



Public Disclosure

August 13, 1997

Community Reinvestment Act Performance Evaluation

**Union Planters Bank of Middle Tennessee, N.A.
Charter Number 22761**

**401 Union Street
Nashville Tennessee 37219**

Office of the Comptroller of the Currency

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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.

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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 CRA performance of **Union Planters Bank of Middle Tennessee, N.A.** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 31, 1997. The agency evaluates performance in the assessment area, as 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 RECORD OF MEETING COMMUNITY CREDIT NEEDS."***

The following table indicates the performance level of **Union Planters Bank of Middle Tennessee, N.A.** , with respect to the lending, investment, and service tests.

Performance Levels	Union Planters Bank of Middle Tennessee, N.A. Performance Tests		
	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.

Description of Institution

Union Planters Bank of Middle Tennessee, N.A., (UPMT) is a \$ 1 billion total asset bank that is headquartered in Nashville, Tennessee. UPMT is wholly-owned by Union Planters Corporation (UPC), Memphis, Tennessee, a \$15 billion bank holding company. UPMT is a full service financial institution offering the full range of banking services.

UPMT currently operates a main office in downtown Nashville and 25 branches. All branches offer full services and maintain generally the same hours of operation. Seven branches (27%) are located in moderate income census tracts. During 1996, the bank began offering Saturday hours in 10 of their branch locations. All of the branch locations with Saturday hours are in or near major retail shopping centers. To date business on Saturdays has not been very heavy, according to bank records. There are also 18 stand-alone ATMs located in discount retail establishments (Target, Sam's Club and Wal-Mart) throughout the Metropolitan Statistical Area (MSA). In addition, customers can access account information 24 hours a day through the *UP Direct* telephone service. This service has been available for approximately two years.

Management's main emphasis in 1996 and 1997 has been on commercial lending, including small businesses, in an effort to better balance the bank's overall loan portfolio. Currently, the bank's balance sheet reflects a high percentage of residential loans because it was a Savings and Loan institution prior to being purchased by UPC in 1992. In 1996 and first quarter 1997, the distribution by number of total loans originated and purchased was as follows: 36% home mortgage; 10% small business and small farm; and 54% consumer. By dollar the ratios are considerably different: 71% home mortgage; 16% small business and small farm; and 13% consumer.

Effective October 1996, UPMT began to refer all requests for long-term home mortgages (over 10 year term) to Union Planters Mortgage (UPM). Referrals include Federal Housing Administration (FHA), Veterans Administration (VA), and Tennessee Housing Development Agency (THDA) loans. UPM is a department of Union Planters National Bank-Memphis (UPNB) which is an affiliate of UPMT. UPMT purchases loans from UPM-- 64% of the number of its Home Mortgage Disclosure Act (HMDA) loans in 1996 and 58% of the number of HMDA loans in 1997. These purchased loans are included in all data presented in this Public Disclosure.

There are more than 25 other financial institutions with branches in the area, including nine regional banks. None of the institutions are similarly situated to this bank. These institutions are either substantially larger or substantially smaller than UPMT.

There are no impediments which would hamper UPMT's ability to help meet the credit needs of its community. UPMT's capital at March 31, 1997 was approximately \$76 million and all measures are well above regulatory minimums. The bank's rating in its immediately preceding CRA examination was "*Satisfactory Record of Meeting Community Credit Needs.*"

Conclusions with Respect to Performance Tests

Lending practices, qualified investments and the system for delivering retail banking and community development services help meet the credit needs of the entire assessment area, including low- and moderate-income borrowers in a satisfactory manner.

Lending Test

Performance under the lending test is rated “*low satisfactory*.” Overall UPMT’s lending activity demonstrates:

- adequate responsiveness to assessment area credit needs,
- a high percentage of loans made in its assessment areas,
- adequate penetration among retail customers of different incomes and good penetration among business and farm customers of different sizes,
- adequate geographic distribution of loans inside the assessment areas,
- adequate record of serving the credit needs of most economically disadvantaged areas of the assessment area and good record of serving very small businesses ,
- reasonable use of flexible lending criteria; but limited use of innovative lending practices, and
- adequate level of community development loans considering that the opportunities have been limited to lend funds to community or economic development projects.

No violations of the substantive provisions of the anti-discrimination laws and regulations (ECOA, FHA, or HMDA) were identified. UPMT’s fair lending policies, procedures, training programs and internal assessment efforts have been effective in assisting lenders in these issues.

Investment Test

Performance under the investment test is rated “*low satisfactory*.” Investment levels are considered adequate based on the limited opportunities for qualified investments in the assessment area.

Services Test

Performance under the services test is rated “*high satisfactory*.” The system for delivering retail banking services is good:

- delivery systems are reasonably accessible to essentially all portions of the assessment area,
- the record of opening and closing of branches has not adversely affected the accessibility of the delivery system,
- services do not vary in a way that inconveniences certain portions of the assessment area, and
- the institution provides a relatively high level of community development services, considering the performance context.

Assessment Areas

UPMT has defined two assessment areas: (1) Nashville MSA (#5360) Counties of Cheatham, Davidson, Dickson, Rutherford, Sumner, Williamson, and Wilson; and (2) the contiguous non-MSA County of Maury. These are the counties in which the bank operates banking facilities (either offices or deposit taking ATMs) and in which they originate the substantial majority of loans. Ninety-six percent of the HMDA loans for 1996 originated in these counties. The MSA county of Robertson was reasonably excluded from UPMT's assessment area because that county was served by another UPC affiliate and included in its assessment area. The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. **For the purposes of this report, the data for these two assessment areas have been combined. This was intended to assist the reader.** The lending in the non-MSA County of Maury is a minor part of the institutions total lending. From its two offices in Maury County, UPMT receives only 5% of the home mortgage applications and 4% of the small business applications. There are no low- or moderate-income census tracts in Maury County.

Nashville continues to rank among the fastest-growing large cities in the nation. Robust population growth has occurred throughout the Nashville area for more than three decades. According to the 1990 census, the entire MSA has a population of approximately one million persons and Nashville-Davidson County area comprises more than 50% of the MSA population. Maury County's 1990 census total was approximately fifty-five thousand persons.

The Nashville region's economy is diverse and growth has been solid. The area benefits from low unemployment and consistent job growth. Unemployment levels in the Nashville MSA have been well below the national and state averages for the past 10 years. Service, tourism and manufacturing are the primary business focus for Middle Tennessee. The top two non-governmental employers in Nashville are Vanderbilt University and Medical Center, and Opryland USA, Inc. In addition, large manufacturing employers in the assessment area include the automotive companies of Nissan and Saturn.

The 1990 median family income (MFI) for the Nashville MSA was \$35,797 and for Maury County was \$24,936. By 1997, the updated MFI was \$47,500 for the MSA, and \$33,200 for Maury County. While MFI is rising, the number of families below the poverty level is still high in some areas. The number of families below the poverty level by county are: Cheatham 8%; Davidson 10%; Dickson 12%; Rutherford 8%; Sumner 7%; Williamson 4%; Wilson 7% ; and Maury 11%.

The assessment area includes 207 census tracts with 61 or 29%, designated as low- and moderate-income. The low- and moderate-income tracts are largely concentrated in the inner city of Nashville and the northwest quadrant of Davidson County. Of the approximately 270 thousand families in the assessment area, 37% meet the definition of low- and moderate-income families using the 1996 Housing and Urban Development (HUD) weighted average of MSA/Non-MSA Updated Median Family Income of \$42,446.

Home choices (and prices) range from expensive to modest. Median home values range from \$131,000 in Williamson County to \$54,100 in Dickson County. According to a local real estate appraisal firm, the real estate prices in the late 1990's is "record breaking." There is a lack of inventory and mortgage rates have continued to be low. To buy a house today, the buyer has to pay comparably more to get less house than before 1993. The average housing price change in 1994 (the latest available complete data) was 7%. This phenomenon has priced many low- and moderate-income buyers out of the market. Home ownership percentages vary widely from 83% in Cheatham County to 54% in Davidson County. ¹

We interviewed two community contacts in the Nashville MSA and Maury County during this examination and used the reports of another ten that had been made by various regulators in the last year. These contacts were used to identify any community development needs, housing needs or economic revitalization programs in which area banks could participate. Most of the contacts identified the greatest needs in the area to be affordable housing and flexible lending programs for both home buyers and small business borrowers. According to the contacts, no individual or group has stepped up to take a leadership role in any meaningful way to improve availability of housing nor to provide innovative, flexible loan products.

In addition to community contacts, we reviewed the *Nashville-Davidson, TN Consolidated Plan* prepared for the U.S. Department of Housing and Urban Development (HUD). It states that the most critical need in the community is affordable housing. The vacancy rates for rental units is very low which continues to drive up rental rates, 9 percent since 1990. The vacancy rates for public housing was only 2% in 1994 with 300 on the waiting list. The waiting list for Section 8 Housing was higher at 4,500 individuals. There are only five non-profit organizations that are active in providing and producing housing for low-and moderate-income individuals and families. These organizations are operating at full capacity. The organizations build between 2 and 20 houses each per year. Currently there are only two non-profit groups that work in developing multi-family dwellings and usually these are geared toward special needs -- substance abusers, elderly, mentally challenged, etc. The Metropolitan Development and Housing Agency (MDHA) indicates that banks are coming to them to see if there is anything they can do to assist, but currently the active organizations are at full capacity. Impediments to addressing the critical housing problems include: neighborhood opposition and State public hearing requirements for scattered site, low-density affordable housing.

¹Source: *Welcome to Middle Tennessee*; Nashville Chamber of Commerce, Spring 1996.

Discussion of Performance Tests

LENDING ACTIVITY

Overall, UPMT demonstrates a good responsiveness to serving the credit needs in its assessment areas based on the number and amount of loans inside its assessment area. The following tables show a high percentage of the number and the amount of home mortgage, small business and small farm, and consumer loans originated within the assessment area in 1996 and for first quarter 1997. Home mortgage activity is based on originations and purchases.

Loans Inside Assessment Area (Including Purchases) 1996 and First Quarter 1997					
	Home Mortgage	Small Business	Small Farm	Consumer	Total
Number					
# of Loans Inside AA	2,089	553	11	3,126	5,779
Total # of Loans	2,197	572	15	3,338	6,122
% of Loans Inside/ Total # of Loans	95%	97%	73%	94%	94%
Dollars (in \$000)					
\$ of Loans Inside AA	\$ 229,433	\$ 49,769	\$ 267	\$ 38,092	\$ 317,561
Total \$ of Loans	\$ 235,715	\$ 52,979	\$ 284	\$ 41,669	\$ 330,647
% of Loans Inside/ Total \$ of Loans	97%	95%	94%	91%	96%

BORROWER CHARACTERISTICS

The distribution of lending to borrowers reflects adequate penetration among retail customers of different income levels and good penetration for business customers of different sizes.

Home Mortgage Loans

The percentage of home mortgage loans in UPMT's assessment area to persons with low- or moderate-incomes is satisfactory in relation to the percentage of low- or moderate-income families living in the assessment area. It would be difficult for the bank to achieve exact proportional lending to the percentage of low- or moderate-income families because part of the population has sufficiently low income to purchase a home. The number of families below the poverty level in the assessment area varies from 4% in Williamson County to 12% in Dickson County. The shortage of affordable housing also affects the ability of low- or moderate-income borrowers to purchase homes.

Distribution of HMDA Loans by Borrower Income Level					
<i>Loans Originated In Assessment Area</i>	1996		1997		% of Total Families In Assessment Area
	Number (#)	Percent #	Number (#)	Percent #	
	Dollar (\$000)	\$	Dollar (\$000)	\$	
Low-Income	38	5%	2	5%	20 %
	\$ 1,022	2%	\$ 51	3%	
Moderate-Income	93	13%	10	24%	17 %
	\$ 5,590	8%	\$ 343	18%	
Middle-Income	195	27%	12	29%	24 %
	\$ 15,037	21%	\$ 321	17%	
Upper-Income	395	55%	18	43%	40 %
	\$ 47,147	69%	\$ 1,170	62%	
TOTAL LOANS	721		42		
	\$ 68,796		\$ 1,885		

In addition to these loans, UPMT purchased approximately \$150 million of loans from affiliate mortgage company UPM that were for borrowers located in the assessment area. Income level data on these loans is not available. This is permissible under current regulations.

Small Business and Small Farm Lending

The distribution of UPMT's small business and small farm loans based on borrower characteristics is good. Data demonstrates the availability of small dollar loans and the good penetration among businesses of low revenue levels. A majority of small business and small farm loans are made to businesses or farms, with revenues of less than \$1 million and \$500 thousand, respectively. A substantial majority of loans were made in amounts of less than \$100 thousand.

The primarily metropolitan makeup of the assessment area results in a small number of farm loans. In 1996, nine loans totaling \$102 thousand were originated and in 1997 two loans totaling \$165 thousand have been originated. All of these loans were to farms with less than \$500 thousand in revenues. Ten of the eleven loans were for amounts of under \$100 thousand. These loans are not included in the table below. This table reflects commercial lending in 1996 and first quarter 1997 only.

Small Business Loans				
	1996		1997	
	Number (#) Dollar (\$000)	Percent of # \$	Number (#) Dollar (\$000)	Percent of # \$
Total Number (#)	443		116	
Total Dollar (\$)	\$ 36,165		\$ 15,403	
Businesses with Revenues < \$1 million	256 \$ 17,347	58 % 48 %	66 \$ 9,004	57 % 58 %
Loan Amount < \$100 thousand	359 \$ 9,621	81 % 27 %	93 \$ 2,875	80 % 19 %
Loan Amount Between \$100 thousand and \$250 thousand	45 \$ 7,618	10 % 21 %	11 \$ 1,600	9 % 10 %
Loan Amount > \$250 thousand	39 \$ 18,926	9 % 52 %	12 \$ 10,928	10 % 71 %

Consumer Loans

UPMT exhibits a good record of lending to consumer borrowers of different income levels. Consumer credit is available to low- and moderate-income borrowers in a manner that is consistent with safe and sound banking practices. Some low income individuals have insufficient financial capacity to qualify for a loan.

Distribution of Consumer Loans by Borrower Income Level					
<i>Loans Originated In Assessment Area</i>	1996		1997		% of Total Families In Assessment Area
	Number (#)	Percent of #	Number (#)	Percent of #	
	Dollar (\$000)	\$	Dollar (\$000)	\$	
Low-Income	316	12 %	60	10%	20 %
	\$ 2,369	8 %	\$ 632	7%	
Moderate-Income	534	21 %	118	20%	17 %
	\$ 4,968	17 %	\$ 1,107	12%	
Middle-Income	635	25 %	121	21%	24 %
	\$ 6,005	21 %	\$ 1,414	15%	
Upper-Income	754	30 %	229	39%	40 %
	\$ 11,919	41 %	\$ 4,832	53%	
Not Available	299	12 %	60	10%	0
	\$ 3,632	13 %	\$ 1,214	13%	
TOTAL	2,538		588		
	\$ 28,893		\$ 9,199		

GEOGRAPHIC DISTRIBUTION

Lending in low- and moderate-income geographies reflects adequate penetration throughout the assessment area. There are no conspicuous gaps in lending that were not adequately explained. Our review of the assessment area indicated that 25% of low- and moderate-income census tracts had no HMDA applications in 1996 and 15% had no consumer applications. Only three tracts had no applications for home mortgage or consumer loans, one of these was a low-income tract and two were moderate income tracts. These three tracts had very few households (less than 900), very low home ownership rate (less than 20%), and very low income levels (as low as 14% of MSA MFI). In addition, there are certain parts of the area that have very few residents because they are heavily industrial, contain college campuses or parks or lakes. Of the census tracts that had no HMDA applications, the number of household units ranged from 16 to 990 and percentage of rental occupied ranged from 57% to 83%. There are also areas that have residents whose income is substantially below the poverty level. The low-income census tracts with no HMDA applications have income levels ranging from 14% of MSA MFI to 50% of MSA MFI. Individuals with very low incomes may not demonstrate sufficient repayment capacity to qualify for loans of any type under safe and sound banking practices.

Home Mortgage Loans

The geographic distribution of Home Mortgage Disclosures Act (HMDA) loans reflects adequate penetration throughout the assessment area. The level of loan activity in the low- and moderate-income census tracts in relation to the number of census tracts is reasonable. This is supported by the composition of the census tracts described above and the level of home ownership as described below. Also, as discussed in the description of the assessment area, there is a shortage of new affordable housing in the Nashville area and the cost of all existing housing is escalating at a rapid rate because of lack of inventory. The following table illustrates the number and dollar amount of HMDA loans that were originated and purchased in each of the tracts in the assessment areas. Loans made by an affiliate, totaling \$150 million, and later purchased by UPMT, are included in this table.

Geographic Distribution of HMDA Loans by Census Tract Characteristics						
<i>Originated and Purchased HMDA Loans</i>	1996		1997		% of Tracts in Assessment Area	% Owner Occupied
	Number (#) Dollar (\$000)	Percent of # \$	Number (#) Dollar (\$000)	Percent of # \$		
Low-Income Tracts	12	1%	2	2%	8 %	23%
	\$ 497	0%	\$ 35	0%		
Moderate-Income Tracts	101	5%	10	9%	21 %	47%
	\$ 7,970	3%	\$ 906	9%		
Middle-Income Tracts	868	43%	49	46%	49 %	58%
	\$ 69,249	31%	\$ 3,242	31%		
Upper-Income Tracts	1,015	51%	45	43%	20 %	72%
	\$ 143,096	65%	\$ 6,238	60%		
Not Available	0	0	0	0	1 %	0
TOTAL	1,996		106			
	\$ 219,939		\$10,421			

Small Business and Small Farm

With respect to small business and small farm loans, UPMT is originating a reasonable number of loans in low- and moderate-income areas. The following table shows a strong level of lending when compared to the percentage of small businesses and small farms within UPMT's assessment area. The lending level in low- and moderate-income census tracts was 26% of number and 38% of dollar in 1996 and 30% of number and 46% of the dollar in 1997. This also compares favorably to the 29% of census tracts in the assessment area that are low- and moderate-income.

Small Business and Small Farm Lending in Low- and Moderate-Income Census Tracts					
<i>Loan Originated in AA</i>	1996		1997		% of Small Business & Farms
	Number (#) Dollar (\$)	Percent (%) of Total	Number (#) Dollar (\$)	Percent (%) of Total	
Low-Income Tracts	7	2%	4	4 %	5%
	\$ 1,419	4%	\$ 2,049	15 %	
Moderate-Income Tracts	109	24%	29	26 %	24%
	\$ 12,498	34%	\$ 4,219	31 %	
Middle-Income Tracts	213	47%	50	45 %	49%
	\$ 11,158	31%	\$ 2,765	20 %	
Upper-Income Tracts	123	27%	29	25 %	22%
	\$ 11,192	31%	\$ 4,736	34 %	
TOTAL	452		112		
	\$ 36,267		\$ 13,769		

Consumer Loans

The geographic distribution of consumer loans reflects adequate penetration throughout the assessment areas. There are no conspicuous gaps in service that are not explained. There were only nine census tracts that had no consumer loans. These tracts were located in areas that have very few residents because they are heavily industrial, or contained college campuses, hospitals, parks, lakes, cemeteries, and golf courses.

Geographic Distribution of Consumer Loans by Census Tract					
<i>Loans Originated In AA</i>	1996		1997		% of Total Tracts in Assessment Area
	Number (#)	Percent of #	Number (#)	Percent of #	
	Dollar (\$000)	\$	Dollar (\$000)	\$	
Low-Income Tracts	16	1%	6	1%	8%
	\$ 142	0%	\$ 89	1%	
Moderate-Income Tracts	238	9%	54	9%	21%
	\$ 2,195	8%	\$ 478	5%	
Middle-Income Tracts	1,703	67%	318	54%	49%
	\$ 20,082	70%	\$ 4,445	48%	
Upper-Income Tracts	581	23%	210	36%	20%
	\$ 6,473	22%	\$ 4,187	46%	
Not Available	0	0	0	0	1%
TOTAL	2,538		588		
	\$ 28,893		\$ 9,199		

COMMUNITY DEVELOPMENT LENDING

UPMT originates an adequate level of community development loans considering the limited availability of such loans. Community development loans are those that do not meet the definition of home mortgage, small business, or small farm loans but do meet the definition of community development contained in the CRA regulation (12 CFR 25.12 (h)). Based on bank generated reports, UPMT originated 3 community development loans in the amount of approximately \$475,000 in 1996 and 1997 to date. These loans were for:

- \$300,000 for the purchase of a day care center located in a moderate income census tract in East Nashville that serves low- and moderate-income residents.
- \$150,000 for the construction of a 20 unit housing development for homeless rehabilitated substance abusers.
- \$25,000 for the purchase of a lot for the relocation of a single family house donated to Community Housing Partners of Williamson County. The property is being renovated and will be sold to a low-income family.

INNOVATIVE OR FLEXIBLE LENDING PRACTICES

UPMT uses flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies. The extent of the activity under the available programs is limited and they do not exhibit innovative practices. Many of UPMT's lending practices are widespread among other local financial institutions in the assessment area.

The bank designed flexible lending programs available from UPMT which serve the low- and moderate-income borrowers include: *First Step Mortgage* and a new "*CRA Product*."

First Step Mortgage product is intended for low income families to buy a primary residence with a maximum sales price of \$80,000. This program has flexible qualification standards and a three percent down payment, with no private mortgage insurance. In 1996, thirteen loans totaling \$788,690 originated under this program.

The new "*CRA Product*" was developed in first quarter 1997 as a result of the discontinuance of the First Step program. Similar to the First Step, the down payment is limited to 3% and qualifying ratios are higher than standard UPM loan products. The program was presented to lenders in May 1997 and to date no loans have been originated under the program.

INVESTMENTS

UPMT has an adequate level of qualified community development investments although they rarely take a leadership role and do not provide innovative or complex investments. Based upon information gathered through the community contacts and other sources, UPMT's ability to fund qualified investments is limited based upon lack of available opportunities.

- UPMT made a qualified investment of \$100,000 to the Nashville Housing Fund, a newly formed nonprofit subsidiary of the Metropolitan Development and Housing Agency. The Fund was created to facilitate home ownership and stimulate neighborhood revitalization by creating affordable housing. It will provide pre-development loans, acquisition loans, down payment assistance, construction financing and multifamily financing for the low-and moderate-income citizens of Nashville. In addition, the participating banks will be eligible to provide the permanent mortgage financing for the Fund's borrowers.
- UPMT provided \$11,000 to Affordable Housing of Nashville, Inc., a nonprofit organization engaged in affordable housing rehabilitation and construction and credit counseling.
- The bank donates space at one of their branches (Columbia) for counselors of Community Credit Counseling Services to schedule and conduct appointments. Consumer Credit Counseling Service assists individuals and families who are in financial difficulty and helps them determine how to pay off their financial obligations without resorting to bankruptcy.
- Jefferson Street United Merchants Partnership, Inc., (JUMP) was established in 1996 to assist businesses and property owners in building a better Jefferson Street, which is a low-income, high minority area. The JUMP organization is funded by the Metropolitan Development and Housing Agency and financial institutions, including UPMT. The bank donated \$1,200 to date.

SERVICES

The delivery systems offered by UPMT are accessible to all portions of their defined assessment areas. UPMT's record of opening and closing branches has not adversely affected the accessibility of banking services. All 26 branches offer full services and maintain generally the same hours of operation. Bank employees provide a relatively high level of community development services.

Retail Banking Services:

UPMT's delivery systems are accessible to all income tracts. The table below shows the distribution of branches as it compares to the characteristics of the assessment areas. In addition to the branch locations, the bank has established 18 stand-alone automated teller machines (ATM's) in addition to the 16 ATM's located at various branch locations. The stand-alone ATM's are located inside the discount retail operations of Wal-Mart, Sam's Club and Target stores. This provides convenient access for extended hours to individuals of all income levels, including low-to-moderate income people.

Distribution of Delivery Systems					
	Branches		Stand Alone ATMs		
Census Tract Characteristic:	#	% of Branches	#	% of ATMs	% of Geographies
Low Income	0	0	0	0	8%
Moderate Income	7	27%	1	6%	21%
Middle Income	13	50%	10	56%	51%
Upper Income	6	23%	7	38%	20%
Total	26	100%	18	100%	100%

The penetration of branch locations is similar in characteristic to the assessment areas except for low-income areas. The assessment area includes seven counties in the MSA and one county outside the MSA. There is only one county (Davidson) in the assessment area which has low-income tracts. Even though there are no branches located in the low-income census tracts, there are several branches located within close proximity to these areas. A branch is located within approximately one mile of all low census tracts and easily accessible by major streets.

Customers can also access account information, 24 hours a day, through the *UP Direct* telephone service. The service has been available for approximately two years.

Overall branch hours are reasonable and the offices offer generally the same hours of operations. A few of the branches do offer additional morning service at their drive-thru facility. During 1996, the bank began offering Saturday hours at 10 of their branch locations. Management has not decided to open additional branches on Saturdays as business has not been very heavy.

UPMT's record of opening and closing offices has not affected the accessibility of its delivery systems as branches and ATMs remain assessable to all tracts in the assessment area. In March 1996, UPMT sold two branch facilities in Maury and Marshall Counties. The bank retained the loan portfolio, however the deposit relationships were sold. In October 1996, Leader Federal Savings bank was acquired by UPNB and several branches were consolidated into existing UPMT branches where overlap occurred. No offices in low- or moderate-income census tracts were eliminated through the consolidation. In March 1997, an existing UPMT branch was consolidated into a neighboring branch, both located in moderate-income census tracts.

Community Development Services:

UPMT provides a relatively high level of community development services. Bank officers serve on various Boards, Advisory Boards, and Committees whose purpose is to promote credit availability or affordable housing.

- **Nashville Housing Fund Board:** This organization is a nonprofit subsidiary of the Metropolitan Development and Housing Agency. The fund's purpose is to stimulate neighborhood revitalization and facilitate home ownership by providing pre-development loans, acquisition loans, down payment assistance, construction financing, and multifamily financing for low- and moderate-income citizens in Nashville. A bank construction lender is a board member and provides input based on his experience for this organization.
- **"Working Smart" Committee:** This program is coordinated through Metropolitan Development and Housing Agency. Working Smart recruits and trains public housing residents and other inner city low-income person interested in self employment. The manager of small business department is a member of this committee. He assists the potential business persons in developing and reviewing their business plans.
- **Nashville Chamber of Commerce ACCESS Program:** This program is targeted predominately to minority-owned businesses employing less than 10 people. A small business/commercial lender of the bank serves on this panel which supports minority business owners in their efforts to secure financing for expansions, acquisitions, and franchising opportunities. Through participation in this program, the bank has made two loans over the last year totaling \$40,000 to individuals who are starting new businesses.
- **Nashville Area Habitat for Humanity:** A bank representative serves on the review committee for the selection of applicants who are waiting for a home through Habitat for Humanity. This committee reviews applicants to determine their housing needs, their

ability to repay the loans and their willingness to complete sweat equity. The bank's representative helps the committee interpret the credits reports of the applicants. The representative also participates in the annual application session where the selection criteria are covered with the applicants.

- **Consumer Credit Counseling Service:** This organization assists individuals and families who are in financial difficulty and helps them determine how to pay off their financial obligations without resorting to bankruptcy. A commercial lender from the bank serves as a board member for this organization. His function on the board is to inform the board of consumer lending trends across the state.
- **Jefferson Street United Merchants Partnership, Inc. (JUMP):** This organization was established in 1996 to assist businesses and property owners in building a better Jefferson Street, which is a low-income, high minority area. Recently, a "loan day" was sponsored by several financial institutions, including UPMT, for the Jefferson Street merchants and any other interested individuals. The main purpose of the loan day was to assist interested individuals in obtaining financing, especially the local merchants in the Jefferson Street area, in order to help the revitalization efforts. The JUMP organization is funded by the Metropolitan Development and Housing Agency and member banks, including UPMT. UPMT has provided the organization the services of a small business/commercial lender to assist and advise this organization.

FAIR LENDING REVIEW

No violations of the substantive provisions of the anti-discrimination laws and regulations (ECOA, FHA, or HMDA) were identified. UPMT's fair lending policies, procedures, training programs and internal assessment efforts have been effective in assisting lenders in these issues.

Appendix A: Scope of Examination

A Community Reinvestment Act (CRA) examination commenced on June 16, 1997. The objective of the examination, which was performed onsite, was to assess the bank's record of serving the credit needs of the entire assessment area, including low- and moderate-income areas and to assign an overall rating to the bank. This examination considered the bank's performance during 1996 and for first quarter 1997 and any qualifying community development loans. Performance was evaluated under the newly revised CRA regulation, which was modified to be more performance oriented.

The examination included a review of all home mortgage loans originated or purchased in 1996 and first quarter 1997 and small business loans, small farm loans and consumer loans originated in 1996 and first quarter 1997. Affiliate lending was identified, evaluated and disclosed separately. Qualified investments and services were evaluated since the prior CRA examination. The previous examination was conducted as of October 25, 1995.