

PUBLIC DISCLOSURE

June 23, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**SunTrust Bank, Middle Georgia, N.A.
Charter Number 10270**

**606 Cherry Street
Macon, Georgia 31201**

**Comptroller of the Currency
Southeastern District Office
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta , Georgia 30303-1223**

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.

TABLE OF CONTENTS*

I. General Information. 1

II. Institution

 a. Overall Rating. 1

 b. Lending, Investment, Service Test Table. 2

 c. Description of Institution. 3

 d. Conclusions with Respect to Performance Tests. 4

III. Appendix

 a. Definition of Terms 13

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, Middle Georgia, N.A.** (STB-Middle Ga.) prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **June 23, 1997**. 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 C.F.R. Part 25.

INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The following are the primary factors supporting STB-Middle Ga.'s performance under the Lending, Investment, and Service Tests.

Lending Test

- Lending levels reflected a good responsiveness to community credit needs and a high percentage of the bank's loans were made within its assessment area. A geographic distribution of loans reflected an adequate penetration among census tracts of different income characteristics. A review of loans to borrowers of different income levels and businesses of different sizes reflected an adequate distribution. A relatively high level of community development loans were originated within the bank's assessment area. Flexible lending practices were used to meet identified credit needs.

Investment Test

- The bank made a relatively low volume of qualified investments.

Service Test

- Delivery systems were accessible to areas and individuals of different income levels, particularly low income geographies. The bank provided an adequate level of community development services.

The following table indicates the performance level of STB-Middle Ga., with respect to the lending, investment, and service test.

PERFORMANCE LEVELS	<u>SUNTRUST BANK, MIDDLE GEORGIA, N.A.</u>		
	PERFORMANCE TESTS		
	Lending Test¹	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve		X	
Substantial Noncompliance			

¹ The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION AND ASSESSMENT AREA

STB-Middle Ga. is a subsidiary of SunTrust Banks, Inc. (STI), a \$54 billion institution headquartered in Atlanta, Georgia. STI, the 15th largest banking company in the nation, operates financial institutions in Georgia, Florida, Tennessee, and Alabama. STB-Middle Ga., with total reported assets of \$637 million as of December 31, 1996, operates fifteen branch offices in Bibb (12) and Houston (3) counties. The bank has a balanced mix of commercial, residential, and consumer loans. The bank also provides trust services. There are no legal, financial, or other reasons that would impede the bank's ability to meet the credit needs of its assessment area.

STB-Middle Ga.'s assessment area consists of Bibb and Houston counties. These two counties are part of the Macon, Georgia, Metropolitan Statistical Area (MSA). As of 1990, the population was approximately 239,000, with 64,000 families residing in this area. The distribution of families by income level was: 23% low income families, 16% moderate income families, 21% middle income families, and 40% upper income families. As of 1996, the MSA median family income was \$40,100, with 16% of the population living below the poverty level. The bank's assessment area consists of 12 low income, 14 moderate income, 24 middle income, and 11 upper income census tracts. There are also two census tracts with no population, for a total of 63 census tracts. The median housing value was \$43,400.

Retail, service, manufacturing, and government jobs represent 80% of the workforce. Agricultural or farm employment represents less than 1% of the workforce. There are approximately 3,500 non-farm businesses and 100 farm businesses with revenues of less than \$1 million located in the bank's assessment area. The total number of non-farm businesses and farm businesses were 5,378 and 103, respectively. Most industries in Houston County are related to the Warner Robins Air Force Base, which is the largest employer in the county.

Competition is strong. Approximately 30 deposit taking financial institutions have branch offices in this two county area. STB-Middle Ga. is the second largest financial institution in Bibb County and is the fifth largest institution in Houston County, based on deposit market share. As of June 30, 1996, STB-Middle Ga.'s deposit market share for Bibb and Houston counties was 22% and 7%, respectively.

The credit related needs in the bank's assessment area include the following:

- Affordable and adequate housing (i.e. single family rental, multifamily rental, home ownership, and home rehabilitation) for low or moderate income individuals. As of 1990, approximately 33% (13,742) and 18% (3,475) of the occupied housing units in the cities of Macon and Warner Robins, respectively, were in need of repair. The Warner Robins Housing Authority reported that 150 families are on its waiting list for subsidized or public housing. Similar data was not available for the city of Macon.

- Small business loans. According to a community contact from the University of Georgia Small Business Development Center, loans for amounts of \$25,000 or less are especially needed for newly established or proposed businesses. Insufficient collateral was noted as a primary reason why individuals do not qualify for a traditional small business loan.
- Commercial and industrial rehabilitation loans.
- Education pertaining to financial services such as home buying seminars, credit counseling, and small business counseling.

These community needs were determined by reviewing a combination of prior community contacts, economic and demographic data, and U.S. Department of Housing and Urban Development Consolidated Strategies and Plans for the cities of Macon and Warner Robins. Consolidated Strategies and Plans are comprehensive planning documents that identify community needs. We also met with two community representatives during this examination.

Opportunities for qualified investments do exist within the bank's assessment area. According to a community contact, the City of Macon has issued several bonds with proceeds used to originate small business loans. Other opportunities include a community development corporation (CDC) that provides small business financing and several organizations that provide loans or services related to community development.

STB-Middle Ga. received a rating of "satisfactory" at the last CRA examination, dated June 13, 1995. This examination covers STB-Middle Ga.'s performance from January 1, 1996 to the present. See the Appendix of this report for a definition of terms used within this public evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

In assessing STB-Middle Ga.'s lending performance, we focused our review on HMDA and small business loans. Small farm loans were not used to draw conclusions since only eight loans for \$272,000 were originated in 1996.

Assessment Area Concentration

A high percentage of STB-Middle Ga.'s loans were made within its assessment area. Table 1 indicates that 84% and 81%, respectively, of HMDA and small business loans were originated within the bank's assessment area.

Table 1 Ratio of Loans Inside the Bank's Assessment Area (AA) - 1996			
	HMDA	Small Business	Total
Number			
# of Loans Inside AA	762	725	1,487
% of Loans Inside AA	84%	81%	82%
Dollars (000's)			
\$ of Loans Inside AA	\$63,297	\$54,130	\$117,427
% of Loans Inside AA	86%	74%	80%

Lending Activity

STB-Middle Ga.'s lending levels reflected a good responsiveness to assessment area credit needs pertaining to housing and small business. Table 1 and 2 indicate the bank originated 762 (\$63,297,000) HMDA and 725 (\$54,130,000) small business loans within its assessment area. Of particular importance is that STB-Middle Ga. has originated the type of loans that were identified as community needs. Specifically, the bank originated 7 multifamily loans for a total of \$3,464,000.

Table 2 Number and Dollar Amount of HMDA Loans - 1996		
Loan Type	Number	Dollar (000's)
Home Purchase	441	\$43,101
Refinance	215	15,686
Home Improvement	99	1,046
Multifamily	7	\$3,464
Total	762	\$63,297

Geographic Distribution

STB-Middle Ga.'s geographic distribution of HMDA and small business loans reflected an adequate penetration throughout its assessment area.

Three percent of HMDA loans were made in low income census tracts. This penetration was considered adequate when compared to the percentage of owner occupied housing units (7%) and families (10%) in low income census tracts. Refer to Table 3. There were three low income census tracts in which no HMDA loans were originated. However, the very low median income of these tracts (17% to 36% of the MSA median family income) limits the number of individuals that could qualify for a home loan.

Nine percent of HMDA loans were made in moderate income census tracts. This penetration was considered adequate when compared to the percentage of owner occupied housing units (13%) and families (16%) in moderate income census tracts. Refer to Table 3. There were two moderate income census tracts in which no HMDA loans were originated. However, the two tracts are located in different counties and there were no conspicuous gaps in the penetration of moderate income census tracts.

Table 3 Geographic Distribution of HMDA Loans by Census Tract Income Designation - 1996				
Census Tract (CT) Characteristics				Distribution of HMDA Loans
CT Designation	Distribution of CT by Income Level	Distribution of Families by CT Designation	Distribution of Owner Occupied Housing Units by CT Designation	
Low Income	19%	10%	7%	3%
Moderate Income	22%	16%	13%	9%
Middle Income	38%	46%	47%	34%
Upper Income	18%	28%	33%	54%
N.A.	3%	0%	0%	0%
Total	100%	100%	100%	100%

STB-Middle Ga. originated 17% and 12% of its small business loans in low and moderate

income census tracts, respectively. This penetration was considered adequate when compared to the percentage of businesses located in low (20%) and moderate (16%) income census tracts. Refer to Table 4.

Table 4 Geographic Distribution of Small Business Loans by Census Tract Designation - 1996			
CT Designation	Distribution of CT by Income Level	Distribution of Businesses by CT Designation	Distribution of Small Business Loans by CT Designation
Low Income	19%	20%	17%
Moderate Income	22%	16%	12%
Middle Income	38%	39%	35%
Upper Income	18%	25%	36%
N.A.	3%	N.A.	0%
Total	100%	100%	100%

Distribution by Borrower Characteristics

STB-Middle Ga.'s distribution of HMDA and small business loans to borrowers of different income levels and businesses of different sizes was adequate.

STB-Middle Ga. originated 7% of HMDA loans to low income individuals. Twenty-three percent of all families are considered low income. However, the bank's distribution is reasonable given that 16% of the population lives below the poverty level. This fact would severely hamper an individual's ability to qualify for a loan. Eighteen percent of HMDA loans were originated to moderate income individuals. This distribution is considered good when compared to the percentage (16%) of moderate income people within the bank's assessment area. Refer to Table 5 on the following page.

Table 5 Distribution of HMDA Loans by Borrower Income Level - 1996		
Income Level	Distribution of Families by Income Level	Distribution of HMDA Loan By Borrower Income Level
Low Income	23%	7%
Moderate Income	16%	18%
Middle Income	21%	24%
Upper Income	40%	48%
Income Not Available	N.A.	3%
Total	100%	100%

Eighty percent of small business loans were for amounts of \$100,000 or less. See Table 6. Seventy-nine percent (575 loans) of small business loans were made to businesses that had gross revenues of less than \$1,000,000. Furthermore, 83% of small business loans with original amounts of \$100,000 or less were made to businesses that had gross revenues of less than \$1,000,000. This indicates STB-Middle Ga. has a good record of serving the credit needs of very small businesses.

Table 6 Distribution of Small Business Loans by Loan Size - 1996	
Loan Size	Distribution of Small Business Loans
Less than \$100,000	80%
Between \$100,000 and \$250,000	13%
Greater than \$250,000	7%
Total	100%

Community Development Lending

STB-Middle Ga. originated a relatively high level of community development loans in response to identified community needs. Approximately \$3.7 million of community development loans were originated relating to affordable housing and small business development credit needs. A summary of these loans is detailed below.

- Multifamily Housing - \$3,127,000: STB-Middle Ga. originated three loans to purchase or refinance three apartment complexes primarily serving the housing needs of low or moderate income individuals in Bibb County. The apartment complexes have a total of 270 units. One of the three complexes, with 94 units, is eligible for subsidized rent. The other two complexes are affordable for low or moderate income individuals.
- Single Family Housing - \$289,000: STB-Middle Ga. participated (\$89,000) in two loans with other financial institutions to lend a total of \$467,000 to the Greater Macon Housing Corporation. Loan proceeds were used for land acquisition and site development for an affordable housing project (The Pines at Bloomfield) for low or moderate income individuals. STB-Middle Ga. also originated a \$200,000 line of credit with proceeds used to construct single family residences in the above mentioned housing development.
- Small Business Development - \$300,000: STB-Middle Ga. participated with other financial institutions in extending credit to the Middle Georgia Regional Development Center. Loan proceeds were used to raise matching funds to obtain a \$1,500,000 federal grant to develop flood damaged areas of middle Georgia. The federal grant and loan proceeds will be used to originate loans to new and existing small businesses in a geographic area that includes the bank's assessment area. Businesses must create or save one job for every \$15,000 in loan proceeds to qualify for this program. The minimum and maximum loan amounts are \$15,000 and \$500,000, respectively, with terms of up to twenty years.
- Small Business Development - \$30,000: STB-Middle Ga. extended credit to the Entrepreneurial Employment Training Center (EETC), developed by the Housing Authority of Macon. EETC, a non profit organization, was formed to encourage entrepreneurship among individuals living in government subsidized housing. Small business training is provided through a program called Project Rise.

Flexible or Innovative Lending Practices

STB-Middle Ga. used flexible lending practices to meet the identified credit needs pertaining to affordable housing and small business development. Flexible lending programs have resulted in 43 loans, totaling \$2,509,000. The characteristics of these programs are detailed below.

- SunTrust Affordable Housing Mortgage Program: This program is designed to promote home ownership by financing single family, owner occupied housing units to qualified low or moderate income individuals. This program allows for a reduced down payment, more lenient debt-to-income ratios, and the use of non-traditional credit references. The bank has originated twenty-three loans for \$1,130,000.

- Mayor's Housing Partnership Fund (MHPF): This program strives to offer low or moderate income Macon residents an opportunity to obtain affordable housing through a partnership with city government, local lending institutions, non-profit housing organizations, and other entities. Four separate lending programs are available consisting of the Home Improvement, Home Buyers, Rental Property Improvement, and Housing Development Programs. Loans originated under these programs are guaranteed by the City of Macon. The MHPF offers flexible underwriting criteria consisting of a reduced down payment, more lenient debt to income ratios, and the use of non-traditional credit references. The bank has originated six loans for \$206,000.
- Housing Authority of the City of Macon, Georgia - Single Family Mortgage Revenue Bonds: Proceeds from this tax free municipal bond allowed local financial institutions to originate affordable housing loans in designated low or moderate income areas, at 1% below the market interest rate. After origination, participating financial institutions sell the loans into the secondary market. Loan payments will be used to retire the bond issue. The bank originated eleven loans for \$548,000.
- Middle Georgia Regional Development Authority (MGRDA): MGRDA has established a revolving small business loan fund to promote economic development by making capital available to businesses. The typical financing package consists of 10% borrower equity, MGRDA providing 33% of funds, and a local financial institution providing the remaining 57%. The flexible features of this loan program include a below market, fixed interest rate for up to 20 years on MGRDA's portion of the debt and limited equity from the borrower. Loans may range from \$15,000 to \$500,000. The bank originated three loans for \$625,000.

Investment Test

STB-Middle Ga. has made a relatively low volume of qualified investments given its business strategy, financial capacity, and available opportunities within its assessment area. The dollar amount of qualified investments totaled \$11,000. \$7,000 was comprised of monetary contributions with the remaining \$4,000 consisting of in-kind contributions of property. The largest monetary contribution was \$4,800 to the First Time Home Buyers Program. This program provides financial services and education to low or moderate income individuals in pursuit of home ownership.

Service Test

Accessibility of Delivery Systems

STB-Middle Ga.'s delivery systems were accessible to areas and individuals of different income levels. The bank currently operates fifteen full service branches in Bibb (12) and Houston (3) counties. The branches in Bibb County are located in the central and northern portions of the county. The branches in Houston County are located in the northern portion of the county. Branches in both counties are centralized in the more populated cities of Macon and Warner Robins. Although the other areas of the two counties are rural in nature, several thousand families do reside in these rural areas.

Branch hours are reasonable and do not significantly vary among the different branches. Alternative delivery systems such as loan-by-phone and ATMs allow individuals to access STB-Middle Ga.'s financial products more conveniently. Loan-by-phone is a convenient way for individuals who lack transportation to obtain a loan without going to a branch office. Since loan-by-phone was introduced on May 1, 1997, eight consumer and residential loans were originated for \$28,000.

STB-Middle Ga. has a reasonable distribution of branches in or near low, moderate, middle, and upper income census tracts. 33% of STB-Middle Ga.'s branches are located in low income census tracts. This distribution is reasonable given that only 19% of the census tracts are categorized as low income. Although the bank doesn't have any branches in moderate income census tracts, many of these census tracts are adjacent to other census tracts in which branches are located. Loan data contained in Table 3 and Table 4 indicate the bank is serving the credit needs of business owners and families located in moderate income census tracts.

Table 7 Distribution of Branch Offices			
CT Characteristic	# of Branches	% of Total Branches	Distribution of CT by Income Level
Low Income	5	33%	19%
Moderate Income	0	0%	22%
Middle Income	4	27%	38%
Upper Income	6	40%	18%
N.A.	--	--	3%
Total	15	100%	100%

Changes in Branch Locations

STB-Middle Ga.'s record of closing branch offices has not significantly affected the accessibility of its services to low or moderate income individuals or areas. On July 1, 1996, the bank closed a branch office located in a middle income census tract in Perry, Georgia. The next closest branch is located approximately 15 miles away. However, the bank's alternative delivery systems, such as the remaining ATM and loan-by-phone program have reduced the negative impact to customers. Two branch offices were opened in Macon, Georgia, both of which are located in upper income census tracts.

Community Development Services

STB-Middle Ga. provides an adequate level of community development services within its assessment area. The bank's community development services have primarily been related to affordable housing and small business development. Examples of these are detailed below.

- Development Corporation of Middle Georgia (DCMG): DCMG originates small business loans to individuals who would not ordinarily qualify for a traditional bank loan. A STB-Middle Ga. representative is a board member of this organization and is actively involved in the credit decision process.
- Entrepreneurial Employment Training Center (EETC): A STB-Middle Ga. representative is a board member of this organization and participates in the credit decision process for small business loans.
- Greater Macon Housing Corporation (Renaissance Housing Partnership): This organization assists low or moderate income families to obtain affordable housing. A STB-Middle Ga. representative is a member of the Executive Committee and has participated in credit counseling and home buyer seminars.
- First Time Home Buyers Program: STB-Middle Ga. representatives have assisted in instructing first time home buyer seminars.

Fair Lending Review

No violations of the substantive provisions of the anti-discrimination laws or regulations were identified. STB-Middle Ga.'s fair lending policies, procedures, training programs, and internal self assessments are satisfactory.

APPENDIX

Definition of Terms

The following are definitions of terms used throughout this public evaluation. The definitions are not the strict legal definitions contained in 12 C.F.R. 25.12, but rather a more concise synopsis of their meaning.

Community Development - The primary purpose of the loan, investment, or service is for (1) affordable housing for low or moderate income individuals; (2) community services targeted to low or moderate income individuals; (3) activities that promote economic development by financing small businesses and farms; and (4) activities that revitalize or stabilize low or moderate income areas.

HMDA Loan - A residential real estate loan (home purchase, home refinance, home improvement, or multifamily)

Low, Moderate, Middle, and Upper Income Area - A low income area is one which the median family income is less than 50% of the area median income, moderate income is 50% to 79% of the area median family income, middle income is 80% to 119% of the area median family income, and upper income is 120% or more of the area median family income.

Qualified Investment - A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business Loan - A commercial loan with an original loan amount of \$1 million or less.

Small Farm Loan - A farm loan with an original loan amount of \$500,000 or less.