



## Public Disclosure

February 16, 1999

### Community Reinvestment Act Performance Evaluation

First National Community Bank  
Charter Number: 9868

102 East Drinker Street  
Dunmore, Pennsylvania 18512

Office of the Comptroller of the Currency  
Northern Pennsylvania Field Office  
100 Hazle Street, Suite 202  
Wilkes-Barre, Pennsylvania 18702

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

**General Information**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of the **First National Community Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 16, 1999**. The agency evaluates performance in the assessment area, as delineated by the institution, rather than individual branches. This assessment area evaluation may include 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**. Factors supporting the overall bank's rating include:

- < A high percentage of lending within the assessment area for HMDA and small business;
- < A reasonable geographic distribution of HMDA and consumer loans;
- < An excellent geographic distribution of small businesses loans located in low-income tracts and a reasonable distribution in moderate-income tracts;
- < An acceptable distribution to borrowers of different incomes for HMDA and consumer lending;
- < A very good level of lending to small businesses;
- < An excellent level of community development lending;
- < An adequate level of investments;
- < Service delivery systems that are accessible to geographies and individuals of different income levels in the assessment area; and
- < A good level of community development services.

The following table indicates the performance level of **First National Community Bank** with respect to the lending, investment, and service tests.

Performance Levels	First National Community Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		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

First National Community Bank (FNC) is the principal subsidiary of First National Community Bancorp, Inc (FNCB). FNCB came into existence on July 1, 1998 and is a one bank holding company. As of September 30, 1998, FNCB had total assets of \$467 million.

FNC started operations in 1910 as "The First National Bank of Dunmore" and then changed its name to FNC in March 1988. FNC is a full service community bank, offering a variety of deposit and loan products through its branch system. As of December 31, 1998 FNC had total assets of \$483 million. Net loans and securities represent 68% and 28% of average assets, respectively. The bank's loan services and the portion of average gross loans and leases that they represent are as follows: 1-4 family mortgages 31%; home equity loans 3%; commercial loans 49%; and consumer 17%. There are no financial or legal impediments that would prevent the bank from meeting the credit needs of the community.

FNC offers a full range of credit products, including residential mortgages, home equity, housing rehabilitation, first time home buyers, home improvement, personal, auto, and collateral loans. In conjunction with the first time home buyers program, FNC offers a zero point and 95% loan-to-value mortgage with Private Mortgage Insurance (PMI).

FNC is an intrastate bank and has no operating subsidiaries. The bank operates a total of eight branches, including the main office. Four branches are located in Lackawanna County and four branches are located in Luzerne County. Branches are in the following locations: Dunmore, Scranton, Dickson City, Fashion Mall (Scranton), Wilkes-Barre, Pittston Plaza, Kingston, and Exeter. All offices have drive-thru facilities and the following offices have ATM facilities: Dunmore, Dickson City, Fashion Mall, Kingston, Pittston, and Exeter. A

seventh ATM is located at 309 Main Street, Blakely and opened in November 1998. All offices have Saturday hours and evening hours at least one day a week. Refer to FNC's Public File for a complete list of branch locations and hours.

Competition is strong and is provided from larger regional institutions and community banks in FNC's assessment area. Community bank competitors include First Liberty Bank and Trust (formerly NBO National Bank and First National Bank of Jermyrn), Old Forge Bank, LA Bank, Penn Security, The Fidelity Deposit and Discount Bank, and Pioneer American Bank. FNC has 8.36% of all FDIC-insured institutions deposits in Lackawanna County, 1.99% in Luzerne County, and 0.21% statewide.

FNC was considered Satisfactory in the previous Performance Evaluation, dated March 10, 1997.

### **Description of Assessment Area (AA)**

FNC has one AA, defined as Lackawanna and Luzerne counties, located in MSA 7560. MSA 7560 consists of four counties and is a relatively small MSA in comparison to other Pennsylvania MSAs. The AA meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income (LMI) areas. The following table provides a summary of the demographics within the AA.

<b>ASSESSMENT AREA DEMOGRAPHICS</b>				
<b>Designation</b>	<b># Census Tracts</b>	<b>Total Tracts</b>	<b>Households in the Tracts</b>	<b>Families in the Tracts</b>
<b>Low</b>	2	1%	1%	19%
<b>Moderate</b>	21	13%	10%	18%
<b>Middle</b>	125	75%	75%	24%
<b>Upper</b>	19	11%	14%	39%
<b>Total</b>	167	100%	100%	100%

Lackawanna County contains 60 census tracts (CTs). The two low-income tracts are located in the City of Scranton. Six of the moderate-income tracts are in Lackawanna County; five of them surround the two low-income tracts. The remaining moderate-income tract is north of FNC's Lackawanna branches and is in Carbondale. All of the low- and moderate-income tracts are very small in comparison to other census tracts within Lackawanna County.

There are 107 CTs in Luzerne County. There are no low-income tracts. Fifteen tracts are moderate-income. The Wilkes-Barre branch is in a moderate-income tract. However, most of the remaining moderate-income tracts are south of Wilkes-Barre, while the bank's three other branches located in Luzerne County are north of Wilkes-Barre. Again, the moderate-income tracts are relatively small in comparison to the other tracts within Luzerne County.

The total population in the AA is 547,000. The population in low-income tracts is 3,000 and in moderate-income tracts is 56,000. The median family income is \$30,700 and the updated median family income is \$38,900. The median age of housing stock is 50 years and the median housing cost is \$60,700. The housing unit breakdown for the AA is as follows: 63% owner occupied, 29% rental occupied units, and 8% vacant units.

The major employers in Lackawanna County are state and local governments, the University of Scranton, hospitals (Mercy, Allied, Community Medical Center, and Merion Community), and Thomas Consumer Electronics. The major employers in Luzerne County are the federal, state, and local governments, Wilkes-Barre General Hospital, and Techneglas, Inc. Other employers in both counties include a variety of retail and small businesses. Unemployment rates for the state and MSA are 3.8% and 5.2%, respectively, as of December 1998.

### ***Comments from Community Groups***

During the examination two community groups were consulted and data from a third community contact reviewed. Community groups included two housing organizations and an economic development agency. All community groups agree that the community banks within the AA, including FNC, have made a commitment to serve the needs of the community, particularly those of LMI individuals and areas. Credit demands consist of first time home buyer's program, pre-purchase counseling, and small business credit. FNC offers a first time home buyer's program and supports (through lines of credit and by providing credit expertise) an agency that provides credit counseling and loans to first time LMI home buyers. Community contacts also indicated that all banks need to do a better job of advertising first time home buyers programs and pre-purchase counseling programs.

One community group contacted also indicated that more money was needed to start up small businesses. The contact went on to state that FNC is very active in a number of the agency's projects.

## **Conclusions with Respect to Performance Tests**

### **Scope of Review**

This review covered the time period from January 1, 1997 to December 31, 1998 for all Home Mortgage Disclosure Act (HMDA) reported loans and small business loans. At management's request consumer loans were reviewed; this included 1998 data, as management provided this information in the prescribed regulatory format. Community development loans, investments, and services were reviewed since the last CRA evaluation dated March 10, 1997. FNC did not generate any small farm loans. All dollar amounts in the tables within this report are in thousands unless otherwise indicated.

For this evaluation, the bank's small business lending and community development loan performance received the most consideration when determining the lending test rating. Small business loans represent a significant portion of the bank's originations in terms of dollars and number of loans generated. Community development lending is significant in dollar volume and number of loans originated given FNC's size and the limited opportunities for community development loans in the assessment area.

### **LENDING TEST**

#### **Performance Criteria**

##### ***Lending Activity***

A majority of FNC's loan originations are HMDA and small business loans. In addition to HMDA and small business lending, the loan portfolio includes a variety of consumer products.

Lending levels represent a good responsiveness to credit needs of the AA. Management is actively involved in various community organizations that offer credit counseling, assistance to first time home buyers, and assistance to small businesses. FNC is the ninth largest HMDA lender within its assessment area. Those lenders ranked higher are all regional institutions. FNC is the number one small business lender in Lackawanna County and the fifth largest small business lender in Luzerne County.

In 1998, FNC offered a mortgage promotion program called WOW. The WOW mortgage product was responsible for 50% of the increase in HMDA lending between 1997 and 1998. Total mortgages originated under the WOW program were 203 loans at \$10,789,000. The WOW mortgage loan promotion required a first mortgage refinance with a term of no more than 7½ years, with a loan amount of \$25,000-\$100,000. Rates offered were 6.75% with auto draft and 8% without auto draft. Maximum overall debt to

income was 38% and maximum loan to value was 75%. Total fees associated with the WOW were \$150. Bank policy stated no exceptions to these under writing standards.

***Assessment Area Concentration***

The following table depicts FNC’s lending within its AA. The table reflects a high level of lending within the AA for both HMDA and small business loans and an acceptable level of lending within the AA for consumer products.

HMDA, Small Business, and Consumer Loans in AA 1997 and 1998								
Loan Type	1997 Inside AA				1998 Inside AA			
	# Lns	%	\$ Amt	%	# Lns	%	\$ Amt	%
HMDA	327	94	20,027	93	635	92	44,033	91
Small Business	469	90	35,595	87	509	87	43,011	86
Consumer	NA	NA	NA	NA	2,721	73	35,829	74

***Geographic Distribution of Loans***

**HMDA Lending**

FNC’s HMDA distribution is reasonable, given the location of branches versus moderate-income tract location, and the high percentage of households that may not be able to afford a home. There is no owner-occupied housing in low-income tracts and limited owner-occupied housing in moderate-income geographies. There are no conspicuous lending gaps within the AA. The following table depicts FNC’s lending patterns by geographies for HMDA.

Geographic Distribution of HMDA Loans					
Census Tracts	1997		1998		% Owner Occupied Housing in AA
	#Lns/%	\$Amt/%	# Lns/%	\$Amt/%	
Low	0 / 0	0 / 0	1 / 0	85 / 0	0
Moderate	11 / 3	444 / 2	23 / 4	1,005 / 3	7
Middle	235 / 72	13,536 / 68	454 / 71	25,983 / 65	77
Upper	81 / 25	6,047 / 30	157 / 25	12,960 / 32	16
Total	327 / 100	20,027 / 100	635 / 100	40,033 / 100	100

Based on total households within moderate-income tracts, 43% of households receive social security benefits, 15% are on public assistance, 22% are retired, and 23% have incomes below poverty level. (Please note that these percentages total more than 100% as some categories overlap, i.e., a family can be both below poverty level and on public assistance.) As a result many households within the moderate-income tracts may not have the means to afford a home and senior citizens on social security may already own homes.

A second factor affecting moderate-income tract lending is the location of branches versus the location of moderate-income tracts. FNC has four branches in Lackawanna County and four branches in Luzerne County. There are six moderate-income tracts in Lackawanna County. Five of these six tracts are located near an FNC branch. There are fifteen moderate-income tracts in Luzerne County. The Wilkes-Barre branch, located in Luzerne County, is in a moderate-income tract. The remaining fourteen moderate-income tracts in Luzerne County are south of Wilkes-Barre, while all but the Wilkes-Barre branch are north of Wilkes-Barre. The percentage of owner-occupied housing in the Luzerne County moderate-income tract where the branch is located is 6%.

Market share data based on originations for 1997 indicates that FNC is the ninth largest HMDA lender in the AA. Significantly larger regional institutions possess a greater market share. Market share data for low- and moderate-income tracts is unavailable.

**Small Business Lending**

Lending levels to small businesses in low-income tracts are excellent. One of FNC’s eight branches is located in the heart of the low-income tracts. There is no small farm lending within the AA.

Lending levels in moderate-income tracts are acceptable based on the location of branches versus the location of moderate-income tracts. Of the 21 moderate-income tracts six are in Lackawanna County and near an FNC branch. The remaining 15 moderate-income tracts are in Luzerne County. Again, the Wilkes-Barre branch, located in Luzerne County, is in a moderate-income tract. The remaining 14 moderate-income tracts are south of Wilkes-Barre, while the remaining Luzerne County branches are north of Wilkes-Barre. The table that follows depicts FNC's lending to small businesses within the AA.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Census Tracts</b>	<b>1997</b>		<b>1998</b>		<b>% of Small Businesses in each CT</b>
	<b># Lns/%</b>	<b>\$ Amt/%</b>	<b># Lns/%</b>	<b>\$ Amt/%</b>	
<b>Low</b>	19 / 6	1,159 / 6	23 / 7	1,862 / 8	3
<b>Moderate</b>	23 / 7	1,835 / 10	19 / 6	880 / 4	12
<b>Middle</b>	228 / 70	12,592 / 67	234 / 68	15,434 / 68	68
<b>Upper</b>	57 / 17	3,321 / 17	67 / 19	4,633 / 20	17
<b>Total</b>	327 / 100	18,907 / 100	343 / 100	22,809 / 100	100

### **Consumer Lending**

FNC's lending levels in moderate-income census tracts is acceptable. No loans were originated in low-income census tracts, but only 1% of the households are located in low-income tracts. As discussed above, with the HMDA and small business distribution, the majority of moderate-income tracts are located in Luzerne County south of Wilkes-Barre, while branches are north of Wilkes-Barre. However, the majority of the consumer products are indirect auto lending and lending patterns are affected by the location of the auto dealers, as well as FNC branch location. The following table depicts FNC's geographic distribution of consumer loans.

Geographic Distribution of Consumer Loans			
Census Tracts	1998		% of Population in each CT
	# Lns/%	\$Amt/%	
Low	11 / 0	97 / 0	1
Moderate	143 / 5	1,656 / 5	10
Middle	1,999 / 74	25,172 / 70	74
Upper	568 / 21	8,904 / 25	15
Total	2,721 / 100	35,829 / 100	100

*Distribution for 1997 was not available.*

**Borrower's Profile**

**HMDA Lending**

FNC's lending to low- and moderate-income borrowers is acceptable. The table below indicates that lending to low-income individuals is less than the population of low-income families within the AA. There are three reasons why lending to low-income individuals is less than the population of low-income families.

- C In Lackawanna County there is a neighborhood housing organization that is very effective in qualifying and granting mortgages to LMI individuals. (FNC supports this housing organization through lines of credit. Please refer comments under **Community Development Lending Activities**.)
- C While the bank has a first time home buyers program, many first time home buyers are requesting help with down payments and closing costs. Help with down payments is not something FNC can provide as an individual bank. However, FNC is a member of a government organization that provides help with down payments and, as a member, will provide mortgages to individuals. This government organization is located in the City of Scranton near FNC's branch, but many other bank branches are located even closer to the government organization.
- C Low-income individuals earn less than \$19,000 per year, versus the median housing cost of \$61,000, making it difficult for low-income individuals to afford a home.

Lending to moderate-income borrowers is more in line with the percentage of families within the AA by number of loans. Further, the two points provided above regarding poor lending to low-income individuals also pertain to moderate-income borrowers. The following table

depicts FNC's lending pattern by borrower income for HMDA loans.

<b>Borrower Distribution of HMDA Loans by Income</b>					
<b>Income</b>	<b>1997</b>		<b>1998</b>		<b>% of Families within AA</b>
	<b>#Lns/%</b>	<b>\$Amt/%</b>	<b>#Lns/%</b>	<b>\$Amt/%</b>	
<b>Low</b>	4 / 1	46 / 0	28 / 4	584 / 1	19
<b>Moderate</b>	49 / 15	1,549 / 8	75 / 12	2,373 / 6	18
<b>Middle</b>	66 / 21	2,677 / 13	139 / 22	5,805 / 15	24
<b>Upper</b>	200 / 61	15,194 / 76	376 / 59	29,991 / 75	39
<b>NA</b>	8 / 2	561 / 3	17 / 3	1,280 / 3	NA
<b>Total</b>	327 / 100	20,027 / 100	635 / 100	40,033 / 100	100

The WOW mortgage product, previously discussed, increased the dollar volume of mortgages originated from 1997 to 1998. WOW mortgages total 203 at \$10,789,000. Three WOW loans were to low-income borrowers and totaled \$77,000 and 24 WOW mortgages were to moderate-income borrowers and totaled \$684,000. The remainder of the WOW mortgages were to middle- and upper-income borrowers. If the WOW mortgages were eliminated from the table above, there would be little difference in FNC's lending patterns.

Market share data for originations in 1997 indicates that FNC is the ninth largest HMDA lender in the AA. Significantly larger regional institutions possess a greater market share. Market share data for low- and moderate-income borrowers indicates that FNC is ranked 47th and 18th, respectively.

### **Small Business Lending**

FNC has a very good level of small business lending. FNC originates a majority, both by number of loans and loan size, to small businesses. A small business is defined as a business with annual revenues of \$1 million or less. Small businesses represent 75% of the businesses within the AA. The following table depicts lending patterns to businesses.

Distribution of Business Loans by Revenue within Assessment Area				
Business Revenue Size	1997		YTD 1998	
	# Loans / %	\$ Amt. / %	# Loans / %	\$ Amt. / %
0 < \$1 million	327 / 70	18,907 / 53	343 / 70	22,809 / 56
> \$1 million	123 / 26	15,318 / 43	127 / 23	18,220 / 40
Unknown	19 / 4	1,370 / 4	39 / 7	1,982 / 5
<b>Total</b>	469 / 100	35,595 / 100	509 / 100	43,011 / 100

The following table depicts small business lending by size of loan. A majority of the loans granted are for \$100,000 or less.

Distribution of Small Business Loans by Loan Size				
Loan Size	1997		1998	
	# / %	\$ Amt. / %	# / %	\$ Amt. / %
< = 100	411 / 88	14,066 / 40	429 / 84	16,929 / 39
100 - 250	28 / 6	5,177 / 15	48 / 10	8,628 / 20
250 - 1,000	30 / 6	16,352 / 45	32 / 6	17,454 / 41
<b>Total</b>	469 / 100	35,595 / 100	509 / 100	43,011 / 100

According to 1997 market share data, FNC is the leading small business lender in Lackawanna County and the fifth largest small business lender in Luzerne County.

### Consumer Lending

FNC's lending pattern to LMI borrowers is good as there are more opportunities to lend and assist LMI borrowers with consumer products. The following table depicts the distribution of consumer loans by borrower income.

Distribution of Consumer Loans by Borrower Income			
Census Tracts	1998		% of Families within AA
	# Lns/%	\$Amt/%	
Low	415 / 15	3,367 / 10	19
Moderate	640 / 24	6,693 / 19	18
Middle	611 / 22	7,307 / 20	24
Upper	920 / 34	16,638 / 46	39
NA	135 / 5	1,824 / 5	NA
Total	2,721 / 100	35,829 / 100	NA

*Distribution for 1997 was not available. NA- Income data not available*

***Flexible Lending Practices and Product Innovation***

FNC offers a first time home buyers product. The bank originated one loan for \$48,000 during the evaluation period under this program. Additionally, since FNC is a community bank, management has the flexibility to work with borrowers individually to accommodate their needs. During 1998, 32 loans totaling \$628,000 were generated to borrowers with special circumstances that, under the bank’s guidelines, would not have been granted. In 1997, total loans to borrowers with special circumstances were 38 totaling \$475,000. For 1997 and 1998, the loans granted with special circumstances are accounted for in the above HMDA and consumer tables. FNC also offered the WOW mortgage product as previously discussed.

***Community Development Lending Activities***

FNC has an excellent level of community development lending based on the number and dollar volume of community development loans originated, especially given the limited community development lending opportunities within the AA. (Please refer to comments on page 15 under the **Investment Test**, for an explanation of why opportunities for community development investment and lending is limited.) The loans are responsive to community credit needs in the assessment area. FNC has a total of five community development loans totaling over \$4 million.

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 C.F.R. 25.12(h)).

FNC originated three lines of credit each at \$100,000 for a total of \$300,000 to a local community housing organization. The funds are used by the housing organization to provide loans to first time home buyers who are LMI individuals.

In 1998, FNC granted a \$2,500,000 loan to an organization to fund improvements for a housing project located in a low-income census tract and designated entirely for low-and moderate-income individuals.

In 1997, FNC granted a \$1,250,000 loan to a partnership to renovate an existing vacant facility into a medical facility located in a low-income census tract. This medical facility will provide both jobs and medical care for LMI individuals.

## **INVESTMENT TEST**

FNC has an acceptable level of qualified investments based upon their capacity and financial condition. Investment opportunities, outside grants, and donations are limited in their AA, however, there are opportunities in broader statewide programs which management elected not to become involved with in order to better focus on their AA.

FNC has documentation from a broker stating that CRA qualified securities within the AA are limited and difficult to identify and obtain. FNC management has been in contact with other organizations that may potentially be able to assist in the search for CRA qualified securities. FNC was also working with one organization that was building a low-income housing project, with the project to be financed through the sale of a security. However, one investor purchased the entire security. Finally while parts of the AA, notably the City of Scranton, are in a revitalization mode, much of the funding is provided through government programs. In summary, management is actively seeking investments, but has had limited success to date.

FNC purchased one bond totaling \$250,000 when it was issued in December 1994. The bond supports the revitalization and stabilization of a moderate-income tract in the City of Scranton. Proceeds from the bond benefited the University of Scranton and were used to expand current University facilities. This new facility replaced vacant buildings in a high crime area. Construction of this new facility also generated several new permanent positions primarily benefiting low- and moderate-income individuals in the form of maintenance, clerical, and security personnel. We gave this investment favorable consideration since it continues to provide job retention for low-and moderate-income individuals and has a positive impact on a neighborhood that was considered unsafe.

CRA qualified donations totaled \$3,000 in 1998 and \$3,000 in 1997.

## SERVICE TEST

FNC's service delivery systems are accessible to geographies and individual of different income levels within the AA. Branch hours are reasonable and convenient to all customers. A list of branch hours is available in the Public File.

FNC opened one new branch in a middle-income CT since January of 1997; no branch offices have been closed. Services are similar at all branches. FNC has a total of eight community offices; six of the offices have ATMs, and the bank also has one remote ATM. All of the community offices have extended hours at least one day during the week and all have Saturday hours. All branches have drive up facilities. The following chart indicates where branches and banking facilities are located throughout the two counties.

<b>DISTRIBUTION OF DELIVERY SYSTEMS (Branches and Remote ATM Facilities)</b>				
<b>Census Tracts</b>	<b>Branches</b>	<b>Non-Branch ATM Facilities</b>	<b>Branch ATM Facilities</b>	<b>% of Population in the AA</b>
	# / %	# / %	# / %	%
<b>Low</b>	1 / 13	0 / 0	0 / 0	1
<b>Moderate</b>	1 / 13	0 / 0	0 / 0	10
<b>Middle</b>	6 / 74	1 / 100	6 / 100	74
<b>Upper</b>	0 / 0	0 / 0	0 / 0	15
<b>Total</b>	8 / 100	1 / 100	6 / 100	100

FNC offers a common set of financial services to all of its customers, including a wide range of loan and deposit products. Services are designed for both retail and business customers, including small businesses. The bank also offers an automated telephone direct dial access system for customers to obtain information regarding their deposit or loan accounts. Customers may also transfer funds from one account to another and make loan payments by using this service. The system is available 24 hours a day, seven days a week. The bank's Internet website offers detailed information about locations, hours of operation, and products available. For the service test, no significant weight was placed on the alternative delivery systems as there is no evidence that these systems benefit LMI individuals.

## Community Development Services

FNC provides a good level of community development services. Primary services include providing financial expertise to a variety of community service and development organizations through board and committee memberships.

Bank management is actively involved in a local lender's housing consortium which provides funding to LMI individuals who wish to purchase residences in the City of Scranton. A member of management serves on the committee that provides input for underwriting and approving these loans.

A member of management serves as a board member and provides financial expertise for a non-profit service organization which recently constructed an LMI housing project for elderly and disabled individuals. He attended the weekly construction meetings and was involved in the completion of the project. He also serves on the development committee of a non-profit organization which runs a 120-unit low income housing development in the area.

A bank officer serves on the finance and audit committee and the board of directors of a non-profit organization which provides maternal and family health services to low-income women and children in the area.

Another officer serves as treasurer and chairman of the finance committee for a non-profit counseling center which assists LMI individuals in money management counseling.

Several directors serve on the board of a non-profit organization which organized and operates a local soup kitchen for the poor of the Greater Scranton area.

An officer of the bank serves as a member of a local university's small business development center loan committee. This group offers developmental and financial assistance to new and expanding small businesses.

FNC is one of the few financial institutions in Luzerne County that continues to issue food stamps.

In summary, management and employees of FNC are actively involved in a wide variety of community development activities that support housing and services for LMI individuals.

## **FAIR LENDING EXAMINATION**

A concurrent fair lending examination did not reveal any substantive violations of the antidiscrimination laws and regulations. The fair lending examination was conducted using single approved females, who refinanced, to single approved males, who refinanced. Credit factors compared included: time needed to make the credit decision, interest rate, loan-to-value, term, debt-to-income, fees, credit score, and required collateral.

**Scope of Examination**

<b>Time Period Reviewed</b>	1/1/97 to 12/31/98	
<b>Financial institution:</b> First National Community Bank Dunmore, Pennsylvania	<b>Products Reviewed:</b> HMDA, Small Business, and Consumer	
<b>Affiliate(s)</b>	None	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b> Lackawanna and Luzerne Counties MSA 7560	<b>Type of Exam</b> Full Scope CRA	<b>Branches Visited</b> None