

Washington, DC 20219

Public Disclosure

March 6, 2000

Community Reinvestment Act Performance Evaluation

**Jewelers National Bank
Charter Number: 23403**

**2035 West 4th Street
Tempe, AZ 85281-7238**

**Office of the Comptroller of the Currency
Western District Office
50 Fremont Street, Suite 3900
San Francisco, CA 94105**

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 **Jewelers National Bank**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 6, 2000**. 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 CFR Part 25.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Assessment Area (AA) - A geographic area which consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area - A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

CEBA - Competitive Equality Banking Act of 1987 which permitted corporations to form limited purpose credit card banks, whose operations are restricted to credit card activities, without the bank being considered a bank under the Bank Holding Company Act. A CEBA credit card bank engages only in credit card operations, does not accept demand deposits or savings or time deposits of less than \$100M (other than to secure extensions of credit), maintains only one office and does not engage in the business of making commercial loans.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Limited Purpose Institution - An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market. A limited-purpose institution continues to meet the narrow product line requirement if it only infrequently provides other types of loans.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Low-Income Family or Geography - An income level that is less than 50% of the MFI.

Moderate-Income Family or Geography - An income level that is at least 50% and less than 80% of the MFI.

Middle-Income Family or Geography - An income level that is at least 80% and less than 120% of the MFI.

Upper-Income Family or Geography - An income level that is 120% or more of the MFI.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Net Operating Income - As defined by the Consolidated Report of Condition and Income, income before adjusting for extraordinary items.

Pass Through Receivables - *Outstanding receivables tied to all accounts issued or owned by the bank.* The bank provides this information.

Tier 1 Capital - The total of common shareholders equity, perpetual preferred shareholders equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets - Total bank assets as defined by the Consolidated Report of Condition and Income.

Total Income - From the Consolidated Report of Condition and Income -- Interest income plus noninterest income.

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from January 1998 through March 6, 2000. Although the bank was chartered in October 1997, the first three months of operations were developmental for the bank as well as the CRA program. We reviewed the level and nature of qualified community development investments and services. At the bank's option, we also considered community development grants provided by its affiliates. This is the first CRA examination of the bank since it was chartered in October 1997.

Institution's CRA rating:

This institution is rated "Outstanding".

The major characteristics that support this rating are:

- ◆ The bank demonstrates a high level of qualified investment and community development services.
- ◆ The bank demonstrates an extensive use of innovative community development services.
- ◆ The bank demonstrates an excellent responsiveness to investment opportunities and community development service needs in its assessment area.

Description of Institution

Jewelers National Bank (JNB) was chartered on October 1, 1997, as a credit card bank subject to the provisions of the Competitive Equality Banking Act (CEBA) of 1987. The bank was approved as a "Limited Purpose" bank during the chartering process. In general, the bank cannot engage in the making of commercial loans and cannot accept any savings or time deposits less than \$100,000 that does not secure an outstanding credit card account. The bank has no other legal or financial impediments to serving the community development needs of its designated assessment area. The bank is headquartered in Tempe, Arizona, within the Phoenix-Mesa MSA and has no branches.

JNB is a wholly owned subsidiary of Zale Corporation, the largest specialty retailer of jewelry in the United States, which is based in Dallas, Texas. Zale Corporation owns and operates retail jewelry stores known as Zales Jewelers, Gordon's Jewelers, and Bailey, Banks and Biddle Fine Jewelers. The July 1999 Annual Report for Zale Corporation showed consolidated total assets of \$1.5 billion and consolidated total earnings of \$80.9 million.

The bank offers consumer credit cards to applicants within the United States and Puerto Rico through three separate proprietary retail credit cards, which are accepted in Zales, Gordon, and Bailey, Banks and Biddle stores. Table 1 below reflects the bank's financial position. Income and total assets have continued to grow, although Tier 1 Capital and Net Operating Income has decreased. JNB sells their

receivables to Zale Corporation on a daily basis. An average of \$707 million in outstanding balances tied to credit card receivables pass through the bank yearly. The bank employs approximately 250 full and part-time individuals in Maricopa County. Three additional regional credit card operating centers are located in San Juan, Puerto Rico; Clearwater, Florida; and San Marcos, Texas.

Table 1: Financial Information (000s)

	Year-end 1998	Year-end 1999	<i>Average for Evaluation Period</i>
Tier 1 Capital	4,677	3,552	4115
Total Income	31,503	34,296	32,900
Net Operating Income	3,870	1,724	2,797
Total Assets	7,922	8,345	8,134
Pass Through Receivables	657,989	756,149	707,069

Source: Consolidated Report of Condition and Income and bank reported data.

Description of Assessment Area

The bank has chosen Maricopa County as their Assessment Area (AA). This meets the legal requirements of CRA for a limited purpose (CEBA) bank. Maricopa County is one of the country's largest counties covering a total of 9200 square miles. It has a population in excess of 2.8 million people as of 1999, with over 1.3 million people in the city of Phoenix. According to Census Bureau reports, the county was the second fastest growing county in the country during 1999. The county is comprised of the Phoenix urban area including the city of Phoenix and several small cities such as Avondale, Buckeye, Goodyear, Glendale, Mesa, Scottsdale, and Wickenburg. The county is part of a state that has extreme divisions between the lower and upper income levels of population. Table 2 below shows that low- and moderate-income (LMI) families comprise 37% of the county's population. In addition, although there are economic development needs including affordable housing and small business loans, the local government has focused over 80% of its resources on infrastructure and public facilities activities.

Table 2: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tract	466*	6%	23%	38%	32%
Families	552,909	19%	18%	23%	40%
Small Business	95,595	6%	23%	36%	35%

Source: Demographic Data - 1990 U.S. Census, Dun & Bradstreet Data

Note: *4 census tracts (.9%) are not income categorized

The area is in the midst of an economic growth period supported by thriving high tech, tourism, biomedical, and transportation industries. The county's unemployment rate has remained below 3%. As of 1999, the Phoenix-Mesa MSA, in which the county is located, had a Median Family Income of \$50,200. The thriving economy has resulted in a median housing price of \$87,219 as of the 1990 census. However, various non-profits interviewed in conjunction with the CRA examinations estimated the true average to be \$160,000. The prices are out of the reach for the LMI families in the area.

Maricopa County is also in the midst of an issue that dominates the financial scene in most Western states. Several bank mergers have taken place over the last eight years resulting in a lack of local bank decision-making ability. A common complaint in discussions with governmental and community representatives is that many of the decisions made, from loan approvals to branch closures, no longer reflect a sensitivity to Maricopa County or even Arizona issues.

Four community contact interviews were recently conducted. Another 10 community contact forms completed by various banking regulatory agencies were reviewed, as was a combined report from a meeting held by the OCC with three non-profit affordable housing providers (held on September 16, 1999). The contacts were broken down as follows: Affordable housing providers-8, small business providers-3, and economic development providers focusing on both affordable housing and small business-3. Two of the contacts focused on the Native American community. All of the groups worked primarily in Maricopa County, although several had statewide constituencies.

Community development needs in Maricopa County are similar to those throughout the country: Affordable housing, small business, and consumer-related services. There are a number of community based organizations (CBOs) located throughout the county, however, they are only now beginning to organize into a coalition. The most common complaint from the CBOs is that there is no funding for operations. There are grants available for projects, but few to maintain satisfactory operating levels. Therefore, the CBOs rely heavily on financial support from the banks and other philanthropic organizations. The area has a large base of individual givers, but few philanthropic foundations that distribute grants that can support budgets. Consequently, most of the organizations are constantly seeking funding.

Affordable housing needs run the gamut from rental properties to properties available for purchase by LMI families. Needs include subsidies for down payment assistance and closing costs. In some parts of the city of Phoenix, FHA loans are not available. Sovereignty issues have limited lending on the local Indian reservations. Affordable housing developers have problems meeting the market driven terms offered by some of the banks and local intermediaries.

And, land acquisition is growing increasingly difficult with the growth of retirement and other planned communities. Gentrification is a growing concern throughout the county.

The need for loans for very small businesses is the same as in other parts of the state and country. Technical assistance remains an ongoing need for small business owners. Some intervention has been provided by the local Service Core of Retired Executives (SCORE) chapters, and by the local Small

Business Development Corporations (SBDCs). However, many small business owners need education and counseling in the areas of “bootstrapping” their businesses, management of credit-card debt, and business planning.

The Native American population and the general public need consumer education related to banking products, credit structuring and restructuring, and homebuyer education. Several of the CBOs have programs that provide consumer and small business education. Most of the programs are supported by grants, often from the local banks.

Seven credit card banks are located in JNB's AA. The local credit card banks have become more visible in the Phoenix-area over the last few years in their participation in community activities. Several of the groups indicated that they had received operating or project-related grants from banks such as Sears National Bank and Jewelers National Bank. The credit card banks have also become active in the area of consumer education. Several make staff available to serve on boards and committees, and to conduct meetings and workshops at community locations. As the CEBA banks are prohibited from lending except for the issuance of credit cards, they are unable to meet most of the affordable housing and small business loan needs through direct or in-direct lending activities.

Conclusions About Performance

Summary

JNB has done an excellent job serving its assessment area's community development needs through a variety of qualified investments and services. During the review period, the bank has invested \$343,000 in projects and activities that benefit Maricopa County. Employees of JNB have provided many hours of qualified community services mostly in the area of consumer education. These efforts were targeted at specific needs determined by JNB needs assessment process. JNB took the time and effort to determine what the needs of their AA were and proceeded to address those needs creatively using the management team's skills and personal interests.

- ◆ The level of investments is high considering the capacity of JNB.
- ◆ JNB developed and often participated in innovative community development education projects and activities, meeting a need that had previously not been met.
- ◆ JNB's responsiveness to the community development needs in its assessment area is excellent. The bank's consumer education efforts were a direct response to research of the community needs.
- ◆ The level of community development services is considered excellent considering the number of employees involved on behalf of the bank.

Qualified Investments

The bank has made three sizeable investments for a total of \$250,000 looking to the needs of their community. They are as follows:

- ◆ One investment of \$125,000 in multifamily housing revenue bonds supports the need for affordable rental housing. The specific housing project of these bonds is located in a moderate- income census tract with 45% of the families in the low-income category. Also, 31% of the households in Maricopa County live in rental units.
- ◆ JNB invested \$100,000 in a certificate of deposit at a credit union, which is designated as a Community Development Credit Union by the National Credit Union Administration. This credit union is a subsidiary of one of the nation's largest non-profit community development corporation (CDC), which was established to advance the educational, health, economic development, employment and housing status of the Hispanic community. These funds enabled the bank to continue lending to their 1400 members and offering the services that their members request and need.
- ◆ The third investment was a purchase of a \$25,000 certificate of deposit at a financial institution located on the Gila River Indian Community Reservation in a low-income area, which spans both Maricopa and Pinal Counties. The financial institution serves a community of 2,500 and provides an array of banking services to the Native Americans of the Pima and Maricopa Tribes and their community. Its economic base is centered on tribal government, tribal casinos, Gila River farms, Gila River Telecommunications, and Hohokam Memorial Hospital and has a trade area of 5,000.

JNB made 14 grants for a total of \$92,636 available to organizations serving the low- and moderate-income individuals of Maricopa County. Many of these represent groups with innovative activities to meet affordable housing, small business owners, daycare, employment preparedness, and social service needs of their community. In response to the community development needs of the assessment area, the bank researched and sought out organizations that would meet those needs. Following are some examples:

- ◆ One grant went to an organization who's mission in the community is to address the needs of the growing population of homeless families and their children by providing them with the tools necessary to become economically and emotionally stable, working members of the community and ultimately break the cycle of homelessness. The organization provides safe, decent transitional housing, case management, and a wide spectrum of supportive services. Sixty percent (60%) of the qualifying families fall at or below 50% of the median income level and 40% fall below 30% of the median income level.

The Homeless Children's Intervention Project (HCIP) was developed in response to the need to overcome the negative psychological effects of homelessness on children and their parents as it pertains to their relationship with each other and the greater community.

The bank's support of the transitional housing program allowed the organization to assist 109 families with 240 children (in 1998) receive transitional housing, case management and supportive services to equip them with the life skills necessary to lead independent, productive lives. In 1999, JNB directly supported the Homeless Children's Intervention Project in which 111 families with

263 children participated. These activities have had over 80% success rate as documented by the client records of the organization. In 2000, the bank has supported the expense of a Resource Coordinator (a new position) for the organization's Affordable Housing Supportive Services Program which will extend supportive services to families residing in affordable rental housing. The organization has established and expanded its affordable rental housing program because of the dire need for affordable housing in Arizona.

- ◆ JNB supports a community based non-profit social service, educational, and employment-training agency whose mission is to promote economic and social self-sufficiency of American Indians residing off-reservation in Maricopa County. This organization is the largest provider of social services to the off-reservation community in the Phoenix area.

Programs include case management (intake, assessment, goal development), family and children's services, employment, training and education services. According to data from the Indian Health Services in 1995, approximately 60% of the 50,000 American Indians in the greater Phoenix area had income of less than \$10,000 per year and are experiencing financial difficulties. Seventeen percent (17%) had no permanent housing; 37% are between the ages of 18-34; and 34% were single parent households.

In 1999, JNB contribution, along with another CEBA bank, enabled 47 Native Americans to participate in 4 Life Skills workshops. In 2000, the bank contributed to continued support of their Life Skills Training Program.

- ◆ One other organization supported by JNB offers small business training, technical assistance and access to small business loans for low-income individuals, primarily women and minorities, who are starting or expanding a small business. The loans range in size from \$200 to \$5,000. Gross annual sales range from \$50,000 to \$100,000. The required training aspect is the primary focus of their request for funds. The organization also provides group support targeted to the loan payback and continuation of business for the individual business owner.

These low-income business owners (78% of the borrows are in the low-income category and 73% of the business counseling was to low-income owners) need a lot of assistance in accessing markets, finding suppliers and in keeping up with their industries in general. This organization has developed a program that teaches the business owners how to use the Internet and the Web and were having to teach the participants one by one in their office which was highly inefficient and labor intensive.

In 1999, JNB contributed to the cost of an Overhead Projector, a LCD Projector Panel and a Lap Top Computer. This equipment enables them to take the program to the participants in the scheduled training sessions that are held all over the valley. These sessions cover all aspects of the business plan. The total number of business owners benefiting from these classes has been 210 in 1999. In 2000, JNB contributed toward the cost of underwriting the design, development and maintenance of a website, which will enable the organization to expand the knowledge of their program at a faster, broader and more efficient rate. Through the effective use of a well-planned

website, the organization will save money on advertising and marketing its program(s) and services.

- ◆ JNB supports a daycare center, which will serve low- and moderate-income families in the south central area of Metropolitan Phoenix. Since 1997, the administering nondenominational church has been active in renovating their current daycare facility and preparing to reopen their full-service daycare center. This daycare center is a response to the needs of the population it serves. This district is referred to as a “fight back” community for a variety of reasons. Residents there must deal with high crime rates, housing overcrowding, poverty, gang activity and domestic violence. Not only do the working poor need childcare for their children; they need the assurance that their children are well cared for in a safe environment.

In 2000, JNB contributed toward the purchase of a fire alarm system, which was required to reopen the daycare center. The daycare center is expected to be open by May 2000. During December 1999, JNB employees donated supplies, toys, games and other items that the daycare specifically identified as needs for the classrooms for the children.

- ◆ JNB has supported an organization located in Mesa that provides training programs, job development and placement services for individuals who are low- and moderate-income unemployed and under employed. In the last ten years, this organization has placed approximately 1000 people with disabilities and disadvantaging conditions in jobs.

Training in the classes includes: keyboarding, database navigation in Windows 95, communications skills, effective listening, customer service, telephone etiquette, conflict resolution, problem solving, job maintenance skills, human relations skills and interviewing with confidence. The program duration includes four weeks of customer service training, plus one week of job search.

In 1999, JNB sponsored 4 individuals through this training program. In 2000, the bank contributed toward establishing a second training center in Central Phoenix, which is expected to be open in the summer of 2000. This facility will be able to provide vocational training to 200 additional individuals on an annual basis.

Consideration of Activities that Benefit Areas Outside of the Bank’s Assessment Area

The bank has adequately addressed the needs of its assessment area, and therefore we have considered qualifying activities outside of the assessment area provided by the Zale Corporation to support the bank’s CRA performance. These investments totaled \$1.5 million and consisted of \$135,000 in qualified community development-related donations to the United Way and \$1.4 million in contributions to Consumer Credit Counseling Services (CCCS). Qualified investment activities are detailed in Table 3 below.

Table 3: Qualified Investment Activity (000s)

	Benefits AA	Outside AA	Totals
Originated Investments	250	- 0 -	250
Originated Grants	93	1,547	1,640
Prior Period Investments	N/A	N/A	N/A
Totals	343	1,547	1,890

Table 4: Qualified Investment Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	8.3	37.6	45.9
Total Investments/Average Total Income	1.0	4.7	5.7
Total Investments/Average Receivables	.05	.22	.27

NOTE: Total Investments is found in Table 3. Average capital, income and receivables are found in Table 1.

Community Development Services

JNB has developed an innovative three-pronged Community Development Services program to meet the needs of its AA. This is an innovative program to use JNB management's skills and personal interests to meet specific requested needs of their AA. Each manager is assigned to an organization that matches that individuals personal interest and acts as the liaison contact for JNB. The organizations are listed in Table 5. Eighty-eight percent (88%) of the management staff are involved in this program. These individuals act as contact for the organization, present training classes, participate as board and committee members, and respond to any requests or needs the organization presents. The three phases of the program (internally-developed credit education, board and committee membership, and CCCS-sponsored education) are described in detail below:

1. As a result of interviews with various organizations who expressed an urgent need for credit education classes for their participants, JNB spent 80 hours or \$2000 in personnel costs in the development of four in-house education programs (Basic Budgeting, Credit Bureau Interpretation, Job Application and Basic Interviewing Skills and Basic Interviewing Skills for Small Business Owners). The class materials are available to all JNB management staff to present to any organization that expresses a need for their participants on an ongoing basis. JNB has also spent time to train management to present these classes to the appropriate audiences.

The class titles are as follows:

- *Basic Budgeting Skills “How to Make your Dollars Make Cents”* – 35 presentations
- *Credit Reporting and Interpretation “How to Protect Your Rights While Enjoying Your Freedom”* – 22 presentations
- *Job Application and Interviewing Skills “How to Shine Like a Star”* – 1 presentation (This class was developed at the request of several organizations to be used to educate individuals to enter the job market.)
- *Basic Interviewing Skills* (Targeted to Small Business Owners) – 2 presentations (This class was developed at the request of Self Employment Loan Fund who offers technical assistance and education to low- and moderate-income small business owners.)

Examples of organizations who have taken advantage of these classes are as follows:

- *Housing for Mesa (HFM)* provides comprehensive housing development and support services for low income families. HFM provides a variety of services to the individuals and families who want to own their own home. These services include homebuyer education, housing counseling, subsidy and rehabilitation services. Eight classes have been presented to individuals with HFM.
- *The YMCA-Haven House* is a housing program for homeless women and their children. Most of the participants are survivors of domestic violence. Haven House assists the women to progress to independent living and self-sufficiency within 24 months. Eight classes have been presented to individuals with YWCA – Haven House.
- *Self Employment Loan Fund (SELF)* is a nonprofit organization offering small business training, technical assistance and access to small business loans for low-income individuals, primarily women and minorities, who are starting or expanding a small business. Their goal is to help the recipients of this program to gain knowledge of credit and business related issues. Sixteen classes have been presented to individuals with SELF.
- *Mercy Housing of Arizona* is a nonprofit corporate ministry sponsored by congregations of Catholic religious women as a concrete, organized response to concerns for housing justice for the economically poor. Six classes have been presented to individuals with Mercy Housing.

- *Homeward Bound* is a private, non-profit organization, providing transitional housing, case management, employment services and other supportive services to the homeless families with children in Metropolitan Phoenix. Their mission is to assist the families to function independently, to improve their income and find permanent, decent, affordable housing. The ultimate mission is family self-sufficiency. Twenty-one classes have been presented to individuals with Homeward Bound.
 - *Central Arizona Shelter Service's (CASS)* mission is to reduce homelessness in the Phoenix Metro area and to assist homeless people to attain their highest level of self-sufficiency through advocacy and the provision of appropriate shelter and services. It is the largest center for homeless people in the area serving men, women, and families with children. One class has been presented to individuals with CASS.
2. Eight members of the management team have become so interested in their particular organization assignment that they participate as committee or board members, again using their financial skills and experience. These staff members have contributed many hours to the following organizations:
- Arizona Bridge to Independent Living,
 - Avondale Neighborhood Housing Services, Inc.,
 - CCCS – Adults and Young Adults,
 - Family Self Sufficiency,
 - Goodwill, Inc. – Career Options,
 - National Financial Counseling,
 - Save the Family Foundation of Arizona, and
 - Self Employment Loan Fund, Inc.
3. Consumer Credit Counseling Services Southwest's Education Division (CCCS) has certified seven members of JNB's management team to provide financial education programs to individuals and community organizations. CCCS Southwest is a community-sponsored, non-profit agency whose mission is to provide professional consumer credit education, confidential counseling and debt reduction programs to all segments of the communities they serve throughout Arizona and New Mexico. To meet the education needs of the communities, CCCS provides a variety of money and credit management education programs, either at their in-house Education Centers or at employers or community agencies' facilities. JNB management staff presented 89 classes to individuals with CCCS from August 1998 to February 2000. JNB continues to be the major provider of these classes within the CCCS organization.

Programs sponsored by CCCS include:

- *Money & Credit-Managing the Flow* - Participants learn how to manage the income, expenses and credit in their lives. They learn skills about budgeting and credit management. Presenter discusses options to improve the income/expense flow as well as the use of credit to gain control over personal finances.
- *Young Adult's Guide To Money & Credit* - Designed for the high school audience, this program covers three main points about money management and credit use. Participants learn to understand basic budgeting skills, tools and learn about how interest can work to our benefit as well as cost us money. Participants will also understand what lenders look for when deciding to grant a loan.
- *Credit Bureaus and You* - Participants learn how to read and understand consumer credit bureau reports and develop a strategy for maintaining a clean credit record. While learning the facts and fallacies about credit repair companies. Participants learn how to correct reporting errors.

Table 5: Community Development Service Activities

CD Service	Benefits AA	Outside AA
Avondale Neighborhood Housing	X	
Arizona Bridge to Independent Living	X	
Central Arizona Shelter Services	X	
Consumer Credit Counseling Services Southwest	X	
Family Self Sufficiency	X	
Goodwill – Career Options	X	
Homeward Bound	X	
Housing for Mesa	X	
Maranatha Daycare Center	X	
Mercy Housing of Arizona	X	
National Foundation for Credit Counseling (NFC)	X	
Phoenix Indian Center, Inc.	X	
Save the Family Foundation	X	
Self Employment Loan Fund, Inc.	X	
YWCA – Haven House	X	

X means yes; Blank means No

Compliance with Anti-Discrimination Laws and Regulations

We reviewed the bank's compliance with fair lending laws and regulations during our examination as of December 31, 1999. We evaluated risk control systems, policies, procedures, marketing materials and practices, application forms and the Internet application process, and reviewed for technical compliance with Equal Credit Opportunity Act. We identified no violations of anti-discrimination laws and regulations.