



## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (CRA) performance of *SunTrust Bank, South Florida, N.A., Fort Lauderdale, Florida*, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of *December 17, 1996*. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

### **Basis for the Rating**

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

## ASSIGNMENT OF RATING

### Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

#### **Outstanding record of meeting community credit needs.**

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### **Satisfactory record of meeting community credit needs.**

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### **Needs to improve record of meeting community credit needs.**

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### **Substantial noncompliance in meeting community credit needs.**

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

# Bank and Community Profile

## Corporate Profile

SunTrust Bank, South Florida, N.A. (SunTrust-Ft. Lauderdale) is a subsidiary of SunTrust Banks, Inc. (STI), a multi-bank holding company with total assets of \$50 billion as of September 30, 1996. STI is headquartered in Atlanta, Georgia and owns thirty-one banks in Alabama, Florida, Georgia, and Tennessee. STI's primary businesses include traditional deposit and credit services and trust and investment services.

## Bank Profile

SunTrust-Ft. Lauderdale reported average banking assets of \$3.1 billion as of September 30, 1996. The bank operates in Broward and Palm Beach counties which are adjacent areas containing many financial service providers and strong competition. Many large regional and multi-national banking companies have offices in both counties.

SunTrust-Ft. Lauderdale operates branches in Palm Beach and Broward County. A significant portion of these branches is either in or easily accessible to low- and moderate-income areas of the communities. The bank offers a wide array of products, some of which are tailored to meet the needs of low- and moderate-income residents.

## Community Profile

The demographics and economic characteristics of the bank's two communities are very similar. The 1996 U.S. Department of Housing and Urban Development estimated median family incomes for Broward and Palm Beach Counties are \$46,600 and \$48,000, respectively. The distribution of census tracts by income characteristics according to 1990 U.S. Census Bureau is also similar and is as follows: **Broward** - nine low income tracts or (5% of total census tracts in Broward), thirty-two moderate income census tracts ( 20%), seventy-seven middle income census tracts ( 47%), forty-two upper income (26%), and four census tracts with no income designated or 2%; **Palm Beach** - ten census tracts low income ( 5% of census tracts in Palm Beach), forty-five census tracts moderate income ( 21%), eighty-seven census tracts middle income ( 41%), sixty-five census tracts upper income (31%), and four census tracts with no income designated (2%).

The communities major industries are tourism, electronics manufacturing, finance, real estate development, health care, and nursing services.

## DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated: “*Satisfactory Record of Meeting Community Credit Needs.*” The evaluation period is August 1994 (date of the last public evaluation) through September 30, 1996. However, certain loan information for full year 1994 was used for comparison purposes.

### **I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS**

**Assessment Factor A** - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

- **The bank maintains regular contact with a wide range of private, public sector, and community groups. These contacts allow management to learn the credit needs of the bank’s communities, including those of low- and moderate- income (LMI) areas.**

Management maintains ongoing and meaningful contact with a wide range of private sector and government officials, and community groups. These groups represent a full range of community interests and provide management information on credit needs throughout the communities. For example, the bank has established productive relationships with the following groups: Housing Finance Authority of Broward County, Palm Beach County Black Business Investment Corporation, Metro Broward Capital Corporation, TED Center Incubator, Community Financing Consortium of Palm Beach County, the City of Delray CRA, and the Community Redevelopment Agency of Hollywood.

Bank personnel participate in many meetings with these and other groups to help identify credit needs and establish working relationships that often result in lending opportunities. As a result, the bank has established productive lending relationships with several public and private sector groups, many of which target critical credit needs such as affordable housing and small business.

The bank’s formal officer calling program is another integral component of the bank’s ascertainment efforts for small businesses. Officer calls are made throughout the bank’s community, including LMI areas.

Additionally, management completes annual surveys to determine needs in the community, including targeted surveys of LMI areas. They send direct mailings to households within targeted census tracts, and conduct follow up calls for respondents. They conduct additional surveys for specific products during the three monthly home mortgage workshops and two to three monthly small business workshops that the bank sponsors. Follow up calls are performed with all participants.

The bank identified affordable housing for LMI families and loans to small business to be the most critical credit need. The bank offers a wide array of products to meet those needs, including affordable products for home purchase and home improvement financing.

**Assessment Factor C** - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

- **The bank's Board of Directors (“Board”) and senior management have an active role in formulating and monitoring its CRA performance.**

Senior management and the Board have adopted a CRA program that includes periodic reporting and annual self-assessment of CRA performance. For most of this evaluation period, the bank's CRA Management Committee was used to oversee CRA activities. The committee was made up of senior officers and two outside directors. The directors recently replaced the CRA Management Committee with a less formal committee that meets as needed. A full time CRA/Community Affairs Officer coordinates and helps develop action plans targeting CRA activities. The same officer also completes a detailed annual CRA self assessment. The bank's CRA statement accurately lists the types of credit offered. The bank has adequate controls in place to ensure effective compliance with the technical requirements of the CRA. The Board supports the CRA training, and this type of training is conducted annually.

## **II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED**

**Assessment Factor B** - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

- **The bank has implemented a marketing program that promotes products and services through a variety of media, reaching all segments of its community.**

Management's marketing program uses a variety of media including newspapers, radio, statement stuffers, billboards, lobby displays, and outside signage. Mass media advertisements are particularly important to increase SunTrust-Ft. Lauderdale's awareness among its communities. The bank places many advertisements in widely circulated local newspapers such as **The Herald, Sun Sentinel**, and the **Palm Beach Post**. Advertising campaigns have included general financial services and specific credit products. Often, they design the bank's marketing programs to compliment marketing programs conducted in the bank's communities by the holding company.

During the past two years, the bank has mailed twelve thousand brochures for its affordable mortgage products to residents of LMI areas. The bank also tries to reach this segment through county-wide credit fairs with radio stations that have large LMI audiences.

The bank uses demographic data to target products and advertising to specific areas in the community. Additionally, the market research department uses the data to assess the effectiveness of lending efforts within specific census tracts. Census tracts with lower than expected penetration receive additional targeted efforts.

The bank continues to sponsor a quarterly newsletter for the Housing Finance Authority of Broward County, one of the largest facilitators of affordable housing in Broward County. The newsletter is distributed to prospective home buyers, Community Development Corporations, and other community organizations that work with residents of LMI areas.

A bank representative participated on the Broward Affordable Housing Task Force and helped complete the **Broward County Housing Resource Guide** for the Housing Finance Authority of Broward County. The guide provides valuable information on affordable housing, and public and private services available in the community. The bank has also developed a **Small Business Resource Guide** and a small business marketing guide is being translating into Spanish.

Other methods of marketing include distributing the bank's quarterly newsletter, conducting monthly workshops for affordable housing and small business, and sponsoring local trade shows and home fairs. They conduct these activities to increase the awareness the bank's lending programs in its communities and to provide credit education when needed.

**Assessment Factor I** - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- **The bank has originated a large volume of home mortgage loans. Management's success in making affordable housing loans helps meet a primary need in each of its communities. The bank also originates a reasonable volume of loans to small businesses.**

The bank's lending levels show a high level of responsiveness to community credit needs. An indicator of the bank's lending activity is its average loan to deposit ratio of 71% for years ending 1994 and 1995. This average ratio understates the volume of lending due to the dollar amounts of residential mortgage loans that they sold to the secondary market. During 1995, and for the first nine months of 1996, the bank sold \$109 million and \$220 million, respectively, in residential mortgages loans. The bank's loan to deposit ratio has continued to increase despite the increases in loans sold and was 81% as of September 30, 1996. A substantial majority of the bank's loans are within its communities.

Residential lending continues to be a focal point at SunTrust-Ft. Lauderdale. During 1994 and 1995, the bank ranked ninth and tenth, respectively, among all institutions reporting lending activity in the bank's communities. The bank captured an average of 2.4% market share for the two-year period. As of September 30, 1996, approximately 47% of SunTrust-Ft. Lauderdale's loans were residential mortgage-related. This ratio was 44% and 41% as of year-end 1995 and 1994, respectively.

Overall, residential lending volumes during 1994 and 1995 were similar. However, lending levels among categories of residential lending varied significantly, particularly regarding affordable mortgages. During 1994, the bank significantly exceeded its own expectations in affordable mortgage lending with number volumes approximating 27% of all residential lending. The bank's volume of affordable mortgages declined during 1995, as did its ratio of affordable mortgages to all residential lending. The ratio of affordable mortgage loans to all residential loans was approximately 17% and 13% for 1995 and the first nine months of 1996, respectively.

Housing related lending activity within the communities, as reported under the Home Mortgage Disclosure Act, is included in the following graph:

<b>RESIDENTIAL MORTGAGE LENDING</b>						
<b>Loan Type</b>	<b>1994</b>		<b>1995</b>		<b>Year-to-Date September 30, 1996</b>	
	<b>Number</b>	<b>Amount (000)'s</b>	<b>Number</b>	<b>Amount (000)'s</b>	<b>Number</b>	<b>Amount (000)'s</b>
<b>All</b>	2,025	\$210,617	2,060	\$227,847	2,530	\$312,576
<b>Affordable Mortgages</b>	543	\$31,022	341	\$19,987	330	\$21,963

**Note:** Affordable Mortgages are included in the "All" category.

The following chart details small business loan activity within the communities. The bank has extended a reasonable volume of small business loans during the period. The bank defines small businesses as those businesses with gross revenues of less than \$1 million. Small farm loans are not considered a significant loan product and detail on small farm loans was unavailable.

OTHER LENDING ACTIVITY						
Loan Type	1994		1995		Year to Date June 30, 1996	
	Number	Amount (000)s	Number	Amount (000)s	Number	Amount (000)s
Small Business	815	\$75,808	855	\$77,404	315	\$24,755

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

- **The bank participated in several governmentally insured, guaranteed, or subsidized affordable housing programs, and U.S. Small Business Administration programs.**

The bank actively participates in government programs, particularly those for affordable housing. During the period reviewed, the bank made 187 affordable mortgage loans totaling \$12.5 million through the Housing Finance Authority of Broward County. During the same period, the bank made ten loans totaling \$732 thousand in affordable mortgages through the Federal National Mortgage Association. The bank originated seven loans totaling \$819 thousand through various programs of the U.S. Small Business Administration. We reflect these volumes in the graphs included in **Factor I** above.

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

#### Reasonableness of Delineated Community

- **The delineation of the bank's communities are reasonable, and does not exclude LMI areas.**

The bank designated Broward and Palm Beach counties as its delineated community. SunTrust-Ft. Lauderdale operates fifty-three full-service offices in two communities, twenty-five of which are in Broward County and twenty-eight in Palm Beach County. The substantial majority of the bank's lending activity is within the two counties. During 1996, 83% of residential and 92% of small business loan originations were within the communities. The bank performs annual analyses of the geographic distribution of its lending activities.

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

- **The geographic distribution of credit extensions reflects reasonable penetration in the delineated communities, including LMI areas. The bank has a reasonable**

**distribution of affordable housing loans to LMI borrowers, helping to meet a primary credit need of its communities.**

The following table shows the bank’s distribution of residential mortgage loan originations subject to the Home Mortgage Disclosure Act. The table details residential originations in LMI and middle or upper- income (Mid/Up) **census tracts** as a percentage of total residential originations compared to overall peer bank loan distribution within the same areas. It also identifies the percentage of census tracts within the community that are LMI or Mid/Up. The table suggests that the bank is reasonably penetrating LMI areas of its communities and SunTrust-Ft. Lauderdale’s penetration is consistent with its peer banks. The bank is experiencing a declining trend in its penetration of LMI areas, primarily due to the bank’s use of loan brokers during the past year. According to management, many of those brokers target middle and upper-income areas and applicants.

<b>RESIDENTIAL MORTGAGE LENDING BY CENSUS TRACT</b>							
<b>County/ Census Tract</b>	<b>% Originations in Tracts</b>						<b>% Tracts in Community</b>
	<b>1994</b>		<b>1995</b>		<b>9 mos. 1996</b>		
	<b>Bank Peer</b>	<b>Peer</b>	<b>Bank Peer</b>	<b>Peer</b>	<b>Bank Peer</b>	<b>Peer</b>	
<b>Broward (LMI)</b>	15.7	13.2	12.0	14.0	8.7	N/A	25
<b>Broward (Mid/Up)</b>	84.3	86.8	88.0	86.0	91.3	N/A	73
<b>Palm Beach (LMI)</b>	13.7	15.3	11.5	16.2	12.4	N/A	26
<b>Palm Beach (Mid/Up)</b>	86.3	84.7	88.5	83.8	87.6	N/A	72

**Note:** Peer Banks include First Union, NationsBank, Barnett and SunTrust-Ft. Lauderdale

A further analysis based upon **borrower income** characteristics suggests that SunTrust-Ft. Lauderdale effectively reaches LMI applicants for residential loans in its communities. The following table shows the distribution of residential mortgage originations made to LMI and Mid/Up borrowers as a percentage of all residential originations. It also details the peer distribution of residential loans to LMI and Mid/Up borrowers and identifies the percentage of families in each category for each community. The table shows that although the bank significantly outperformed its peer in reaching LMI borrowers during 1994, the percentage of lending to LMI borrowers is declining. Again, the bank attributes the declining trend to the use of loan brokers, and the broker’s focus on middle and upper income applicants during 1995 and year-to-date 1996.

<b>RESIDENTIAL MORTGAGE LENDING BY BORROWER INCOME</b>							
<b>County/ Borrower Income</b>	<b>% Originations to Borrowers</b>						<b>% Families in Community</b>
	<b>1994</b>		<b>1995</b>		<b>9 mos. 1996</b>		
	<b>Bank Peer</b>	<b>Peer</b>	<b>Bank Peer</b>	<b>Peer</b>	<b>Bank Peer</b>	<b>Peer</b>	
<b>Broward (LMI)</b>	36.4	33.4	27.8	29.5	26.3	N/A	38
<b>Broward (Mid/Up)</b>	63.6	66.6	72.2	70.5	73.7	N/A	62
<b>Palm Beach (LMI)</b>	34.0	33.0	28.2	30.9	23.8	N/A	38
<b>Palm Beach (Mid/Up)</b>	66.0	67.0	71.8	69.1	76.2	N/A	62

**Note:** Peer banks include First Union, NationsBank, Barnett, and SunTrust-Ft. Lauderdale

Finally, the following table shows the distribution for small business loan originations by census tract. The ratios suggest a reasonable distribution of lending in LMI areas.

<b>SMALL BUSINESS LENDING BY CENSUS TRACT</b>				
<b>Counties</b>	<b>% Originations in Tracts</b>			<b>% Tracts in Community</b>
	<b>1994 1996</b>	<b>1995</b>	<b>9 mos.</b>	
<b>Broward/Palm Beach (LMI)</b>	26.7	26.3	23.5	26
<b>Broward/Palm Beach (Mid/Up)</b>	73.3	73.7	76.5	72

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

- **The bank has a satisfactory record of opening and closing offices. Branches are reasonably accessible to the community, including LMI areas. The bank provides a wide array of banking services at each office.**

The bank's branches are reasonably accessible to all segments of the communities. All are considered full-service. Eight of the bank's branches are in LMI areas, four each in Palm Beach and Broward Counties. Most of the bank's branches have Automated Teller Machines and drive-ins. Periodically, management reviews business services and hours to decide if they warrant changes. Since the last Evaluation, the bank closed two branches, consolidated two branches into nearby branches, and opened three new branches. The bank followed its formal policy in each instance, and did not note any material impact on their ability to provide financial services.

#### **IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES**

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

- **The bank solicits credit applications from all segments of its delineated communities, including LMI areas. The Board has approved adequate policies, procedures, and training programs that support non-discriminatory lending practices.**

To ensure all applicants receive fair and equal treatment, the bank performs an annual underwriting review for disparate treatment. This process compares minority applicants they deny for credit to non-minority applicants who are approved for credit. The objective of this process is to ensure credit decisions are the same for similarly qualified applicants, whatever race. Further, management reviews a sample of prohibited basis group approved loans to test for instances where loan rates and terms may have been less favorable than loan terms granted to comparable control group applicants.

Also, bank management conducts second reviews of denied applications. The primary objective of this process is to ensure loan policies and underwriting standards are consistently applied and all relevant factors or credit alternatives are considered before denying a loan request.

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

- **Our examination did not reveal any prohibited discriminatory practices. Based on our review, the bank meets substantive provisions of anti-discrimination laws and regulations.**

During January 1996, our Agency completed a centralized fair lending examination for racial discrimination by reviewing residential conventional home purchase loan applications the bank received from April 1, 1994 through March 31, 1995. We compared twenty denied African-American applications received during this period to seventy-five approved loans to white applicants processed by the bank. The purpose of this review was to decide if they treated applicants from different racial groups equally in the credit decision process.

Based on our comparative analysis, we identified no instances of discrimination concerning the Equal Credit Opportunity Act or Fair Housing Act.

## V. COMMUNITY DEVELOPMENT

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

- **SunTrust-Ft. Lauderdale originates a large volume of multi-family affordable housing loans, loans targeted toward redevelopment, and loans to organizations providing social services targeting LMI members of the communities. These loans are in addition to the single family affordable housing loans discussed earlier in this document. These activities address critical community credit needs.**

The bank is actively involved with public and private nonprofit community development organizations throughout its communities. Some of these groups have highly focused missions and target relatively small areas of the communities. Others promote community development throughout either one or both of the bank's communities.

Following is a listing of some projects that the bank either originated independently or is one of several participants of bank lending consortiums serving the communities:

### **Multi- and Single Family Affordable Housing**

- ▶ **Regal Trace Apartments** - SunTrust-Ft. Lauderdale was the lead bank in this multi-family affordable rental housing project totaling 408 units. The construction commitment totaled \$11.2 million with the bank's portion representing 25% or \$2.8 million. The project is complete and is participated with other large banks in the Community Financing Consortium.
- ▶ **Community Financing Consortium/EMI Loan Program**- This is a recent program for construction and permanent loan financing of multi-family rental properties. The bank's portion of the consortium commitment is \$3.75 million.
- ▶ **TLV Properties** - The bank purchased a \$248 thousand loan participation which helped provide thirty-two units of multi-family affordable rental units.
- ▶ **MFS Apartments** - The bank lent \$306 thousand to finance twenty-two units of multi-family rental apartments.
- ▶ **Heritage Hollybrook, Ltd.** - The bank lent \$3.6 million to construct ninety-three single family rental units.
- ▶ **First Florida Affordable Housing** - The bank extended a \$400 thousand revolving line of credit to construct eighteen affordable single family homes.
- ▶ **City View JV**-The bank purchased a \$550 thousand participation in a revolving line of credit that will help construct sixty affordable single family town homes.

### **Economic Development**

- ▶ **Palm Beach County Black Business Investment Corporation** - The bank lent \$374 thousand representing six different loans to promote small business.
- ▶ **Metro-Broward Capital Corporation, a Black Business Investment Corporation** - SunTrust-Ft. Lauderdale has invested \$183 thousand in the organization and has originated four small business loans totaling \$244 thousand.

## Social Services

- ▶ **Henderson Mental Health Center, Inc.** - The bank lent \$3.2 million to finance construction of a new facility that will provide indigent health care services.
- ▶ **Drug Abuse Foundation** - This loan is a \$250 thousand revolving line of credit to support short term funding needs. The foundation provides comprehensive drug and alcohol abuse treatment.
- ▶ **Goodwill Industries** - The bank lent \$2.2 million to expand facilities. Goodwill provides services targeted to LMI people.
- ▶ **City of Greenacres** - The bank lent \$900 thousand to finance communications equipment, two fire trucks, and one ambulance.

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

- **No physical, economic, or legal impediments would hinder the bank's ability to meet its responsibilities under the CRA.**

Please refer to the **Bank and Community Profile** section for additional information.

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

- **Board members, management, and employees are active members of organizations promoting social, educational, and health issues targeting LMI individuals and areas in the bank's communities. SunTrust-Ft. Lauderdale also makes significant monetary donations to organizations involved in community development.**

SunTrust-Ft. Lauderdale personnel have regularly contributed their time and expertise to a wide range of organizations supporting community development. Bank records show approximately 100 hours per month were volunteered during 1995 and approximately 500 hours per month during 1996. These activities provide a valuable function for community development organizations, most of which face ongoing funding challenges.

SunTrust-Ft. Lauderdale donated approximately \$1 million over the last two years to help approximately 150 different public and private nonprofit organizations involved in community development activities.

## ADDITIONAL INFORMATION

None.