

PUBLIC DISCLOSURE

April 21, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Spirit of America National Bank
Charter Number 22183**

**745 Center Street, Five Points Building
Milford, Ohio 45150**

**Office of the Comptroller of the Currency
Cincinnati Duty Station
4050 Executive Park Drive, Suite 310
Cincinnati, Ohio 45241**

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 Community Reinvestment Act (CRA) performance of **Spirit of America National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 21, 1997. 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 .

Spirit of America National Bank has met its responsibilities under the Community Reinvestment Act through performance consistent with its designation as a limited purpose institution, business plan and financial capacity. Community development activities have been targeted to help meet the housing needs of low- and moderate individuals in the assessment area. In the assessment area and the State of Ohio, community development activities approximated 3% of net income. Total community development activities represent approximately 25% of the bank's current capital.

The bank's performance under the Community Reinvestment Act has not been previously evaluated. Consequently, the Public Disclosure of the bank's CRA performance covers the period from the bank's opening on September 4, 1991 and subsequent designation as a limited purpose bank effective August 15, 1996 to the date of this evaluation.

DESCRIPTION OF INSTITUTION

Spirit of America National Bank is located in Milford, Ohio. The bank was chartered on September 4, 1991 under the Competitive Equality Banking Act of 1987 (CEBA). Bank services are limited by law to performing services related to consumer credit card operations. The bank does not accept retail deposits or make commercial loans. The OCC approved the bank's request for a limited purpose designation for CRA purposes effective August 15, 1996. No legal or financial impediments exist which would preclude the bank from fulfilling its obligations under the Community Reinvestment Act.

The bank is a wholly-owned subsidiary of Fashion Service Corp., a Delaware corporation, which is a wholly-owned subsidiary of Charming Shoppes, Inc. Both of these corporations are located in Bensalem, Pennsylvania and are primarily engaged in the operation of specialty women's apparel retail stores under the trade name of Fashion Bug and Fashion Bug Plus. There are approximately 1,170 retail locations in 45 states within the United States. Charming Shoppes is a publicly owned company traded on the NASDAQ exchange market system.

The bank had average assets of \$27 million as of year-end 1996. Net income in 1996 totaled \$12.3 million with capital of \$12.8 million. There are approximately 2.7 million active credit card accounts.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of the Clermont and Hamilton Counties, Ohio. The bank's only office is located in Milford, Ohio which is in Clermont County. This assessment area complies with the requirements of the Community Reinvestment Act regulation and does not arbitrarily exclude low- or moderate-income areas.

Demographic information on the bank's assessment area are illustrated in the following charts:

Demographic Information for the Assessment Area							
Population	Census Tracts		Total Population		Housing Units		Median Value of Housing
	Count	%	Count	%	Count	%	\$ Value
Low-income tracts	35	14	91,850	9	41,012	3	35,000
Moderate-income tracts	45	19	157,920	16	68,891	12	48,700
Middle-income tracts	99	41	469,896	46	193,882	49	63,900
Upper-income tracts	62	26	296,749	29	112,951	36	109,850
NA	1	-	0	-	0	-	0
Total	242	100	1,016,415	100	416,736	100	63,750

Source: US Census Bureau, from CRA Wiz, PCI, Inc.

CONCLUSIONS WITH RESPECT TO PERFORMANCE

The bank and its parent company has allocated an adequate level of community development investments and other activities in response to the economic development needs of its assessment area. Community development activities have been centered in creating affordable housing, a need that has been identified through ascertainment efforts. Following are examples of some of these community development activities:

Certificate of Deposit (CD) - The bank invested \$50,000 in a CD in a local savings and loan institution whose proceeds are used in lending in low- and moderate-income (LMI) communities and to LMI individuals. The CD is invested at a rate of 300 basis points less than a market rate of interest.

Better Housing League - The bank is a member of this league which provides home ownership education. A \$500 membership was paid to this league.

Consumer Credit Counseling Service (CCCS) - Monthly contributions to CCCS are made to support credit counseling services and debt management programs. A total of \$832,479 was contributed in 1994 through 1996, of which \$52,581 was contributed in the State of Ohio. Approximately \$7,645 was contributed in the bank's assessment area.

Cornerstone Homesource Regional Loan Fund - The bank provided a \$5,000 grant to this fund to assist in financing housing projects in low-income communities within the Greater Cincinnati area. Cornerstone assists non-profit organizations in developing affordable housing.

Habitat for Humanity - The bank provided a \$5,000 grant to this organization towards construction of a single-family dwelling located in Clermont County, Ohio.

The bank invested \$50,000 (representing a 2.8% interest) in the MCD Freedom Tax Credit Fund, L.P., a low-income housing tax credit project. The project is located in Middletown, Ohio (Butler County which is adjacent to Hamilton County). This project is under construction and will consist of seven frame buildings containing 84 units, 42 of which will be marketed as special need units for elderly households.

The bank's parent company, Charming Shoppes, Inc has made investments in low-income housing tax credits totaling \$1,000,000 in the National Housing Trust Limited Partnership. Of this total, \$245,266 is attributed to investments made in Ohio. These investments were made in 1988-89, prior to the bank's creation in 1991. The projects are located in Cadiz, Columbus, Dayton, Findlay, Gahanna, Hebron and Washington Court House, Ohio. All of these investment are in the State of Ohio but outside the bank's assessment area.

Charming Shoppes, Inc. also made a \$1,360,000 investment in low-income housing tax credits of the Columbia Housing Partners Corporate Tax Credit Limited Partnership. The total amount attributed to investments in projects within the state of Ohio totaled \$65,722. The projects are located in Beaver, Colation and Waverly, Ohio and consist of 94 units of elderly housing, 79 of which receive rental assistance. These investments were made in December 1993 and July 1995 and are all outside the bank's assessment area.

FAIR LENDING REVIEW

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. Fair lending policies, procedures and training programs are appropriate.