.e., Chicago, Atlanta, Baltimore, Louisville, and cities in California). PNCMB has donated monies and participated in programs targeted toward low and moderate income families on financial planning and mortgage qualification requirements.

- The bank sponsored the Fair Housing Council of Riverside County - Home Loan Counseling Center. The center will provide counseling services to the residents of Riverside, California.
- In Chicago the mortgage corporation has provided more than \$30M

thousand to area organizations. These organizations are directly or indirectly involved with development or redevelopment projects.

A fair lending evaluation was conducted for this institution. No discriminatory practices were identified and the bank was found to be in compliance with applicable laws and regulations.