

## **PUBLIC DISCLOSURE**

December 17, 1997

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**United National Bank  
Charter # 16560  
320 Green Street  
Fayetteville, North Carolina 28302**

**Office of the Comptroller of the Currency  
Southeastern District, Atlanta Georgia  
Marquis One Tower, Suite 600  
245 Peachtree Center Avenue, N.E.  
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 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 Community Reinvestment Act (CRA) performance of the **United National Bank** prepared by **The Office of the Comptroller of the Currency**, as of December 3, 1997. 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 bank's performance was reviewed for the period of October 1, 1995 to December 3, 1997. The institution's average loan-to-deposit ratio is reasonable. A substantial majority of the bank's loans and lending activities are within the bank's assessment areas. The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low-and moderate-income, and businesses of different sizes.

The following table indicates the performance level of United National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	UNITED NATIONAL BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received.		

## **DESCRIPTION OF INSTITUTION**

United National Bank is a five office institution with its main office located in downtown Fayetteville, North Carolina. The bank opened for business in 1976 and has two offices in Fayetteville, North Carolina along with offices in Parkton, Tar Heel and High Point, North Carolina. As of September 30, 1997, the bank reported total assets of \$ 45,397,000 according to the Report of Condition and Income. The bank's primary focus is small business and consumer lending.

The bank has been operating under a formal agreement since June 11, 1997. Also, in Fayetteville and High Point there are numerous branch offices of large regional and national banking companies that serve as competition for the bank.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank has four assessment areas which are as follows:

### **Cumberland County**

The bank's assessment area in Cumberland County includes the following whole census tracts:

1-15, 16.01, 16.02, 17, 18, 19.01, 19.02, 20- 24, 25.01, 30, 31, 32.01, 32.03, 33.01, 33.02, 33.03, 33.04, and 33.05.

As of December 31, 1994, Cumberland County had an estimated population of 291,849 per the Fayetteville Chamber of Commerce. As of December 31, 1996, the county had an unemployment rate of 4.4%. Major private employers in the county include Kelly Springfield Tires, Black & Decker and Purolator.

### **Bladen County**

The bank's assessment area in Bladen County includes census tract 9503.

As of December 31, 1996, Bladen County had an estimated population of 30,200 per the Bladen County Economic Development Commission. The unemployment rate at 12/96 stood at 6.5%. Employment by industry sector was as follows: Manufacturing 43%, Government 20.3%, Retail/wholesale trade 16.3%, and Service 9.9%.

### **Robeson County**

The bank's assessment area in Robeson County includes census tracts 9601, 9602 and 9614.

As of December 31, 1996, Robeson County had an estimated population of 112,000. Also at December 1996, the county had an unemployment rate of 9.4%.

### **Guilford County**

The bank's assessment area in Guilford County includes the following whole census tracts:

126.07, 126.08, 126.09, 126.10, 126.11, 126.17, 136.01, 136.02, 137-140, 142, 143, 144.02, 144.05, 144.06, 144.0, 144.08, 145.01, 145.03, 146, 162.02, 163, 164.01, 164.02, 165.01, 165.02.

As of December 31, 1990, the population of Guilford County was 347,420. At December 31, 1996, the unemployment rate in the county was 3.4%. Major private employers in the county include Nationsbank, CBL & Associates and Thomas Built Buses.

The following chart depicts the percentage of low, moderate, middle and upper income families in the assessment areas by county as of 1990.

<b>County</b>	<b>Low Inc.</b>	<b>Mod. Inc.</b>	<b>Middle Inc.</b>	<b>Upper Inc.</b>
Bladen	21.05%	21.13%	25.57%	32.25%
Cumberland	18.69%	17.88%	22.17%	41.26%
Guilford	19.79%	17.98%	23.61%	38.62%
Robeson	27.66%	19.34%	23.00%	30.00%

We contacted one community representative in Fayetteville to obtain information concerning community credit needs. She stated that affordable housing credit and credit counseling were the two most pressing community credit needs.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio**

The average loan-to-deposit ratio since the previous CRA Examination in 1995 is reasonable at 65.82%. In addition, the bank's loan to deposit ratios at September 30, 1996 and September 30, 1997 are slightly above the average of North Carolina banks less than \$50 Million in assets for the same time periods.

### **Lending in the Assessment Area**

A substantial majority of the bank's lending is within its defined assessment areas. In order to determine the level of lending within the bank's assessment areas, we sampled 31 consumer loans originated during 1996 and 1997. The results indicated that 84% of the bank's loans we sampled were made within the assessment areas.

### **Lending to Borrowers of Different Incomes and Businesses of Different Sizes**

The institution's has a satisfactory record of lending to borrowers of low, moderate, middle, and upper income levels. In order to determine the bank's level of lending to borrowers of different income levels, we used our aforementioned sample of 31 consumer loans originated in 1996 and 1997. Our analysis revealed that 29% of the loans were to low or moderate-income borrowers. This compares favorably to the average of 41% of the families within the assessment areas that are either low or moderate-income.

In addition, the bank has a satisfactory record of generating small business loans. For the twelve month period ended December 3, 1997, the bank generated 88 small business loans totaling \$6,728,000. The loans ranged from \$1,000 to \$540,000.

### **Geographic Distribution of Loans**

Distribution of credit within the assessment area is reasonable as there are no conspicuous, unexplained gaps in lending patterns. Bank management contracted with a consultant to develop a geographic distribution analysis during 1996. The consultant analyzed all consumer loans originated between January 1, 1996 and July 5, 1996. The results demonstrated a reasonable penetration of lending into the bank's assessment areas.

### **Review of Complaints**

The bank has received no CRA complaints since the previous examination.

### **Other**

Our fair lending review disclosed no violations of the substantive provisions of anti-discrimination laws and regulations.