

Panel 20



SAN FRANCISCO
CHAMBER OF COMMERCE

Federal Reserve Hearing

Testimony Regarding BankAmerica/NationsBank

Presented by
G. Rhea Serpan, President & CEO
San Francisco Chamber of Commerce

Friday, July 10, 1998

My name is Rhea Serpan and I am the President & CEO of the San Francisco Chamber of Commerce. I appreciate this opportunity to speak on behalf of the Chamber in regards to the proposed merger of BankAmerica with NationsBank.

Since its founding in the city in 1904, BankAmerica has been integral to the development of San Francisco's business community. The bank has been a long-standing member of the Chamber of Commerce. Mr. A. P. Giannini served on our board of directors, and that representation continues today. BankAmerica has generously supported the Chamber's many activities, including providing resources to business development programs and contributing both expertise and funding.

- **SF Works:** BankAmerica has contributed \$250,000 over three years to SF Works, the welfare-to-work initiative created by the Chamber, Committee on Jobs and United Way.
- **San Francisco Partnership:** BankAmerica has been generous in contributing to economic development projects, including a multi-year investment in the San Francisco Partnership, a public-private partnership

launched by the Chamber to attract and retain business and jobs in San Francisco.

- **BASHOF, Business Arts Council and LSF:** BankAmerica has been a strong supporter and contributor to the BASHOF Youth Fund, Business Arts Council, Business Volunteers for the Arts and Leadership San Francisco.

Throughout its history, BankAmerica has been an involved and responsible corporate participant in the San Francisco community.

- **Small Business Investment:** BankAmerica recognizes that small businesses are the job-creation engine of our economy, and has made a substantial investment in San Francisco-area firms. Currently, BankAmerica has small business loan commitments in the Bay Area that total \$708 million. *(Counties include Alameda, Contra Costa, Marin, San Francisco, San Mateo and Santa Clara.)*
- **Affordable Housing:** Since 1990, the bank has loaned \$235.5 million to support construction of 4,500 affordable housing units in the region.
- **Charitable Giving:** BankAmerica has contributed \$14 million in the past three years to the arts, education and health and human services, including \$5 million in support of the United Way of the Bay Area.

The Chamber fully expects BankAmerica to continue to play an important leadership role in our community. We believe that as their business grows, and it will, their corporate involvement will expand.

BankAmerica's merger with NationsBank, along with the announced merger of Wells Fargo Bank with Northwest Bank, will reaffirm San Francisco as a national and global banking center. BankAmerica is expected to fully participate in our region's growth and to benefit from the strategic advantages of doing business in San Francisco.

San Francisco is the center of a strong and growing Bay Area economy. It is the gateway to the Asian marketplace and the place where Silicon Valley does its banking.

While there will undoubtedly be some job dislocation, new job opportunities will be created as a result of this merger. It is, of course, too early to estimate with any accuracy what the net effect might be on jobs, but the combined strengths of the two banks creates the potential for job growth that may not have been otherwise possible. It is significant that the combined bank's corporate and investment banking headquarters will be in San Francisco.

The Chamber is proud of the strengths of our community and confident in the continued growth of our economy. We strongly believe BankAmerica will continue to be a major contributor to both.

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TESTIMONY OF SANDRA L. FERNIZA, PRESIDENT & CEO, ARIZONA HISPANIC CHAMBER OF COMMERCE

To: Federal Reserve Bank of San Francisco
Attn: Joy Hoffmann Molloy, Community Affairs Officer

Ladies and Gentlemen, The Arizona Hispanic Chamber of Commerce is pleased to have the opportunity to testify on behalf of the proposed Bank of America/NationsBank merger. In an era of decreasing public assistance to individuals of low and moderate income and small, women or minority owned businesses, banks, with the encouragement of the Community Reinvestment Act and the conscience of its board members, are a major source of hope to those who dream of home or small business ownership. Institutions such as Bank of America have been a source, both directly and indirectly, of credit and capital to those who lack access to conventional financial services through innovative products and community partnerships. The current industry trend of bank consolidation poses serious questions for those of us who work with financial institutions in an effort to encourage investment, leveraging, financing and creation or preservation of jobs in less affluent communities. However, our experience with Bank of America has led us to conclude that the proposed merger will result in a continuation and/or expansion of the bank's commitment to serving poor and diverse communities.

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AHCC expects the activities previously mentioned to continue after the merger of the two institutions. I want to reiterate that based on experience, we feel confident that the bank will not only continue its outstanding community service but also seek new ways to efficiently and effectively serve the needs of a diverse customer base, both large and small.

Personally, my husband and I have been Bank of America customers since it assumed responsibility for the former Western Savings & Loan Association/Security Pacific institutions. That transition convinced me that it is possible to survive and thrive from change at Bank of America while maintaining a high level of customer service.

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Testimony presented 7/10/98

Dolores Smith, Presiding Officer
Bank of America-Nations Bank Merger Public Hearing
Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California

Panel 20
Tierney

Presiding Officer Smith,

Thank you for the opportunity to provide testimony at this hearing. I have asked for this time to describe my very positive experiences working with the Bank of America Federal Savings Bank staff in Portland, Oregon. I am the Deputy Director in charge of community development for Community Action Team, a community-based nonprofit, antipoverty agency serving three rural counties in Northwest Oregon. Like many Community Action Agencies around the country, we provide a number of coordinated antipoverty programs such as Head Start, child and family development programs, Low Income Energy Assistance and homeless assistance. In the area of community development, we assist our communities with the development and rehabilitation of affordable housing, affordable home ownership, single family rehabilitation, and community facilities development.

My understanding of the Community Reinvestment Act requirements is that a lender is expected to actively seek ways to meet the credit needs of its community. As a community organizer working in a rural area, I find that communities define themselves, usually at populations no larger than 10,000 persons. In our three county service area, two communities are served by a single bank based in the three county area. All other commercial banking is done with banks which serve nearly the entire state or, in most cases, many states. Given the realities of the commercial banking industry in the 1990's each of our communities must look outside the community for some, or all, of its banking needs.

While working in our communities, I have been approached by local bankers representing several banks. With one exception, these bank officials have understood very little about community development. Rather than the offering a useful partnership, they have sought information and offered referral services. Bank of America has been different. In our community development work, no bank, local or otherwise, has supported our community development efforts like Bank of America Federal Savings Bank.

In the last eight years, I have arranged three loans with the help of the Bank of America staff. I have also arranged one with statewide nonprofit bank consortium and one with a government agency. The difference in support and service is marked. For me, the irony of these experiences is simply breathtaking. I felt that I had to fight tooth and nail with the nonprofit and the government agency, to simply get good

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loans underwritten. In the case of the nonprofit and the state, I felt that my lending partner was seeking to underwriting the transaction in ways that reduced my agency's development and operating cushions so low that it would deny us sufficient capacity to continue to our work.

Working with the Portland Bank of America staff is an entirely different experience. They appear to be actively planning for our future. The Bank's staff have encouraged us to take on new roles, increasing our efficiency and effectiveness. During campaigns to organize and develop the capacity of other nonprofits working in my three-county service area, I have received the Bank's support in the form of time, expertise and money. The Bank's staff has taken a personal interest in developing the capacity of my agency and me personally. This has taken the form of scholarships, supportive information and advice.

I cannot speak about any of Bank of America's CRA work except that which goes on in Portland. Nor do I have any experience with Nations Bank. However, I can say that Bank of America and its Portland staff have made a huge difference in our ability to do our work.

Thank you,

A handwritten signature in black ink, appearing to read 'James C. Tierney', with a long horizontal flourish extending to the right.

James C. Tierney
Deputy Director

Panel 20

Federal Reserve Bank of San Francisco
Bank America/NationsBank Merger Hearing
July 10, 1998

Joann Hauger
Community Housing Resources of Arizona
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I am executive director of Community Housing Resources of Arizona (CHRA) a HUD-approved housing counseling agency which was established in 1987 to promote fair housing and equal housing opportunity for residents of Phoenix. In 1990, we expanded our services to include prepurchase counseling and affordable homeownership programs. In the 8 years since then, over 2,100 low and moderate income families have completed our counseling program and become homeowners and over 600 low-income and minority households have received downpayment assistance grants. On average, our agency puts 27 families per month into their own home.

In order to make the dream of homeownership a reality for lower income and minority households, Community Housing Resources relies heavily on the support of financial institutions. Over the last 6 years, Bank of America Arizona has been instrumental in our success by providing significant funding and management support. We sincerely hope our mutually beneficial relationship with the bank will continue after the merger is completed.

Bank of America has recognized the value of prepurchase counseling in preparing lower income households for homeownership by contracting with CHRA to provide prepurchase counseling for low-income, first-time homebuyers. B of A has provided first mortgages for our clients and has given us generous grants to support our counseling program. These grants have not only provided operating funds, but have also provided the matching funds needed to secure government funding for downpayment assistance grants and homeownership counseling.

In addition to the financial contributions, Bank of America Arizona employees, James Rayburn, Juan Salgado and Darryl Tenenbaum have unselfishly helped and guided the agency by providing hundreds of hours of management service. They have all served on the CHRA board of directors and have provided technical assistance which ensured that the agency's goals and mission have been achieved.

As a director since 1990, Jim Rayburn has saved our organization thousands of dollars by providing countless hours of pro bono legal advice.

Community Housing Resources strives to provide homeownership opportunities for under-served populations including persons with disabilities and ethnic minority households. Over 60% of our clients are Hispanic and more than one-third of all counseling sessions are conducted in Spanish. Our main concern with the proposed merger is that our low income and minority clients will be under served by the creation of a much larger bank. We are, however, encouraged by recent articles describing NationsBank's increased efforts to serve the growing Hispanic community, and we trust that those efforts will extend to all traditionally under-served communities in Arizona.

We support the merger with the expectation that the current level of support for our organization, including employee involvement, will continue and that the new bank will provide increased homeownership opportunities for the low income and minority communities we serve.