

PUBLIC DISCLOSURE

April 22, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Jefferson Bank of Florida

Miami Beach, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the 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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Jefferson Bank of Florida, Miami Beach, Florida, by the Federal Reserve Bank of Atlanta, the institution's supervisory agency.

This evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of April 22, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977, (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take the record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Institution's Rating:

This institution is rated Satisfactory, based on the findings presented in the following discussion of the institution's performance.

DISCUSSION OF INSTITUTION'S PERFORMANCE

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Jefferson Bank of Florida continues to be committed to ascertaining the credit needs of its community and communicating the credit services it offers to all segments of the community. Through an extensive officer call program, the bank maintains regular contacts with existing and potential customers, local government officials, housing and community development agencies, minority and small businesses, neighborhood groups, condominium associations, realtors, and civic and religious leaders. Each officer is required to submit a monthly report to the head of retail banking that details the results of these contacts. The retail banking department prepares a master monthly officer call report which is reviewed by the CRA officer and the president of the bank.

Bank directors and officers participate as members, officers, trustees, or directors of numerous housing, business, credit-related or community organizations. Among these organizations are: the 41st Street Middle Beach Partnership, Inc.; Broward Association of Urban Bankers; the Miami Beach Taxpayers' Association; Miami Beach Development Corporation; Greater Miami Neighborhoods, Inc.; the South Beach Business Guild; the Key Biscayne Merchants Association; Mt. Sinai Medical Center Foundation; Dade County Planned Giving Council; Dade County Builders Association; Greater Hollywood Board of Realtors; North Beach Development Corporation; the local chambers of commerce; and numerous homeowners' associations and other community-related groups. One of the bank's senior officers is serving her third term as chairwoman of the Miami Beach Chamber of Commerce. She is also the chairperson of the Planning Board of the City of Miami Beach. Another senior officer is on the lending committee of the Miami Beach Housing Authority.

The bank's president has been a resident of Miami Beach for over 50 years and is very active in the ascertainment process through his involvement in numerous community organizations. He currently serves as chairman of the board of directors of First Housing Development Corporation of Florida (FHDC), which facilitates funding for the development and improvement of housing for low- and moderate-income individuals. He is also a director of the Business Assistance Consortium (BAC) Funding Corporation, an economic development corporation whose goal is to foster business development in black communities.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (CONTINUED)

The president is also on the board of HomeAdvantage, a health care agency providing at-home health services to the community at large. In addition, he is a lifetime trustee of the Miami Beach Chamber of Commerce and has served on its board for over 20 years. Beginning in June 1996, he will serve for a year as president of the Florida Bankers Association, the 275-member trade association for banks and thrifts. He reports quarterly to the CRA officer concerning his community outreach efforts.

To further ascertain community credit needs, the bank has established advisory boards for all of its offices, with the exception of Boca Raton. Management anticipates that an advisory board will be established there by the next examination. The members of the boards are local community leaders who provide input to bank management about the bank's programs and products and suggest ways the bank may better serve its individual communities. The advisory boards meet quarterly.

The bank has a CRA committee consisting of the heads of the various departments of the bank and the CRA/compliance officer. The bank's president is the chairman of the committee. The stated purpose of the committee is to provide a forum for the bank's senior officers to identify and discuss issues relating to CRA and the community. The committee is the primary force behind the bank's CRA program.

The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act (CRA).

The bank's board of directors takes an active role in overseeing the bank's CRA program. In addition to their various ascertainment efforts, the directors are kept informed of the bank's CRA efforts and activities through periodic reports presented by the CRA officer. In addition, information about the bank's volume of lending activity is presented to the board through monthly reports from the mortgage banking division and the retail banking division. The bank's director of marketing also prepares a monthly report for the board regarding the bank's current advertising and marketing activities and their relationship to the bank's CRA goals. The reports include a listing of advertisements placed in community and organization publications, and donations to and participation in events held by civic and community organizations.

The bank's directors have made effective efforts to ensure compliance with the technical requirements of CRA. Each year they review and adopt the CRA Statement, which has been expanded to include a description of the bank's ascertainment efforts through involvement in community organizations and events,

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (CONTINUED)

and the bank's record of meeting community credit needs through active participation in economic development and revitalization projects and programs. The board also reviews and approves the bank's CRA Notice and CRA program annually. The bank maintains a public comment file and has responded to requests for copies of its CRA Statement.

Management requires training for each bank employee in the requirements and intent of CRA. Annual training is conducted by the CRA officer and the director of training, and a make-up session is held for those who did not attend the original class. In addition, the CRA officer uses memos and the bank's biweekly newsletter, "The Jefferson Journal," to keep employees updated on new developments in CRA.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

Jefferson Bank of Florida has expanded its marketing efforts since the last examination. The bank's marketing program is multifaceted, promoting the bank's loan products, customer service, and personal and employee benefit trust services. The marketing department recently produced six television commercials for Gold Coast Cable to promote the bank's commitment to customer service and to the communities it serves. These 30-second commercials, which are mostly testimonials from customers, began airing on February 7, 1996 on the following cable stations: CNN, CNBC, ESPN, Discovery, USA, TNT, A&E, and LIFE.

The bank also advertises regularly in widely circulated publications, including The Miami Herald, the Sun Sentinel, the Sun Post, the South Florida Business Journal, the Dade, Broward and Palm Beach County editions of The Daily Business Review, and two black-owned newspapers, the Miami Times and the Fort Lauderdale Westside Gazette. The bank's newspaper advertising has focused on several products including "no fee" home equity loans, commercial real estate loans, commercial loans, home refinances, various home mortgage loans, and MortgageOne loans (a pre-approved mortgage loan product). In addition, the bank places an advertisement every month in the magazine, "Managers Report," to promote loans to condominium and home owners associations. The bank continues to target the Hispanic market through advertisements in Hispanic periodicals. The bank has placed Spanish language advertisements in El Nuevo Herald and Miami Beach Art Deco Tropical to promote consumer lending.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

The bank also uses statement stuffers and direct mailing in its marketing activities. The marketing department has conducted several direct mail campaigns since the last examination. In June 1995, 7,000 letters were sent to real estate agents and brokers in Dade and Broward Counties. In September 1995, another 7,000 letters were sent to mortgage brokers in Dade, Broward, Palm Beach, and Monroe Counties to promote the bank's commercial real estate lending. In January 1996, the bank began a direct mailing to 30,000 home owners in Broward County to promote its refinance program. Another 20,000 home owners in Dade and Palm Beach Counties were sent this promotional material in February 1996. The bank has also done a direct mailing to all residents of the Mystic Pointe market to promote the bank's products and to introduce the new branch manager in that office.

Direct marketing has also been used to attract new trust department customers. In addition, in March 1996, the bank mailed 14,000 questionnaires to its customers to enquire how the bank is doing in terms of customer service and CRA performance. The questionnaires were accompanied by self-addressed, stamped envelopes. The bank has received approximately 500 responses to date. Based on suggestions generated by the questionnaires, management is considering implementing Saturday business hours.

The marketing department continues to use a branch merchandising program to promote the bank's products and services. This program includes a lobby information center, desk and teller counter displays, posters, banners, and brochures. "Take-one" brochures are provided in branch lobbies for home mortgages, home equity loans, auto loans, and commercial real estate loans. These brochures have a detachable business reply card for the customer to request more information on the specific product or to be contacted by a loan officer.

The bank's officer call program is also an effective marketing tool to make the community aware of the financial products and services available. In addition, the bank regularly supports the community and increases community awareness by placing advertisements in such publications as church bulletins and high school sports programs.

The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The bank offers a large variety of consumer and business loans, including secured and unsecured commercial and consumer loans, lines of credit, construction loans, commercial and residential mortgages, home equity lines of credit, home improvement loans, new and used automobile loans, and truck and boat loans.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

The bank offers Federal Housing Administration (FHA) and Veterans Administration (VA) mortgage products through its mortgage banking division. The bank also offers mortgage loans under the more flexible underwriting guidelines offered by the Federal National Mortgage Association's (Fannie Mae's) Community Home Buyers Program.

Since the previous examination, the bank has begun offering two new loan products. The first of these products is MortgageOne. This product, introduced in February 1995, provides a prospective home buyer with pre-approval for a mortgage prior to selecting a home. The only fee involved is \$50 for a credit report. The amount of the approval, which is good for 90 days, is based on the income and debt structure of the applicant. If the borrower wishes to secure a mortgage from another financial institution, he may transfer the approval to any other lender for a transfer fee of \$450. Management stressed that this is not a prequalification program, but a firm commitment from the bank to fund the mortgage. The second new loan product is the Rural Housing Services (RHS) Guaranteed Housing Loan Program which is discussed in detail in the next section of this report.

The December 31, 1995 Consolidated Reports of Condition and Income show that Jefferson Bank of Florida had loans totaling \$261.8 million and a loan-to-deposit ratio of 73.6 percent. This ratio has increased since the previous examination when the loan-to-deposit ratio was 61 percent.

The bank's December 31, 1995 Consolidated Reports of Condition and Income revealed the following distribution of outstanding loans:

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

LOAN TYPE	\$ OUTSTANDING (000s)	% OF PORTFOLIO
Construction and Development	\$ 26,913	10.3
Home Equity Lines of Credit	5,348	2.1
Secured by 1st Lien on 1-4 Family Property	43,030	16.4
Secured by Jr. Lien on 1-4 Family Property	3,512	1.3
Secured by Multifamily Residential Property	51,352	19.6
Secured by Commercial Property	75,974	29.0
Agricultural Loans	6,290	2.4
Commercial and Industrial Loans	39,461	15.1
Consumer Loans	6,552	2.5
All Other Loans	3,359	1.3
TOTAL	\$261,791	100.0

As shown above, the bank offers and extends credit consistent with its CRA Statement. The majority of the bank's loan portfolio consists of real estate and commercial loans. However, these figures do not reflect the loans originated by the mortgage banking division, which are sold on the secondary market. The bank's mortgage banking division was instituted in 1992, and it has been aggressively pursuing loans through referrals from mortgage brokers. Approximately 99 percent of the mortgage loans originated by the bank are sold on the secondary market, mostly to Fannie Mae. Since inception through March 29, 1996, the mortgage banking division has received from its business sources 5,033 mortgage applications totaling \$582,053,359. Through March 29, 1996, 2,915 loans totaling \$318,668,494 have been funded, with an additional eight loans for \$564,438 awaiting purchase.

The bank has also extended numerous loans to minority-owned businesses, small businesses, and real estate developers who provide housing to low- and moderate-income persons. The bank originated 32 loans to these entities during 1995, totaling over \$3 million. Of these loans, 29 were within the bank's delineated community.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

The institution's participation in governmentally insured, guaranteed, or subsidized loan programs for housing, small businesses, or small farms.

The bank does not originate Small Business Administration (SBA) loans; however it does purchase the guaranteed portions on the secondary market. In 1995, the bank purchased seven SBA-guaranteed loans totaling \$1,615,590. Clients that request an SBA loan are referred to another bank that makes these loans. The bank also purchases the guaranteed portions of Farmers Home Administration (FmHA) loans. In 1995, the bank purchased two FmHA loans totaling \$380,000.

The bank's FHA and VA mortgages are processed by the mortgage banking division. According to the Home Mortgage Disclosure Act (HMDA) data, the bank received 28 applications for these types of loans in 1995. Ten loans totaling \$604,000 were originated.

In March 1996, the bank was approved as a participant in the RHS Guaranteed Housing Loan Program. These are loans guaranteed by the Rural Economic and Community Development division of the U.S. Department of Agriculture. The loans, which provide 100 percent financing, can only be made to qualified low-income home buyers residing in areas whose geographic boundaries encompass no more than 10,000 residents. The bank is on the referral list for these loans but has not yet received any applications.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

The bank's present delineated communities meet the purpose of CRA and do not arbitrarily exclude any low- and moderate-income neighborhoods. Jefferson Bank of Florida's nine offices are situated throughout Dade, Broward, and Palm Beach Counties and serve the communities of Miami Beach, North Miami Beach, Aventura, Key Biscayne, Hollywood, Fort Lauderdale, and Boca Raton. The bank has delineated four communities for the purposes of CRA. The Miami Beach delineation consists of the entire island of Miami Beach in addition to the adjacent islands separated from the mainland by Biscayne Bay and the intracoastal waterway. The southernmost point of the delineation is Fisher Island. The northern boundary of the delineation is at the Dade-Broward County line. Five of the bank's nine branches are located within this delineation, including its main office located at 301 41st Street in Miami Beach.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (CONTINUED)

The Fort Lauderdale/Hollywood delineated community extends from the Dade/Broward County line to the south, State Road 441 to the west, Oakland Park Boulevard to the north, and the Atlantic Ocean to the east. The delineation has two branches; the Courthouse branch located in the heart of downtown Fort Lauderdale, and the Hollywood branch located on Hollywood Boulevard in the city of Hollywood.

The Key Biscayne branch is located on Crandon Boulevard in the business district of the city of Key Biscayne. The community delineation is based on the census tracts that make up the islands of Key Biscayne and Virginia Key. The community consists of two census tracts, neither of which are low- or moderate-income areas.

The bank's delineated community in Boca Raton extends from Yamato Road to the north, the Broward/Palm Beach County Line to the south, Old Dixie Highway to the east, and the Florida Turnpike to the west. The branch office is located on St. Andrews Boulevard in the Towne Square shopping center.

The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

Jefferson Bank of Florida's delineated community includes 99 whole census tracts in Dade, Broward, and Palm Beach counties, of which 14 census tracts (14.1 percent) are considered low-income tracts and 23 census tracts are considered moderate-income tracts. In 1994, the bank received 683 HMDA applications. Of these applications, 530 (77.6 percent) were from outside the bank's delineated community. In 1995, the bank received 441 HMDA applications, of which 342 (77.6 percent) came from outside the bank's delineation. The bank markets its mortgage loan products through all of its retail branches and through a network of 123 approved brokers throughout the three MSAs in which the bank has offices. Because the number of mortgage brokers offering the bank's products far exceeds the number of the mortgage lending officers employed by the bank, the bank receives applications from numerous areas within the three MSAs that are not within the bank's delineation.

In 1994, the bank originated 101 (66 percent) of the 153 HMDA applications from within the bank's delineated community. Of the 530 applications received from outside the delineated community, 345 (65.1 percent) were originated. The majority of applications received from within the delineated community were conventional home purchase loans, followed by refinance loans.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (CONTINUED)

The bank received 19 percent of total applications from low- and moderate-income census tracts compared to 21.6 percent received by the aggregate market. This does not represent a significant difference from the market. The bank had low or no loan activity in eight low-income census tracts. Of the 14 low-income census tracts, there were zero households in five of these tracts. The remaining nine low-income tracts had a high percentage of rental and vacant units to total housing units; minimal real estate lending opportunities were apparent. The bank had low or no loan activity in 19 moderate income tracts. Of the 23 moderate-income tracts, 14 had a high percentage of rental and vacant units.

The bank denied 17.2 percent of the applications received from low- and moderate-income tracts. This percentage is lower than that of the aggregate market which was 20.7 percent. The bank also denied a lower percentage of applications than did the aggregate market from middle and high-income tracts.

In 1995, the bank originated 52 (52.5 percent) of the 99 applications received from within the bank's delineated community. Of the 352 applications from outside the delineated community, 168 (49.1 percent) were originated. Again, the majority of applications from within the delineated community were for conventional home purchase loans, followed by refinance loans. This was also true for applications received from outside the delineated community. Of the remaining 47 applications received from within the bank's delineation, 16 were approved, not accepted; 16 were denied; 12 were withdrawn; and 3 were closed for incompleteness. Aggregate statistics for 1995 HMDA originations and denials were not available.

During the examination, the CRA/compliance officer prepared a geographic analysis of the bank's applications, originations, and denials of non-HMDA reportable loans in 1995, including consumer loans, loans to small businesses, and small commercial loans. The analysis did not separate the loans by purpose and type. In 1995, 51 percent of the 728 applications for non-HMDA reportable loans came from within the bank's delineated community. Of the 355 loans originated, 181 (51 percent) were within the bank's delineated community. The denial rate of all applications within the delineated community was 21 percent. Management stated that the bank faces a great deal of competition from the larger banks within its delineation and must look beyond its delineation to areas that are less "heavily banked" for loans. The following chart provides a breakdown of the bank's lending activity within its community delineation during 1995:

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (CONTINUED)

	Total	# Within Delineated Community	# In Low Income Areas of Delineated Community	# In Moderate Income Areas of Delineated Community
Loans Originated	355	181	14	32
Applications Approved But Not Accepted	117	84	10	24
Applications Declined	221	79	7	12
Applications Withdrawn	35	26	2	8
Total	728	370	33	76

Applications from low-income areas represented 8.9 percent of the total applications received from the bank's delineated community. Loans to borrowers living in low-income areas accounted for 7.7 percent of total originations within the delineated community. Applications from moderate-income areas represented 20.5 percent of the total applications received from within the bank's delineated community. Loans to borrowers living in moderate-income areas accounted for 17.7 percent of total originations within the delineated community.

The institution's record of opening and closing offices and providing services at offices.

The bank has developed a written policy applicable to all banking offices of the organization which defines various criteria to be considered prior to closing offices. The policy contains provision for adequate notice to the community, requires analysis of the impact on the local community of opening or closing offices, and states the efforts to be made to minimize any adverse effects of branch closing. In addition, the bank's offices appear readily accessible to all segments of its community, and business hours and services are tailored to the convenience and needs of the community.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement.

Jefferson Bank of Florida solicits applications from all segments of its local community, including low- and moderate-income neighborhoods. The bank's policies and internal control procedures are adequate to ensure that the evaluation of credit applications is based solely on financial and economic considerations. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations. There are no practices in place that have the intent or the effect of discouraging applications.

Credit policies and procedures are reviewed periodically by management to ensure that they are not discriminatory toward any protected class. In addition, all of the bank's employees receive at least annual training in the requirements of Regulation B and the other fair housing and fair lending regulations.

Evidence of prohibited discriminatory or other illegal credit practices.

No evidence of any prohibited discriminatory or other illegal credit practices was noted during the examination.

V. COMMUNITY DEVELOPMENT

The institution's participation, including investments, in local community development and redevelopment projects or programs.

Jefferson Bank of Florida continues to demonstrate a strong commitment to community development projects and activities. The bank plays an important role in supporting specific projects promoting economic revitalization and growth. Management has established productive working relationships with government and private sector representatives to identify opportunities for the institution's involvement in addressing community development needs.

The bank is one of the lead financial institutions working with the City of Miami Beach, Dade County officials, developers, and other bankers in planning the development of two convention hotels within one half-mile of the Miami Beach Convention Center. The bank has taken a leadership role in establishing a lending consortium to finance this project in downtown Miami Beach. The total cost of the project will be over \$100 million. The bank's chairman heads the city's selection committee to choose a developer for one of the hotels, which will be Miami Beach's first black-owned hotel. The new hotels are expected to provide a significant number of employment opportunities for residents of the area. The development of these hotels could create approximately 900 new jobs in Miami Beach.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Jefferson Bank of Florida is a participant in the Business Assistance Consortium (BAC) Funding Corporation. This is a joint project between the State of Florida Black Business Investment Board and the private sector to provide the financial resources and technical assistance needed to enhance the development of black businesses within the State of Florida. The bank has in the past and is currently considering loan participation with this agency. In addition, the bank has committed monies toward BAC Funding Corporation's capital.

Jefferson Bank of Florida is a stockholder and as previously indicated, the bank's president serves as chairman of the board of Directors of the FHDC. FHDC is a quasi-public, for-profit corporation chartered to develop low-to moderate-income housing throughout the State of Florida. The bank has been associated with First Housing since 1980 and has committed substantial funds to a loan pool pledged to finance multifamily housing for low-to moderate-income families and individuals.

The chairman of the bank serves on the board of directors of Greater Miami Neighborhoods, Inc. (GMN). GMN was formed in 1985 as a public/private partnership between Dade County, the City of Miami, and local private sector corporations. GMN's purpose is to increase the supply of affordable housing in Dade County through local efforts of nonprofit developers. GMN has established the Florida Housing Tax Credit Fund, a consortium dedicated to developing affordable housing throughout the State of Florida, including Jefferson Bank's local community.

In March 1996, the bank signed an agreement to become a participant in the Community Redevelopment Agency, of the City of Hollywood, Florida (hereinafter "CRA") in its low-interest loan program to rehabilitate downtown Hollywood, Florida. The low interest loan program was created to enable and encourage business and property owners to obtain loans at very favorable rates for improvement and renovations to either the exterior or interior of their buildings. The properties must be located within the CRA boundaries. Most of the loans have an interest rate at Prime, and, during the term of the loan, the CRA will pay one-half (50 percent) of the interest costs on behalf of the borrower.

In addition, the bank has signed an agreement with Broward County to participate in the Broward County Commercial Revitalization Program. Under this program, the county provides financial assistance to eligible applicants in the form of loan guarantees of up to 90 percent on business loans that cannot exceed \$100,000. These loans are for small businesses located in low- and moderate-income areas of Broward County. The bank has the right to approve or reject any loan application received from an eligible applicant based on its own lending criteria and to submit the loan package to the county for guaranty approval.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions, and other factors.

Jefferson Bank of Florida is the result of a 1993 merger of two established financial institutions, Jefferson National Bank and Jefferson National Bank at Sunny Isles, and is a wholly owned subsidiary of Jefferson Bancorp, Inc. Originally established in 1964, Jefferson Bank of Florida is now a \$408 million financial institution that has nine offices serving the Miami Beach, Key Biscayne, Northeast Dade, Central Fort Lauderdale, Hollywood, and Boca Raton communities. The main office is in Miami Beach. The bank operates a full service mortgage banking division, located in its Hollywood office.

Miami Beach

The City of Miami Beach is one of the oldest established cities in Dade County. The city comprises a land area of 7.1 square miles and has an estimated 100,000 residents on a permanent or seasonal basis. Recent surveys show a downward shift in the ages of residents from those of retirement age to individuals between the ages of 25 and 44 who are either single or married. The number of children is also rising, creating a need for more schools. The resident median age has declined from 65.3 years in 1980 to 49.5 years in 1990, and is estimated to be 43.7 years by the year 2000. The estimated per capita income for Miami Beach residents is \$16,500 versus an approximate per capita income of \$13,700 for Dade County residents. The population of Miami Beach is approximately 48 percent white, 47 percent Hispanic, 4 percent black, and 1 percent other.

In recent years Miami Beach has experienced a major resurgence in economic development that was primarily spurred by a \$200 million investment made by the City in new public infrastructure improvements. The greatest turnaround has occurred within Miami Beach's Art Deco District known as South Beach, the nation's only 20th Century National Register Historic District. A multitude of restaurants and nightclubs have opened in the area, attracting both tourists and local residents. Other revitalization projects underway include the development of the South Pointe area, the Middle Beach and North Shore areas, and the Lincoln Road Mall area. Lincoln Road has become a media center for Miami Beach, with MTV Latino and Sony Music both recently locating offices there. The development of two new convention hotels near the Miami Beach Convention Center will be an economic boon to the area. One of these, an 800-room Loew's Hotel, is expected to break ground within the next three months.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Key Biscayne

Key Biscayne is a recreational community containing two regional parks on the island's extremes. Situated between these parks are several resorts, high-rise condominium complexes, private homes, and various local shopping facilities. The area has avoided overdevelopment and overcrowding. Approximately 9,400 residents live all year on the Key. The median adult age is 46.6 years, and the median household income is an affluent \$65,947. There are 3,894 households on the Key. The population is approximately 53 percent white, 46 percent Hispanic and 1 percent black. Approximately 58 percent of the residences were built between 1960 and 1974.

Hollywood

The City of Hollywood was incorporated in 1925 and has a current population of approximately 126,300. It is the second largest populated city in Broward County. Over half of the population is 18 to 64 years of age, with a median age of 43 years. The median per capita income is \$15,851. Hollywood has over 60,000 housing units, of which approximately 72 percent were constructed prior to 1970. Hollywood is experiencing a renaissance, from the beach to downtown to the western boundaries, through major public and private redevelopment investments. The original character of the downtown storefronts has been restored through a joint effort of the city and the property owners. The redevelopment efforts of the city also include housing, retail, office, light manufacturing, warehouses, and industrial development.

Downtown Fort Lauderdale

The Courthouse Branch is located in the government district of Fort Lauderdale, Broward County. An estimated 153,000 people reside around the downtown area. Their median age is 37 years, and per capita income is \$15,340. In recent years there has been a resurgence in downtown building growth as evidenced by the rising skyline. First-rate cultural centers have undergone major renovations. In addition, the Broward Center for the Performing Arts and the Broward County Convention Center have been renovated and are now opened. Other revitalization projects include the expansion of Riverwalk in the Fort Lauderdale Historic District and the Discovery Center Museum.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Boca Raton

The city of Boca Raton is the 21st most populous city in the State of Florida and has achieved national recognition as one of the nation's most prosperous, fastest-growing, and attractive communities. Boca Raton is the southernmost city in Palm Beach County and is located 40 miles north of Miami approximately midway between the cities of West Palm Beach and Fort Lauderdale. The population is approximately 64,862 within the city limits and approximately 77,329 in the unincorporated area. The median age is 42 years, and the median household income is \$46,868. Major segments of the local economy include retail and wholesale trade, real estate, finance, education, tourism, professional services, and light manufacturing.

Boca Raton has experienced accelerated growth over the past several years, and projections indicate its growth will continue through the 1990's. Implementation by the city of its Planned Unit Development Ordinance has controlled density and other phases of development to ensure a more desirable community. Most of the housing units were built within the past 20 years.

Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

The bank has also participated in the redevelopment of its community by supporting grass roots organizations. The bank's president is leading an effort through the 41st Street Middle Beach Partnership to revitalize the 41st Street commercial area of Miami Beach. Plans include designing new streetscapes, upgrading the facades of buildings, and attracting new businesses to the area. The bank has also demonstrated its commitment to the improvement of its community by its numerous charitable contributions to civic, national, and religious organizations. Included in these groups is Miami-Dade Neighborhood Housing Services, an organization that provides low-cost loans to home owners to rehabilitate their properties and/or construct new homes on vacant land in the West Little River area (an economically depressed area). In addition, bank personnel have been active in many other community organizations, donating both personal time and other resources.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.

FEDERAL RESERVE BANK OF ATLANTA

ASSISTANT VICE PRESIDENT

(Date)

CYNTHIA C. GOODWIN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

19

TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS APRIL 22, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

(Signature of Authorized Officer)

(Title)

JEFFERSON BANK OF FLORIDA

(Name of Bank)

MIAMI BEACH, FLORIDA

(Location)

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

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FEDERAL RESERVE BANK OF ATLANTA

VICE PRESIDENT

(Date)

RONALD N. ZIMMERMAN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

19

TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS APRIL 22, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

(Signature of Authorized Officer)

(Title)

JEFFERSON BANK OF FLORIDA

(Name of Bank)

MIAMI BEACH, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Jefferson Bank of Florida
301 41st Street
Miami Beach, Florida 33140

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Jack Libbe using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office (and a designated office in each of your local communities) no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: JEFFERSON BANK OF FLORIDA

City and State: MIAMI BEACH, FLORIDA

Date of Examination: APRIL 22, 1996

FEDERAL RESERVE BANK OF ATLANTA